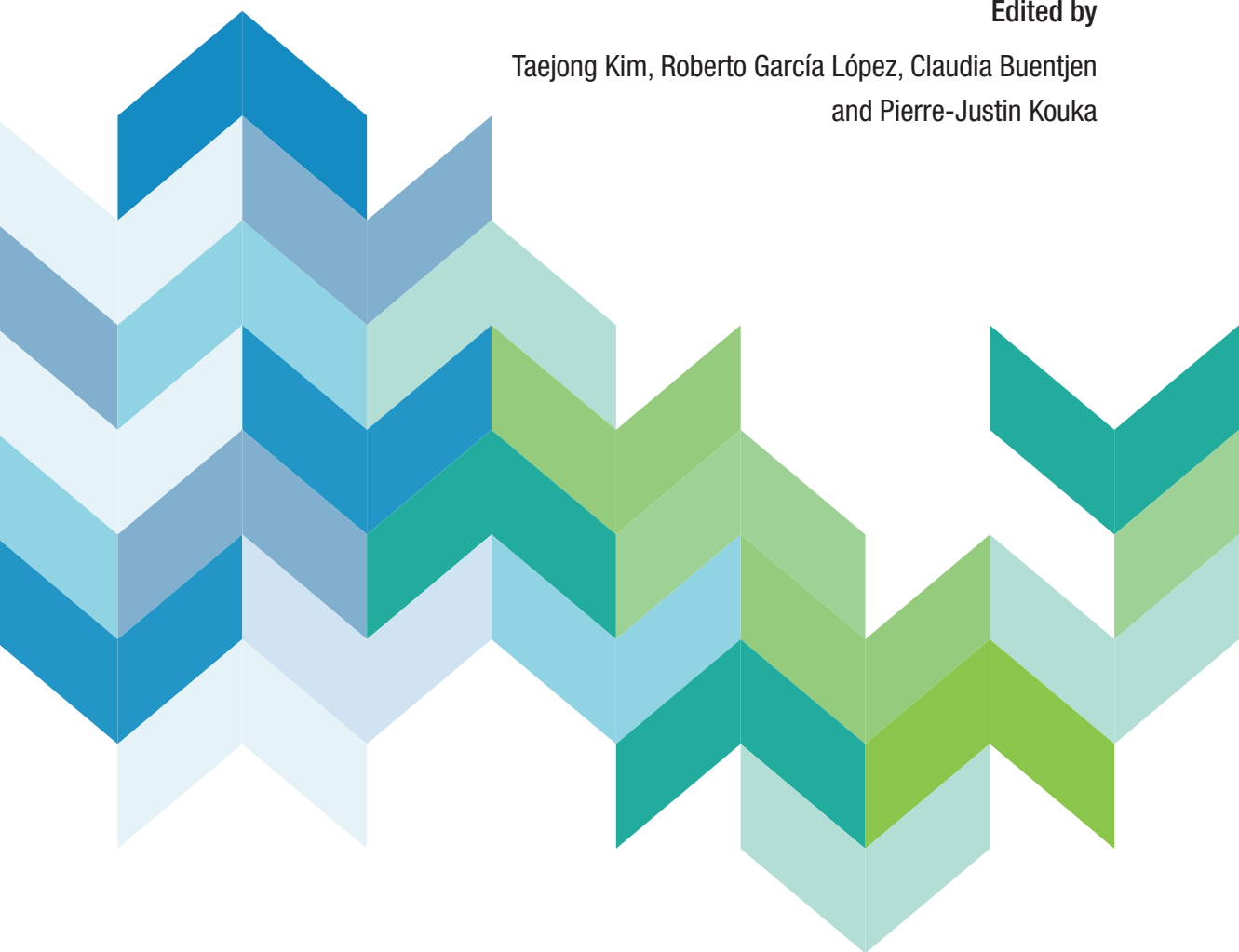


Managing for Development Results for Inclusive Development

Edited by

Taejong Kim, Roberto García López, Claudia Buentjen
and Pierre-Justin Kouka



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FOR DEVELOPMENT RESULTS



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MANAGING FOR DEVELOPMENT RESULTS

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Foreword

Since the term “managing for development results (MfDR)” was first coined at the International Conference on Financing for Development in Monterrey in 2002 there has been a great deal of momentum behind this practice. As we continue to struggle with limited resources, increased inequalities and lack of accountability, there is an urgent and growing need for better understanding what works and does not work in the development context. We need to take a more introspective look at the practice of managing for development results (MfDR), especially as it pertains to inclusive development.

Building on the momentum from Monterrey, a series of International Roundtables and High Level Forums brought forth a copious number of country representatives, development agencies, international organizations, civil society organizations, multilateral institutions and the private sector, to declare their commitment in putting managing for development results (MfDR) into practice to achieve tangible development results. The Paris Declaration of 2005 recognized MfDR as a best practice for improving overall effectiveness in public management and, as such, central to the entire aid effectiveness agenda.

Collaborative regional networks in the form of Communities of Practice (CoPs) have been established in Africa, Asia, and Latin American and the Caribbean (AfCoP, CoPLAC, and APCoP) to increase dialogue and information sharing for the dissemination of good practices of MfDR. KDI School of Public Policy and Management (KDI School) is delighted to join this initiative, which is in line with our School’s mission to make a positive impact in the world through knowledge sharing.

KDI School was established in 1997 to foster the next generation of global leaders who would contribute to inclusive and sustainable growth in the global community. We have made it part of our mission to also share Korea’s development experience as a means of helping developing countries better identify policy alternatives and solutions that can lead to a more fruitful development path. It is my hope that KDI School, through its knowledge sharing and capacity building programs, can contribute to furthering the MfDR agenda by narrowing the gap on the discourse of MfDR and better understanding how to successfully implement MfDR for concrete, measureable results. Since 2015, KDI School has been hosting yearly joint seminars with the aim of



exchanging experiences across the globe in collaboration with the Inter-American Development Bank (IDB), African Development Bank (AfDB), the Asian Development Bank (ADB), CoPLAC, APCoP, and AfCoP. Like the previous MfDR joint events, which have served as a venue for connecting people and sharing experiences, KDI School will continue to support the CoPs' initiatives as a flagship activity, collaborating with three development banks, the ADB, AfDB, and IDB, to continue to exchange solutions and identify ways to enhance accountability and alignment with country policy priorities to truly bring about effective development results.

KDI School, in conjunction with IDB, ADB, AfDB, and regional CoPs, is pleased to present this publication, which highlights the best practices drawn from the 2015 and 2016 international seminars. The book attempts to illustrate how the MfDR framework can help overcome development challenges and strengthen democratic governance, yielding better outcomes for inclusive development. It incorporates an introduction to the MfDR framework and its application for inclusive growth followed by a collection of 13 country cases in the regions of Latin America and the Caribbean, Asia, and Africa. The country cases have been updated to share best practices up to 2017 in achieving inclusive development.

I would like to take this opportunity to respectfully thank the authors of each chapter and the country cases. I would also like to acknowledge Dr. Taejong Kim of KDI School, Ms. Claudia Buentjen of ADB, Mr. Pierre-Justin Kouka of AfDB, and Mr. Roberto García López for their dedication and commitment as editors of this publication.

We at KDI School of Public Policy and Management hope that this book will enlighten and inspire its readers to continue their quest for strengthening the practice of managing for results, as well as for improving the positive impact and overall effectiveness of development efforts.

Jong-II You


Dean

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List of Abbreviations and Acronyms

ADB	Asian Development Bank
AfDB	African Development Bank
BPF	Budget Priorities Framework
CCM	Chronic Child Malnutrition
CLEAR	Center for Learning on Evaluation and Results
CoA	Commission on Audit
CoP	Community of Practices
CONEVAL	National Council for the Evaluation of Social Development Policy in Spanish acronym
CPA	Citizen Participatory Audits
CRED	Child's Growth and Development Check-ups in Spanish acronym
DHO	District Health Office
DPWH	Department of Public Works and Highways
DU	Delivery Unit
EU	European Union
FGD	Focus Group Discussion
FoI	Freedom of Information
GPEDC	Global Partnership for Effective Development Cooperation
GDP	Gross Domestic Product
HLF	High Level Forum
ICC	Investment Coordination Committee
IDEAS	International Development Evaluators Association
IDB	Inter-American Development Bank
KDI	Korea Development Institute
LAC	Latin America and the Caribbean

LGSP	Local Government Support Project
LIC	Learning & Innovations Component
MDBs	Multilateral Development Banks
MDGs	Millennium Development Goals
MfDR	Managing for Development Results
MSF	Multi Stakeholder Forums
M&E	Monitoring and Evaluation
NEDA	National Economic and Development Authority
NPM	National Expenditure Program
NPM	New Public Management
OPIF	Organizational Performance Indicators Framework
PAN	Articulated Nutrition Program in Spanish acronym
PBB	Performance-Based Budgeting
PES	PRODEV Evaluation System
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PFM	Public Financial Management
PPP	Public Private Partnership
RBB	Results-Based Budgeting
RBM	Results-Based Management
SDGs	Sustainable Development Goals
SEPAF	Secretariat of Planning, Administration and Finances in Spanish acronym
SHCP	Secretariat of Finance and Public Credit in Spanish acronym
SMEs	Small-Medium Enterprises
SNI	National Investment System in Spanish acronym



SNP	National Planning System in Spanish acronym
UNGA	United Nations General Assembly
UP	Union Parishad
UPGP	Union Parishad Governance Project
VOPE	Voluntary Organizations of Professional Evaluators
WAEMU	West African Economic and Monetary Union

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Chapter 1

Implementing Managing for Development Results for Inclusive Development



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Implementing Managing for Development Results for Inclusive Development

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Overview

- There has been progress in pro-poor growth, but not so much in inclusive development which is more related to inequality.
- There has been progress in the implementation of Managing for Development Results (MfDR), mainly in strategic planning and public financial management. However, many countries still lag behind in terms of budgeting for results and results-based monitoring and evaluation.
- Capacity and incentives at individual, institutional, and policy-making levels are the main challenges in further implementing MfDR for inclusive development.
- Progress in implementing MfDR and achieving inclusive development has varied considerably depending on the country, the government in power, supporting pillars of MfDR, and the target group. Hence, the value of case studies presented in the following chapters.

1. Context and Objectives

In 2015, the United Nations concluded that significant progress had been achieved in realizing the Millennium Development Goals (MDGs) within the period of 1990-2015 (UNDP 2015). However, this overall success hides wide disparities across regions, countries within regions, and groups within countries. Strikingly, the 26 richest people on earth in 2018 had the same net worth

¹ The comments of Claudia Buentjen and Armin Bauer, ADB on this paper are gratefully acknowledged.

as the poorest half of the world's population, some 3.8 billion people (Oxfam 2019, p. 10). While growth has translated into the emergence of a significant middle class and the uplifting of a significant percentage of the poor above the poverty line, particularly in Asia and in Latin America middle income countries, a significant number of the poor in many countries have yet to realize the benefits of growth. Indeed, there has been an erosion of the middle class in industrialized countries while inequalities have risen to an alarming point (UNDP 2018). This time bomb weakens social cohesion, fuels populism and autocracy, and threatens the achievement of the Sustainable Development Goals (SDGs), especially in a time of increased risks (WEF 2019). It has also put the objective of achieving inclusive development on top of the development agenda.

MfDR has been the dominant approach for all actors in the development arena for the last fifteen years since the Monterrey Conference on Financing for Development in 2002. In the mid 2000's, three main Communities of Practices (CoPs) were established in Africa, Asia and the Pacific, and Latin-America and the Caribbean as "peer-to-peer collaborative networks" to contribute to the successful implementation of MfDR. Each of them conducted a variety of activities in their own region.² More recently, the CoPs have engaged in joint events with the aim of exchanging experiences across the globe. The first international seminar of the CoPs was held in November 2015,³ followed by another one in July 2016 and a third one in June 2017 (KDI School, CoPLAC MfDR, Asia-Pacific CoP-MfDR, African CoP in 2015, 2016, 2017, and 2018).⁴ The International Seminars were made possible by the CoPs' initiative, with support from multilateral development banks including the African Development Bank, Asian Development Bank, and Inter-American Development Bank), as well as the Government of Korea and the Korean Development Institute School of Public Policy and Management.

2 It should be noted that in 2015 the Asia Pacific CoP was discontinued and MfDR-related functions were integrated into broader public sector management-related activities overseen by the Governance Thematic Group and its Secretariat. The Governance Thematic Group continues to promote results-oriented PSM in developing member countries of ADB consistent with ADB commitment to development effectiveness objectives.

3 https://cop-mfdr.adb.org/lotusquickr/cop-mfdr/PageLibrary482571AE005630C2.nsf/h_Toc/866A11BB6CEE365048257F180026AC5F/?OpenDocument&StartUNID=9984E62EB273555748257F1800276021

4 Managing for Development Results: Inclusive Development, 4-8 July 2016, <https://k-learn.adb.org/learning-events/managing-development-results-inclusive-development>
Role of Managing for Development Results in Achieving the Sustainable Development Goals, 15-16 June 2017, <https://k-learn.adb.org/learning-events/role-managing-development-results-achieving-sustainable-development-goals>

The objective of this book is to highlight the best practices drawn from the first two international seminars. It is not meant to be another general book about MfDR practices since there exists already a number of good references on this matter, e.g. OCDE MfDR Sourcebooks (2006, 2007, 2008). The book shares the best practices of practitioners from Africa, Asia and the Pacific, and Latin America, gathered since 2017. It also discusses how MfDR has contributed to achieving inclusive development. This first requires understanding what is meant by inclusive development, and then identifying approaches and practices in MfDR that have contributed to inclusive development in different contexts.

The objectives of this introductory chapter are to present an analytical framework for understanding the implementation of MfDR for inclusive development, to outline key areas of progress made in select countries since the start of the millennium, and to identify a number of common challenges and opportunities ahead of the 2030 Agenda for Sustainable Development. This is a daunting task, given the sheer number of countries covered, the wide differences encountered across space and time, and the uncertainty of the times ahead. The findings presented here are based on a review of literature and personal work experience in a number of countries across five continents. A realistic expectation of the following chapter would be to wet the reader's appetite by presenting insightful case studies from different regions.

2. Analytical Framework for Understanding MfDR for Inclusive Development

The analytical framework includes concepts related to inclusive development and MfDR.

Inclusive Development

There is no unique definition of inclusive development in the literature. For UNDP, it means that all groups of people have access to opportunities, share the benefits of development, and participate in decision-making processes, regardless of their socio-economic status, gender, ethnicity, age, religion, political opinion, sexual orientation, etc. (UNDP website). Oxfam (website) defines it as "a pro-poor approach that equally values and incorporates the contributions of all stakeholders - including marginalized groups - in addressing development issues. It promotes transparency and accountability and enhances development cooperation outcomes through collaboration between civil society, governments and private sector actors." Kanbur and Rauniyar (2009) define pro-poor growth as an increase in real per capita income that also reduces

income poverty (Ravaillon 2004). In other words, inclusive growth is accompanied by lower income inequality where incremental increases in income accrue disproportionately to those with lower incomes.

From a policy perspective, the outcomes of inclusive development include: 1) the creation of efficient and sustainable jobs for disadvantaged groups, particularly the agricultural sector; 2) the design and operation of effective and efficient social safety nets to protect those who cannot work or who earn too little; 3) the expansion of access for the disadvantaged to public infrastructure and quality public services in education, health, water, water, sanitation, and transportation; 4) the implementation of fiscal policies that stimulate job-creating growth and redistribute income to reduce poverty and fund public services and safety nets.

In contrast, non-inclusive development corresponds with poverty, inequality, and vulnerability. Poverty is often defined as a level of well-being that is considered insufficient to lead a normal life in a given society and time in history. This immediately indicates the relative and multi-dimensional nature of the definition of poverty that reflects a deprivation of well-being. A huge body of literature exists that analyzes poverty. Let us just mention (i) the seminal article of Foster, Greer and Thorbecke (1984) published in *Econometrica* which measures the incidence and level of poverty using their FGT poverty measures; (ii) Ravaillon's evaluation of a variety of anti-poverty programs; (iii) the efforts of the Living Standards Measurement Study (LSMS) to obtain quality household data and a criterion for poverty; (iv) the contributions of the Participatory Rural Appraisal including the use of qualitative methods to analyze perceptions of poverty in Chambers (1997) and the efforts to share the voices of the poor in Narayan (1999); and (v) the contributions of Kanbur and Shaffer and others in applying the Q2 approach of combining qualitative and quantitative methods to analyze poverty. A number of comprehensive manuals on poverty were published since the 1980's, including the United Nations Handbook on Poverty Statistics: Concepts, methods, and Policy Use in 2005, and the World Bank Handbook on Poverty and Inequality in 2009.

Several authors have gone beyond the standard definitions of poverty to add additional perspectives of well-being by focusing on income or consumer expenditures. Some of the noteworthy studies include Sen's theory of capabilities (1995) and Bhutan King Wangchuck's concept of Gross National Happiness. Some have argued for taking a multi-faceted approach like the United Nations' Multidimensional Poverty Index developed in 2010 which considers not only income, but also access to education, health, equity of rights and opportunities across genders, and so on while others have argued for using several one-dimensional indices (Ravaillon 2008).

In terms of development as a matter of policy, poverty reduction became a major policy objective in the late 20th century. Several countries have pioneered the development of poverty reduction strategies such as Mali in 1997 (MEPI, 1997). The World Bank in the late 1990's shifted focus from structural adjustment policies to poverty reduction policies, making its support conditional to the elaboration of a Poverty Reduction Strategy Paper (PRSP) starting in the 1990s. The goal of poverty reduction was adopted by the United Nations as one of the eight MDGs to be achieved by 2015. Poverty eradication has also been established as one of the seventeen SDGs, comprised of 169 targets and 232 indicators to be achieved by 2030.

While poverty reduction remains a concern, the attention of governments and the international development community has shifted more to the issue of inequality and the principle of “leaving no one behind” (German, T. and J. Randel 2017, UNDP 2018). This principle which underpins Agenda 2030 puts the focus as much on achieving inclusion (who benefits?) as delivering public goods and services (what results have been achieved?). This shift in priorities is in part due to the (i) gains made in poverty reduction, (ii) the significant gap between countries in terms of living standards, (iii) the significant increase in inequality over the last thirty years in many industrialized and developing countries.

Here again, a vast body of work exists on inequality which comes in waves according to the popularity of the theme. Apart from the Handbook on Poverty and Inequality of 2009 already mentioned, the Handbook on Income Distribution published in 2000 by Atkinson and Bourguignon and the public debate about Piketty's book published in 2013 come to mind. Piketty focuses the debate not only on income distribution, but on wealth distribution. The higher return on capital compared to economic growth rates means that the real and growing gap is between the haves and the have-nots. While the evidence for a greater return on capital than on labor seems strong, a deeper analysis of capital and labour seems necessary to better understand the complexity of relative income levels of various groups in society.

A third concept related to poverty and inequality is vulnerability, which can be defined as the risk of falling into poverty or hardship in the future as a result of a shock such as a catastrophic illness, loss of employment or income, natural disaster, ethnic strife, religious and political conflict or war. Not only are the less well-off more susceptible to experience such shocks, but they also tend to have less access to social safety nets, whether public or private, increasing the probability of suffering a greater negative impact from the initial shock.

Management for Development Results

OECD (2010) states that “Managing for Development Results (MfDR) is a management strategy focused on development performance and on sustainable improvements in country outcomes.” Inspired by Peter Drucker’s seminal book published in 1964 “Managing for Results,” this management approach benefited over the years from the development of a number of tools (BW 2015), such as the logical framework in 1972, the results-based logical framework in 1995, and the results framework (1996-2000). Applied in the context of development, MfDR provides a coherent framework for achieving development effectiveness in which information on performance is used to improve decision making. This approach adopts a number of practical tools used in strategic planning, risk management, progress monitoring, and outcome evaluation.

Agreed at the Second Roundtable on Managing for Results of Marrakech in 2004, the principles of MfDR include: 1) focusing the dialogue on results at all phases of the development process; 2) aligning programming, monitoring and evaluation with results; 3) keeping measurement and reporting simple; 4) managing for, not by, results; and 5) using results information for learning and decision making.

The Accra Agenda for Action in 2011 included the commitment that: (a) Developing countries will strengthen the quality of policy design, implementation and assessment by improving information systems, including, as appropriate, disaggregating data by sex, region and socioeconomic status; (b) Developing countries and donors will work to develop cost-effective results management instruments to assess the impact of development policies and adjust them as necessary; (c) Donors will align their monitoring with country information systems as well as support and invest in strengthening national statistical capacity and information systems, including those for managing aid; and (d) All partners will strengthen incentives to improve aid effectiveness by systematically reviewing and addressing legal or administrative impediments to implementing international commitments on aid effectiveness. Donors will pay more attention to delegating sufficient authority to country offices and to changing organizational and staff incentives to promote behaviour in line with aid effectiveness principles.

A closely related concept to MfDR is Results-Based Management (RBM) which is “an approach aimed at achieving important changes in the way that organizations operate, with improving performance in terms of results as the central orientation. It provides the management framework and tools for strategic planning, risk management, performance monitoring, and evaluation. Its main purposes are to improve organizational learning and to fulfill accountability obligations through performance reporting” (OECD 2010 and Meier, 2003). Despite being

synonymous, RBM applies more generally to any organization in the private sector, the public sector, or in the civil society while MfDR focuses on the development process and therefore considers other concepts such as collaboration, partnership, country ownership, harmonization, and alignment.

RBM was also associated with the New Public Management (NPM) approach which covered a range of popular theories in the 1990s, emphasizing performance-enhancing interventions that rely on management technologies and systems to drive reforms in a downsized public sector (Moynihan and Pandey, 2005; Larbi, 2006; Manning, 2001). Largely driven by development practitioners and applied researchers looking at hard evidence, RBM and MfDR has evolved past NPM in the early 2000's into concepts such as New Public Service which largely takes into account institutional considerations such as political economy, incentives, adaptation of reforms to specific context, iterative and adaptive reform processes, and collective action (Brinkerhoff and Brinkerhoff 2015, Robinson 2015).

MfDR can contribute to inclusive development in two ways: 1) focusing on the right issues and the right target groups in formulating policies, strategic plans, programs and projects. This is in line with the OECD/DAC list of criteria for project evaluation; 2) improving the implementation of policies and strategic plans and the delivery of public programs and projects. This also corresponds to the objectives of achieving effectiveness, efficiency, and sustainability in the above-referred list.

3. Progress in Terms of Inclusive Development

The MDG report (UNDP 2015) assessed “impressive progress on human development over the past quarter century.” At individual and household levels, indicators have increased significantly including life expectancy, per capita income, access to education, and clean water and basic sanitation. Moreover, infant and maternal mortality have trended downward from 1990 to 2015. At the country level, a number of developing countries have become emerging countries or even newly industrialized countries (World Bank 2017).

While poverty has clearly gone down overall, the picture on inequality and vulnerability is quite different and mixed. In some countries like the People's Republic of China, India, and middle-income countries in Latin America, the reduction both in poverty and inequality has been accompanied by the emergence of a significant middle class. In other countries, the fruits of high growth have been realized by a tiny minority of super rich while a majority of the population has

experienced a modest improvement or even a decline in living standards, resulting in greater inequality in income distribution. More than three quarters of the world's inequality is due to differences across countries, not within countries. Milanovic (2011) points out that half of income goes to 9% of the world's total population. The HDR 2016 report notes that certain groups are far more likely to be disadvantaged than others.

Vulnerability has increased significantly, particularly for the poor and the lower middle class, amid greater dependence on markets and trade and volatile market swings in a globalized economy. Adding to this is the palpable effects of climate change and increased weather-related calamities and the growing insecurity around the world caused by political and religious conflicts. Even the progress made in raising living conditions in emerging economies remains fragile and could be reversed with an economic or political shock. The WEF 2017 report notes that the ongoing fourth technological revolution opens new opportunities, but also contributes to the disappearance of traditional jobs.

4. Progress in Terms of MfDR for Inclusive Development

It is important to acknowledge that progress in implementing MfDR may differ depending on whether the discussions center on the world, or a given region, country, sector, sub-national government, or institution. In any region, countries are at different stages of implementation: some countries are still in the early stages of implementing MfDR, while other countries are steadily progressing or well into the later stages of implementation. Progress may also vary from one pillar to the next, i.e., a country might be strong in one pillar, but still weak in another. The features outlined below apply to the majority of the cases, but not all.

Global Mainstreaming of the MfDR Agenda

Since the start of the millennium, the MfDR agenda has been progressively mainstreamed at the global level (BW 2016). Over the 2000-2016 period, a consensus and initiative toward a global partnership among members of the international community on this agenda has emerged on the back of the work of Multilateral Development Banks (MDBs) and key international dialogue forums. In 2000, the United Nations General Assembly (UNGA) agreed that the MDGs should be achieved by 2015. In 2002, the commitment to results-driven measuring, monitoring, and management was made at the Summit of MDBs in Monterrey. The term MfDR was coined in 2004 at the Marrakech conference. The Paris second High Level Forum (HLF) in 2005 led to the

Paris declaration, the basis of an agreement among aid recipient and donor countries to follow the five principles of ownership, alignment, harmonization, managing for results, and mutual accountability. During 2005–2015, MfDR became more widespread with the proliferation of corporate results frameworks, the creation of the MDB MfDR Working Group, and the advancement of the aid effectiveness agenda. The Accra Third HLF in 2008 expanded participation of developing countries and actors to include civil society, the private sector, and parliament. The UNGA held in Nairobi in 2010 led to the adoption of the Nairobi Outcome document on the commitment to design and implement inclusive country-led results frameworks. The Busan Fourth HLF in 2011 led to the formation of a Global Partnership for Effective Development Cooperation (GPEDC) which committed to promoting negotiated results and building accountability. The partnership sought to promote a country results framework and to integrate them into the management cycle of different institutions. This was followed by the first post-Busan ministerial forum in Mexico in 2014. In September 2015, the United Nations (UN) General Assembly adopted Agenda 2030 (Transforming Our World: The 2030 Agenda for Sustainable Development) as a new reference for sustainable development efforts. Unlike the MDGs which were highly centralized, the SDGs recognize the importance of localizing the SDGs and the significant role of subnational governments (Global Taskforce of Local and Regional Governments 2016, Oosterhof 2018).

The implementation of MfDR has been uneven so far with more progress being made on instituting national ownership and leadership, and less progress on alignment and accountability at national government level, and even less at local government level, in spite of some notable global initiatives such as the Extractive Industries Transparency Initiative (EITI) launched in 2002⁵ and the Open Government Partnership launched in 2011.⁶ Beyond good intentions, there are still problems in implementation and monitoring and evaluation for the percolation of the results orientation into actual work and accountability (Abdel-Malek 2015; AfDB 2011, ADB 2012, Bester 2012, UNDP 2007, Vähämäki et al. 2011).

5 <https://eiti.org/>.

6 <https://www.opengovpartnership.org/about/about-ogp>.

Tangible but Uneven Progress in Implementation of MfDR Pillars at the Country Level

Few comprehensive evaluations of the progress being made in MfDR implementation at the country level exist. The notable exception being evaluations in the LAC region including Garcia Lopez and Garcia Moreno 2011, Kaufmann et al 2015, and Garcia Lopez 2016. The other global evaluations are focused largely on governance. The Mo Ibrahim Foundation assesses governance for African countries, while the World Economic Forum assesses the competitiveness of countries and the World Bank evaluates the quality of business regulations⁷ and follows governance indicators.⁸ Based on these findings and scattered evidence from other regions and institutions, one can conclude that progress has been made in implementing the pillars of MfDR in many countries and institutions to varying degrees.

The comparative analysis of the two evaluations conducted by IDB using the PRODEV assessment criteria indicate that overall progress has been made in implementing all five MfDR pillars in the LAC region from 2007 until 2013. But the outcomes vary significantly from one country to the next and from one pillar to the next without a clear pattern, indicating that the implementation of MfDR is country-specific. The result of this uneven progress is that the most advanced countries are at the level of industrialized countries, if not better, while the less advanced countries are really lagging behind. In some cases, implementation seems to have stalled (Kaufmann et al 2015; Garcia Lopez 2016).

The same overall trends are observed for Africa. There has been a slight improvement in overall governance from 2006 to 2015. Few countries have registered progress in each of the four dimensions of governance: safety and rule of law, participation and human rights, sustainable economic opportunity and human development. The situation in some countries has actually worsened, outlining the specific situation of conflict and fragile states (Mo Ibrahim Foundation 2016).

Asia as a region has made lots of progress in terms of MfDR implementation (Secretariat of the Asia-Pacific Community of Practice on MfDR 2009). Demand for MfDR has been growing both within the public sector and from the private sector and civil society. Many governments have gone well beyond the “why” and “what” of managing for results and are focusing on the “how” of getting actual practice to work on the ground. However, there is still a gap at times

⁷ <http://www.doingbusiness.org/>

⁸ <http://info.worldbank.org/governance/wgi/index.aspx#home>

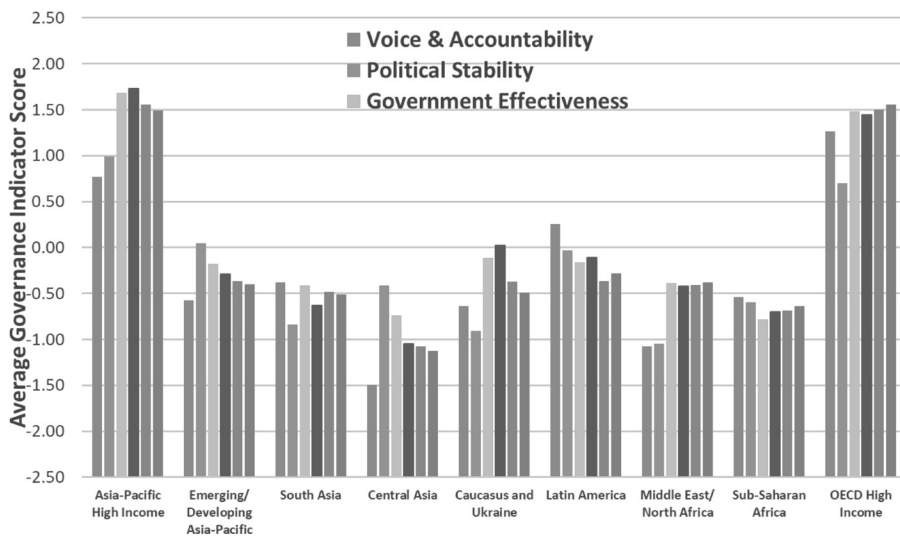
between the official discourse and actual implementation, especially when one moves away from the Ministry of Finance to weaker line ministries and local governments. Challenges remain in realizing the implications of focusing on development outcomes for the way public programs are designed, managed and evaluated, the need for an integrated M&E framework linked to planning, budgeting and human resource management, and the integration of the results agenda between the line ministries and the subnational governments. As in other regions, the evolution of MfDR has been diverse across countries and sub-regions.

The Competitiveness Report published by the World Economic Forum outlines the critical impact the quality of public management has on a country's competitiveness through its institutions, infrastructure, macroeconomic environment, and health and primary education services. Again, noticeable progress has been made across the years, but with a lot of variations from one country to the next (World Economic Forum 2016). The 2018 report also highlights the importance of agility and future-readiness which are not traditionally intrinsic qualities of the public sector (World Economic Forum 2018).

Assessing the regulatory environment in the private sector, the World Bank's "Doing Business" reports (2019, 2017) shed further light by observing a correlation between cross-country differences in the quality of business regulations and differences in income per capita across economies as well as income inequality within countries since people of low income are more likely to benefit from simpler and transparent regulations. A continuous and focused reform agenda translates into further income growth.

The overall assessment of governance in the world as of 2016 is presented in Figure 1. The governance indicators of Asia Pacific high-income countries are on a par with OECD high income countries, while the rest of Asia, Latin America, and Sub-Saharan Africa still have a long way to go.

Figure 1 Worldwide Governance Indicators in 2016



Source: Kaufmann (2017) based on based on Worldwide Governance Indicators.⁹

Among the MfDR pillars, strategic planning and PFM seem to have been implemented the most while monitoring and evaluation and budgeting for results have been implemented the least. Moreover, the pillars of implementation and program/project management seem to have been implemented midway. In strategic planning, progress has been made in a number of countries, sectors and institutions to (i) develop strategic plans, (ii) define or revise the programme architecture and the logical frameworks/models, (iii) define performance measurement frameworks or results frameworks that include validated performance indicators and targets. More work is needed to articulate strategic plans (Inomata 2012), and disaggregate indicators and targets for poor and vulnerable groups in specific regions.

In terms of public financial management (PFM), progress has been made in a number of countries and sectors (ACCA 2010). This includes conducting PFM assessments based on the PEFA methodology, introducing program budget classification and accrual accounting, pushing for more open and participatory budgeting, improving public procurement systems by making them more operational and transparent, and reducing ex ante control while increasing ex post control to enhance the responsibility and accountability of managers. Other efforts include strengthening the evaluation function through Public Expenditure Reviews (PERs) and Public Expenditure Tracking Surveys (PETS). However, adjustments need to be made in the

⁹ <http://info.worldbank.org/governance/wgi/#home>

implementation of the reforms in terms of approach and sequencing. Less focus should be put on pushing technicalities and more focus should be put on creating "space" in which reforms can take place (Andrews 2010, Bietenhader and Bergmann 2010, World Bank 2011). Countries that have progressed most have put public expenditure management reforms within the larger context of governance reform (Morgner 2013).

Progress has been made in implementation and the management of programs and projects which has led to better development outcomes (Amerasinghe and Furagaganan 2005). A range of reforms have been implemented in the public sector in many countries including multiple re-organizations, the introduction of performance contracts, and downsizing. Within Public Investment Management (PIM), more analytical tools have been introduced and their use has become more widespread such as *ex ante* evaluation. This has also been accompanied by the institution of better project management practices, including project portfolio management and earned value analysis, the establishment of Delivery Units (DUs) and Public-Private Partnerships (PPPs), and the institution of more transparent procurement systems for selecting implementing agencies. However, public service reform remains largely undone. It is a question of doing different things differently with less rather than the simplistic mantra of doing more with less (IPA 2013). Cost-cutting measures need to go hand in hand with changes to the organization and processes within public service. A number of national projects, and even more sub-national projects have not yet been subject to proper *ex ante* evaluation, particularly in regards to their relevance and sustainability (Klaggeg 2008). Stove-piping of projects conceived in isolation too often leads to inefficiencies and turf wars. The world is a cemetery of white elephants, not to mention the majority of projects that are completed suffer from overruns in time and cost and poor quality. Project management techniques make a difference only if it fits with the institutional environment (Pigeon and Pletka 2009). DUs and PPPs can help, but they need to be properly designed and managed, and they are no miracle cures (Daly and Singham 2012, EPEC 2015). There are still a number of governance issues (World Bank 2017) which make delivery of public services a challenge (Daly and Singham 2012). The procurement process is either still too loose with rampant temptation of corruption or too tight with overzealous procurement officers unnecessarily blocking or delaying their implementation. Too often, the public sector's effectiveness is affected by the over-politicization of managerial positions, the management of human resources based on criteria other than productivity and outcomes, and the lack of accountability. This is coupled by the lack of a value system or work ethic that prioritizes client service, outcomes, and the public interest, or authoritarian tendencies (Amjad 2008, Ayee 2005, Pazvakavambwa and Steyn 2014, Curristine 2005).

There has been some progress in many countries in terms of budgeting for results, even in certain fragile states (Arizti 2009, ODI 2012). The more commonly found reforms include the implementation of fiscal responsibility laws, tax reforms to raise fiscal space for national and sub-national governments, medium term budgeting frameworks, participatory budgeting processes, and program budgeting. However, the development of sound budgetary institutions requires time, as the budgeting process is prone to rent-seeking (Allen 2010). Moreover, it is important to maintain a focus on the basic functions of the PFM system, especially in fragile states (Gill 2015). There is often a gap between what governments say they should do and what they actually do (Andrews 2003, Browne 2010, CABRI 2013). One example is the implementation of medium-term fiscal frameworks which tend to be based on overly optimistic revenue forecasts. This in turn forces the government to adopt a revised budget during the course of the year, which risks budgetary cuts to programs that promote inclusive development (Third International MfDR Roundtable 2007). Program budgeting offers another example of mismanagement. In many line ministries, the program architecture is still organized along traditional institutional lines, resulting in program logical models being poorly defined. As a result, outputs and outcomes are misaligned and a gap exists between strategic, programmatic, and operational indicators. Moreover, a program's targets are unrealistic and the budget allocation process includes a significant amount of pork barrel spending. Many program managers would be at a loss if asked to demonstrate how their program improves the living conditions of the less well-off and marginalized groups.

Finally, there has been progress in promoting monitoring and evaluation both on the supply and demand side (Acevedo et al 2010, Porter and Goldman 2013). On the demand side, there have been growing calls for accountability from government, civil society, and development partners. On the supply side, there have been a number of initiatives for the formal establishment and improvement of monitoring systems. Some of the technical efforts include defining better performance measurement frameworks, improving the quality of administrative data and surveys, developing guides and training programs, upgrading information systems and providing more open data using IT. The work being done on the institutional side include instituting new legal frameworks (e.g. evaluation policy), setting up M&E implementing units, and promoting a culture of evaluation and accountability.

However, these reform initiatives do not necessarily translate into actual practices. Moreover, issues around data quality, and the completeness and timeliness of reports are recurrent challenges when working on the ground (ADB 2012). In fact, some countries and institutions went overboard by establishing too many indicators and report requirements. In some cases, too much focus was put on accountability and control compared to learning, which led to counterproductive results

(Intrac 2011, Porter and Goldman 2013). As for evaluations, many countries are making incremental progress. Courses in evaluation are popular and national evaluation associations and Voluntary Organizations of Professional Evaluators (VOPE) are popping up. Furthermore, the International Development Evaluators Association (IDEAS) is supporting some interesting initiatives to reinforce the professionalization of evaluators in addition to some national initiatives. However, the practice of evaluation is still weak in numerous countries while the need to develop capacity in evaluation is huge (Rist et al. 2011). Evaluations often get pushback from civil servants who mistakenly confuse it to audits. Many ministries struggle to find a balance between shoddy evaluations by complacent consultants and unnecessarily complicated, long, and costly evaluations by researchers that do not contribute to the national decision-making process by producing timely and relevant information. Moreover, there is a lack of accountability in terms of following up evaluations with corrective action plans.

More Priority Given to Pro-Poor Growth Programs than to Inclusive Development

The focus of countries, MDBs, and other supporting partners has been on promoting pro-poor growth by designing and implementing poverty reduction strategies, rather than poverty and growth-led poverty reduction strategies. Most countries now require an ex ante evaluation of large economic and infrastructure projects, including an assessment of the socio-economic impacts on the affected population, and the poor in particular. Programs have been put in place to improve social safety nets in many countries, following the outcomes of the Progresa conditional cash transfer program in Mexico in 1997 (transformed in Oportunidades in 2002). The goal of addressing inequality has not been a policy priority, and ministries and partners alike have placed even less emphasis on incorporating it during the formulation and evaluation of projects. This is now changing at the policy level, considering the potentially disastrous effects of severe inequality. For example, the World Bank now considers the goal of sharing prosperity is just as important as ending poverty (World Bank 2015). It has yet to trickle down to a program's operational level and a project's management cycle.

5. Implementation Challenges of MfDR for Inclusive Development

The development of capacity and incentives at individual, institutional and policy-making levels, are two major challenges in the implementation of MfDR for inclusive development.

Individual Capacities and Incentives

Further implementation of MfDR for inclusive development requires “changing the chip” of many civil servants who remain molded in the traditional public administration mentality of following the boss’ orders, focusing on inputs and activities, and minimizing risk-taking. Beyond proper technical training in the various domains of MfDR, it asks for a demand-driven approach of public service to three target groups: the middle class, the poor, and the ultra-poor and marginalized groups. It requires a flexible mentality to consider various governance models and chose the one most adapted to the local cultural, and social and political context. It requires getting out of the silo mentality, taking a cross-sectoral perspective, and developing partnerships (Whaites et al. 2015).

The frequent rotation of staff in the public service is a major issue to building capacity. This has a lot to do with low wages in the public sector compared to what can be offered by the private sector, international organizations, and donor industry. Several countries also do not have a permanent workforce in the public sector and have to start all over again at each election. Too often, career paths in the civil service sometimes look like an obstacle course and promotions are more often the result of political affiliation than a reward for technical competency. Staff rotation is also an issue for development partners for a variety of reasons, including retirement of experienced experts and a tendency for “reformitis”.

The quantity and quality of training and coaching in MfDR is quite uneven depending on the country. While the pool of quality training programs and experts is growing, several individuals and firms have improvised themselves as MfDR professional trainers with limited technical and educational skills. Others believe the successes of one country can be easily replicated in another country with a different political, institutional and cultural environment. Academics coming from universities and research centers come with prestige and sound theoretical and analytical skills, but some live in an ivory tower and have no clue of real work conditions in the public sector which are characterized by a dearth of quality data and limited material and financial means. So, they might teach irrelevant skills and propose irrelevant and costly solutions. This is not helped by the tendencies of some development practitioners who are prone to succumbing to the newest

fad that is pushed as a miracle cure by some individual and corporate interests. The hard evidence learned through experience over and over again is that the development process is complex and takes time to produce sustainable outcomes.

Institutional Capacity and Incentives

Public sector institutions often suffer from inadequate technical systems and institutional arrangements. Technically, inclusive development raises a number of methodological challenges that current tools have a hard time addressing; (i) how to formulate a Theory of Change along the results chain, such as articulating outputs and outcomes, and defining a reduced set of key performance indicators; (ii) how to identify specific target groups, and obtain quality and disaggregated data in a cost efficient way to calculate result-based indicators for those groups, and (iii) how to design interventions to target and reach out to those groups in order to increase their access and use of public services that fit their needs.

Public institutions are by definition huge bureaucracies with a natural tendency to work in silos and take a piecemeal approach (Perrin 2002). The institutional culture is also oriented more toward policy-making rather than delivering outcomes (Daly and Singham 2012). Recurring challenges include among others; (i) the organization across sectors to obtain the “big picture” and achieve good coordination in action; (ii) keeping the results focus at all levels and articulating the results at various levels to facilitate aggregation; (iii) attributing results to specific actions taken by specific groups and providing a fair reward for good performance; (iv) communicating horizontally and vertically relevant information to the relevant actors in a timely way to facilitate participation, accountability, and decision-making; (v) dealing with conflicting incentives, within public sector departments that compete for scarce resources. This also includes MDBs which have to manage risk and adhere to results-based approaches and aid effectiveness when lending money.

Overall, implementing RBM is difficult because “it impacts throughout an organization” (Mayne 2004, 2007). As such, the implementation process cannot take a piecemeal approach (Perrin 2002); instead, an integrated RBM approach is needed considering the specific institutional context (Rasappan, 2010). Technical solutions are only the tip of the iceberg. Addressing more complex organizational challenges requires the reconciliation of institutions, interests, and incentives which can be achieved with leadership, a strategic approach, buy in from key stakeholders, and building coalitions to achieve impact and sustainability (Boesen 2016).

Capacity and Incentives for Policy Making


Implementing MfDR requires interest, leadership, communication and change management skills from politicians and top technical managers in the public sector. Although some decision-makers are reluctant to hear bad news, most are concerned with results. So the question becomes “results for whom” and the challenge is how to design in a participatory way Pareto-optimal policies and then implement them through a careful balance of push for reforms and pull to explain the overall gains and mitigating measures to the potential losers. The political economy of policy-making is country and time specific, but some decision-makers might have other priorities than achieving inclusive development due to internal and external political context. The political weight of the poor, and even more the ultra poor, is often low compared to that of power groups and lobbies. The priority of the ultra poor is to survive, not to vote! For a politician looking to be re-elected, spending some of his precious time on the design and funding of programs for the poor and ultra-poor may not be worthwhile compared to spending it on programs benefiting the middle class or power groups. All the more when the law-making process is long and the period between elections is short. However, beware of the reactions of the impoverished middle class in the next round of elections or even in the streets!

6. Conclusion

MfDR was coined in 2004 at the Monterrey conference. Since then, it has attracted a lot of attention and funding from developing countries and their partners. Inclusive development has emerged at the forefront of the development agenda in many countries and in global forums, as stakeholders have realized the social, economic, environmental, and political risks of severe inequality. With a lot of variations across countries, progress has been made in the implementation of MfDR; but, it has been rather slow and not really focused on promoting inclusive development. There is a clear need for less talk, and more walk on the road to implement sustainable policies and programmes that explicitly consider social and economic differences and reduce disparities in access and use of public services while avoiding cradle to grave social assistance. However, whatever progress and experience has been gained by trial and error will be valuable in overcoming the challenges to achieving inclusive development. The chapters in this book provide vivid illustrations of what has been done in some countries.


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Chapter 2

Country-Level Case Studies in Africa

Performance-Based Budgeting as a Tool for Improving Governance
in Zimbabwe

How to Achieve Better Results in Government Youth Programs
using Nigeria's FOI Law

The Phoenix Program and Inclusive Development for SMEs
and Handicrafts in Côte d'Ivoire

Challenges of Commission of WAEMU in the Implementation
of Regional Programs and Projects in West Africa



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FOR DEVELOPMENT RESULTS



AFRICAN COMMUNITY OF PRACTICE
MANAGING FOR DEVELOPMENT RESULTS

Performance-Based Budgeting as a Tool for Improving Governance in Zimbabwe

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Overview

The Government of Zimbabwe embarked on reforms to institute a performance-based governance approach in the public sector by introducing performance-based budgeting (PBB) and by promoting a business environment where the private sector could thrive. These reforms were coordinated by the Office of the President and Cabinet working with line ministries and other government agencies and the private sector. The reforms have resulted in a more efficient budget allocation system as well as an improved score in the World Bank's ease of doing business index.

1. Background

Zimbabwe is a landlocked country with an estimated population of 14.2 million, according to the 2013 census. Its Gross Domestic Product (GDP) was estimated at US \$12.8 billion and its Gross National Income (GNI) per capita was estimated at US \$820. Since its independence in 1980, the Government of Zimbabwe has developed and implemented a number of policies that have led to tremendous socio-economic transformation and development in Zimbabwe. However, these achievements could have been scaled up in a more sustainable way if its governance was performance-based.

It is estimated that between 1999 and 2008, the economy contracted by more than 45% due to political, economic and social challenges, which ultimately led to hyperinflation. Economic growth rebounded in 2009 and Zimbabwe's GDP expanded by 23.4% during 2009-2011, at a

three year average annual rate of 7.8%. Despite the strong economic performance during this period, the country remains vulnerable to shocks and adverse weather conditions. GDP growth moderated to 4.6% in 2012, then, decreased to 2.9% in 2013. It fell to 2% in 2014 and 1.5% in 2015.

During this period, the agricultural sector became more vulnerable as it suffered a second major drought in three years. El Niño was also a factor in 2016. Industry and mining continue to stagnate, facing adverse terms of trade (from commodity price declines and depreciating sub-regional currencies). This was further exacerbated by a highly regulated business environment characterized by high costs of production and infrastructure challenges.

Zimbabwe is different from other fragile and conflict-affected states because it has the characteristics of a middle income country. For example, the quality of its backbone infrastructure and human capacity are higher than other fragile states. The country's adult literacy rate is one of the highest in Africa, standing at 91.3% in 2013 according to the United Nations. In spite of that, the country in recent years has witnessed a decline in institutional capacity, especially in the Government's ability to deliver core functions to citizens. This comes on top of low capacity utilisation in the private sector.

Nevertheless, Zimbabwe remains well placed for rapid and inclusive growth. However, the country faces the challenge of having to improve its governance by strengthening its public financial management systems. It also needs to strengthen the business environment and investment policies, and expand access to finance across the private sector. Zimbabwe is well endowed with mineral resources and has a sophisticated agricultural sector, giving it some comparative advantages over other Southern African nations. In 2015, Zimbabwe ranked 171 on the World Bank ease of doing business index compared to a regional average of 143. Foreign direct investment (FDI) per capita was significantly lower than its regional neighbours despite its endowment of natural resources. The 2014 Confederation of Zimbabwe Industries' (CZI) Manufacturing Sector Report identified the main factors that were negatively affecting business including the lack of access to finance, poor infrastructure, corruption, restrictive labour practices and an inefficient government bureaucracy.

With the costs of Government employment accounting for about 80% of revenues, the situation left little room for Government to manoeuvre with respect to increasing capital expenditure. The large amount of current expenditures was effectively crowding out capital investments essential for medium and long term growth.

2. The Reform Agenda

To address these challenges, the Government made a deliberate move to improve the performance of its governance by implementing a PBB system as well as reforms to improve its ranking in the ease of doing business index. Zimbabwean citizens, just like those from most parts of the world, are calling on Government to be more efficient, effective, responsive, and accountable. Government is also being asked to implement a results-based approach to improve the livelihoods of its citizens.

3. Performance-Based Budgeting

In 2015, PBB was introduced as a mechanism of strengthening the linkages between planning, budget implementation and results, by establishing a programme-based approach to budgeting. Prior to 2015, the budget followed a line-item classification system, making it difficult to link budget decisions to policy objectives. As such, the budget was focused on inputs rather than on the objectives of expenditure, which would show if policies achieved their intended goals. PBB is an approach that directly links planned expenditures to results. In short, PBB is shifting emphasis from input and activities to outputs and outcomes, and therefore, service delivery and results. PBB is enabled by crafting the budget around groupings of related services and activities that are all focused to achieve a single strategic purpose called a programme. The programme may be broken down into sub-programmes and activities for the purposes of management. The performance of each programme can be measured in terms of its: (i) Outcomes - the extent to which its sub-programmes and activities have contributed to the advancement of the strategic objective. (ii) Outputs - the goods and services provided under the programme which can be measured in terms of quantity, quality, timeliness and cost. (Ministry of Finance, 2013¹)

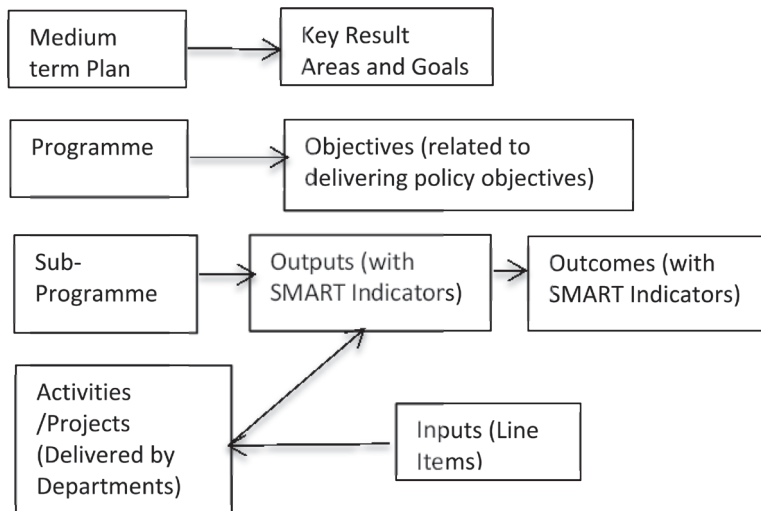
Each programme therefore can be described in terms of its objectives, the strategies employed, the inputs used to produce outputs and the outputs being delivered. PBB provides both a clearer way of describing the purpose of the budget and a framework with which to measure the implementation of the budget. PBB therefore allows for the following; (Ministry of Finance, 2013²)

1 <http://www.mofep.gov.gh> (2013 July)

2 <http://www.mofep.gov.gh> (2013 July)

- (i) Policy delivery: PBB specifically links resource allocations to the functions of the Ministry and Agency and its strategic policy objectives.
- (ii) Calculating costs: PBB structures allow for the identification of necessary inputs needed for core operations and projects required to achieve strategic objectives. These are then rolled up to calculate the costs of sub-programmes and the programme. Budget users can then be aware of the costs of Government interventions designed to achieve each objective.
- (iii) Performance: PBB provides a framework to measure the performance of expenditure programmes of Ministries and Agencies. As described above, individual programmes can be designed to measure the impact of Government in meeting strategic objectives; the effectiveness and efficiency of the services produced under the programme; and the overall cost of addressing the objective.
- (iv) Ministry and Agency responsibility: PBB provides a management framework within which Ministry Departments and Agencies (MDAs) can effectively manage resources to achieve Government objectives. That is, programme managers can be appointed and assigned human, physical and financial resources in order to meet definable objectives and milestones, which will be measured and used to keep managers accountable.

**Figure 2 Framework for Performance-Based Budgeting:
A Schematic Representation of the PBB Framework Approach**



Note: Programmes and sub-programmes include all budget costs, including employment costs, recurrent and capital expenditures. It does not include accrual revenues and expenses.

- A programme is a group of independent, but closely related projects in the medium-term plan that are designed to achieve the key result areas of the plan.
- A sub-programme is a group of independent but closely related activities of the programme designed to achieve the objectives of the programme.

The Objectives of PBB in Zimbabwe

Once the benefits of PBB were understood, the Government decided to implement the system with the following specific objectives;

- To improve the prioritization of expenditure in the budget – helping to allocate limited public resources to those programmes, which are of greatest benefit to communities.
- To encourage line Ministries to improve the efficiency and effectiveness of service delivery.
- To improve the implementation of time-bound objectives and specific outputs and deliverables (results).

The new budgeting system classified expenditures as programmes, which helped to facilitate expenditure decisions based on priorities. This process was expected to go a long way in making the Government bureaucracy more efficient and results oriented so as to satisfy the needs and expectations of the people.

Methodology

The Ministry of Finance and Economic Development provided training for the following 9 pilot ministries out of a total of 29 Ministries:

- Primary and Secondary Education
- Health and Child Care
- Public Service Labour and Social Welfare
- Agriculture, Mechanisation and Irrigation Development
- Justice, Legal and Parliamentary Affairs
- Local Government, Public Works and National Housing
- Women’s Affairs, Gender and Community Development
- Higher and Tertiary Education, Science and Technology Development
- Youth, Indigenisation and Economic Empowerment

Comprehensive capacity building was provided to senior staff from each of the nine pilot Ministries including Principal Directors, Directors and Deputy Directors who were front line managers. These were supported by technical staff at all levels of the government bureaucracy including the (i) Head Office (ii) Provincial level and (iii) District level. The PBB capacity building efforts included workshops and hands-on practical training. The heads of ministries were also trained on PBB.

Achievements and Benefits

By the end of 2015, Government had achieved the following:

- Central Implementation Team in the Ministry of Finance and Economic Development was created and trained to build capacity at line ministries;
- Programme structures were developed;
- Objectives, outcomes and outputs were defined;
- Output and outcome indicators and targets were defined;
- 2016 budgets were mapped according to the programme budget structure to get an indication of the total cost of delivering services for each programme;
- 2016 Estimates of Expenditure were appropriated in programme structures; and
- A PBB Manual was developed.

Furthermore, parliamentarians have commented that PBB provides a much clearer picture of the budget being allocated from the Ministry of Finance and the expected results at each of the Government departments. This has resulted in more informed parliamentary debates during the budget approval process, enabling parliament to play a more meaningful role in monitoring the development agenda. In 2016, the members of parliament were able to understand for the first time how limited the budget was compared to the long list of development challenges that had to be met. PBB therefore provides a meaningful basis for administrative planning, legislative scrutiny and accountability in Government.

4. Reforms to Enhance the Ease of Doing Business

The ease with which companies and individuals in a country are able to do business affects how competitive and attractive a country is to potential investors. One of the key indicators that have been utilised to assess a country's business environment is the World Bank's annual ease of doing business index.

As highlighted in the introductory chapter, Zimbabwe suffered from a low ranking of 171 out of 189 countries in the 2015. The country's low ranking showed how much had to be improved in terms of improve the business environment.

Objectives of the Ease of Doing Business Reforms

Having performed so poorly in 2015, Government made a bold decision to introduce the ease of doing business reforms. The process was led from the Office of the President and Cabinet. The major objective was to improve the investment climate in Zimbabwe in order to boost local and foreign investment as well as the country's global competitiveness. This entailed reviewing current legislation and regulations as well as identifying the transactional and administrative bottlenecks that affected existing and prospective businesses in Zimbabwe.

Methodology

The Government used the Rapid Results Approach to set targets that would build its capacity to quickly identify institutional bottlenecks and to plan and implement programmes. The Rapid Results Approach was adopted as a way to jump start the implementation of reforms in the public sector. The Rapid Results Approach is one of the tools of the Integrated Results Based Management system, which is being implemented across the public sector. The approach uses a 100 day implementation cycle to achieve results.

Institutional Mechanism

A Governance structure modelled around thematic or technical working groups was created. Five Technical Working Groups were formed to implement the first phase of reforms which include the following:

- Starting a business;
- Property registration and construction permits;
- Protecting investors and enforcing contracts;
- Getting credit and resolving insolvency;
- Paying taxes and trading across borders.

Goals of the Ease of Doing Business Reforms

The goals for the ease of doing business reforms are highlighted below.

Table 1 Goals of the Ease of Doing Business Reforms

Theme	Focus Area	Goal
Starting a Business	Procedures, time, cost and minimum capital to open a new business	To reduce the time to start a business from 90 days to 30 days by 21 December 2015
Property Registration and Construction Permits	Procedures, time and cost to register commercial real estate and to build a factory	To reduce the time for obtaining a construction permit from 448 days to 120 days by 21 December 2015 To reduce the number of days required for registering property from 36 days to 14 days by 21 December 2015
Protecting Investors and Enforcing Contracts	Indices on the extent of disclosure, extent of director liability and ease of shareholder suits	To amend the Companies Act and other relevant acts by 21 December 2015 and align them to best practices. To improve the time, cost and efficiency of contract enforcement by 75% and 10% respectively by 21 December 2015.
Getting Credit and Resolving Insolvency	Credit access and availability and information awareness as well as security and collateral issues	To set up a legal framework for a collateral registry and to operationalise the credit reference system by 30 November 2015. To put in place a legal framework and structure that will reduce the time within which an insolvency issue is resolved from 3.3 years to 1 year by 21 December.2015
Paying Taxes and Trading Across Borders	Number of taxes paid, hours per year spent preparing tax returns and total tax payable as share of gross profit. Number of documents, cost and time necessary to export and import goods and services.	Reduce the cost to export and import by 30% by 21 December 2015. To reduce the time taken to pay taxes from 242 hours to 160 hours.

Source: Ease of Doing Business Reforms Plan Document January 2015

Administrative Milestones Achieved

Several administrative milestones were achieved within the 100 days of the Rapid Results Approach. It used to take 90 days to complete nine procedures to start a new business. All these procedures have been eliminated with the implementation of the ease of doing business reforms. This has been a welcome development for investors who wanted to invest in Zimbabwe. It used to be a legal requirement to advertise twice in print media for a business licence which would take a total of 55 days. However, these requirements were dropped following the reforms. The number of days needed to start a business has now been significantly reduced from 90 to 15 days. The number of days needed to obtain a construction permit has been reduced from 448 days to 120 days. This was achieved by streamlining the building plan approval process. Registering property was made easier by launching an official website containing information on the list of required documents for completing a property transaction as well as a specific timeframe for delivering a legal record of ownership. Property Registration now takes 11 days from the previous 36 days and the time needed to pay taxes was reduced from 242 hours to 160 hours.

Legal Milestones Achieved

The Technical Working Groups drafted new legislation and amended several pieces of legislation, by-laws and regulations while streamlining various processes within Government Ministries, Departments and Agencies. Among the laws that have been drafted are a new Insolvency Bill that promotes a culture of corporate rescue to preserve jobs in companies that are viable but experience challenges; a Movable Property Securities Interest Bill that will permit lenders to lend against movable assets as collateral and thereby improve access to finance for Small and Medium size enterprises; a Shop Licensing Bill that eliminates the onerous regulatory burdens that confront entrepreneurs trying to formalize their businesses; a Commercial Court Bill that will permit expeditious settlement of commercial disputes through accelerated processes; and the amendment of the Companies Act.

Legislative Status (December 2016)

Table 2 Bills Aimed at Regulating Ease of Doing Business Reforms

Legislation	Status
Banking Act Amendment	Gazetted on 17 November 2016. Enacted into Law
Deeds Registry Act	Gazetted on 26 August 2016. Referred to PLC on 15 November 2016
Judicial Laws Ease of Settling Commercial and Other Disputes Bill	Gazetted on 26 August 2016. Referred to PLC 15 November 2016
Movable Property Security Interest Bill	Gazetted on 28 November 2016
Shop Licensing Act	At Attorney General's Office, sent on 2 November 2016
Estate Administrators and Insolvency Practitioners Act	At Attorney General's Office, sent on 30 September 2016
Companies Act	At Attorney General's Office
Insolvency Act	Sent to Parliament for Gazetting.
Regional Town and Country Planning Act	Principles approved by Cabinet

Source: Ease of Doing Business Progress Report January 2017

Table 3 Legal Instruments Put in Place to Improve Ease of Doing Business

Regulations	Status
Toll Roads (National Road Network) (Amendment) Regulations, 2016	Regulations Published (Enabling payment of fees through a Single Window at Border Posts)
Plant Pests and Diseases (Importation) (Amendment) Regulations, 2016	Regulations Published (Enabling payment of fees through a Single Window at Border Posts)
Animal Health (Import) (Amendment) Regulations, 2016	Regulations published (Enabling payment of fees through a Single Window at Border Posts)
Port Health (Amendment) Regulations 2016	Draft still with the ministry (Enabling payment of fees through a Single Window at Border Posts)
National Biotechnology (Ports of Entry Levy) Notice 2016	Regulations Published (Enabling payment of fees through a Single Window at Border Posts)

Regulations	Status
Road Motor Transportation (Amendment) Regulations, 2016	Regulations published (Reduction of advertising period for registration of new shop from 35 to 14 days)
Model Building By Laws	Waiver of requirements to advertise for a shop license
General Notice on the waiver of requirement to advertise for a Shop License 2016	Regulations published (Designation of magistrate's courts around the country as small claims courts)
Small Claims (Designation) Notice, 2016	Regulations published (Stipulation of new fees for small claims court)
Small Claims General (Amendment) Rules, 2016	Regulations published (Increased the Jurisdiction of small claims courts from US\$250 to US\$1 000 so as to decongest the higher courts)

Source: Ease of Doing Business Progress Report January 2017

Sectoral Approach to Ease of Doing Business Reforms

During the second half of 2016, following the achievements of the first round of reforms on ease of doing business, Government decided to broaden the scope of the reforms using the 100 day rapid results approach in other sectors:

Transportation: Road Freight and Passenger Sector

The Road Freight and Passenger Sector reforms address the following bottlenecks affecting the sector:

- Multiple levies and taxes charged by different Government Agencies;
- Issuance of licences/permits; and
- Numerous procedures to be fulfilled by transporters especially at borders.

Three Sub Committees were formed to address the challenges, namely:

- Statutory Review Sub Committee;
- Fees, Fines and Tariffs Sub Committee; and
- Procedures Sub Committee.

A mid-term review under the 100 day rapid results approach was scheduled for January 2017.

The Tourism and Enablers Sector

The Tourism and Enablers sector is also implementing ease of doing business reforms in the following areas:

- Destination accessibility;
- Tourism facilitation;
- Regulatory environment; and
- Legislative and other administrative bottlenecks.

A mid-term review was scheduled for January 2017.

Local Authorities: City of Harare and City of Bulawayo

The City of Harare, the capital city of Zimbabwe and the City of Bulawayo, the second largest city, also embarked on the 100 day Rapid Results Initiative on 13 October 2016. Sub-committees were established to address:

- Provision of potable water;
- Trafficable roads;
- Sanitation;
- City planning;
- Streamlining licenses given out by the city;
- Resource management.

A mid-term review was scheduled for January 2017.

Results Achieved

Due to these efforts, Zimbabwe's world ranking on the ease of doing business index improved to 155 from 171 out of 189 countries in the 2016 World Bank Report.

5. Lessons Learned

The Government learned a number of lessons in implementing governance reforms and instituting the PBB system. For instance:

- In some cases, the programme’s design was too broad to show the actual activities being implemented by a department, and therefore, to serve as a basis for making budgetary decisions and allocations. In light of this, the Ministry of Finance and the line ministries have been working together to clarify and provide details of the activities needed to make decisions.
- For political reasons, Ministries were often assigned new, unbudgeted projects to implement half way through the fiscal year. The ministries then resorted to dipping into the funds for the approved projects, thereby compromising a project’s expected outputs. The lesson learnt here is that sometimes political decisions negatively impact processes that were implemented to improve governance.

In terms of the reforms on ease of doing business, it was found that:

- It was not easy to achieve results within 100 days timeframe under the Rapid Results Approach because of the nature of how Government business is done. One major challenge that emerged was that legislative amendments required the technical expertise of lawyers in drafting new legislation. Government did not have enough legal experts to deal with all the laws within the 100 days. This resulted in delays of up to several months before the amendments could be passed on to parliament for legislation.
- It was also evident that some departments needed to be reorganized in order to work under new processes and procedures, as some functions became redundant.

6. Conclusion

The Government of Zimbabwe’s experience has shown that a country’s governance could be improved with the institution of performance-based tools such as the PBB system, and reforms aimed at improving the business environment.

The Ministry of Finance and Economic Development has initiated plans to build capacity in PBB in other Ministries by the end of 2017.

Moreover, the efforts to improve the country’s business environment reflected in the ease of doing business index has allowed local entrepreneurs to thrive and grow. This has also provided incentives for foreign investors to invest in Zimbabwe and take advantage of the country’s human capital and natural resources.

How to Achieve Better Results in Government Youth Programs using Nigeria's FOI Law

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Overview

- The signing of the Freedom of Information bill into law ushered in an increased level of accountability and transparency at the Federal Government as it provides citizens with an opportunity to hold government accountable for its programs and projects.
- Youthhubafrica, a youth-led, nonprofit organization seized on this opportunity by filing 13 freedom of information (FoI) requests over a 2-year period. This case study describes the process and results of FoI request filings related to youth centers and the United Nation's Junior Professional Officers' Program. The requests were intended to better understand Government programs and policies targeting the youth, to analyse their performance and to offer recommendations, where possible.
- The culture of Government responding to FoI requests and entrusting citizens with information at its disposal is increasing, following greater demand and involvement of citizens and civil society.

1. Introduction

Initially proposed in 1993, Nigeria's Freedom of Information Act was signed into law on May 28 2011, after the longest legislative debate in Nigerian history.¹ The bill was developed by the Freedom of Information Coalition, a citizen-led movement in Nigeria. The goal of the legislation

¹ <https://www.opensocietyfoundations.org/voices/nigeria-s-freedom-information-law-how-friends-launched-movement>

was to grant citizens more access to public records and information, and to protect public records and information in the name of public interest and personal privacy. Following its signing into law, civil society organisations in Nigeria began to request access to information on Government policies, programs and projects that were not in the public domain before May 2011. This unprecedented access to records has given citizens and civil society organisations the power to hold government accountable as well as deepen transparency in Government agencies. In 2015, Youthhubafrica launched its accountability project, specifically focusing on policies and programs of Government that were targeted at youth. Youthhubafrica was drawn to look into the Youth centres being built by the Ministry of Youth Development because it has committed a sizeable amount of its resources to the centers. Moreover, the centers had the capacity to benefit several thousands of young people across the country through trainings, capacity and skills development. It was also interested in the agreement between the United Nations and The Ministry of Youth in regards to the United Nations Junior Professional Officers program, an opportunity for young Nigerians to gain 1 year of work experience with UN offices globally as well to kick-start a career in International Development. Relying on the FoI law, it began to request information and access to documents from Ministries, Departments and Agencies of Government that would enable it to have a better understanding of government youth programs as well as hold government accountable to its promises

2. Objectives

The objectives of the accountability project include the following:

1. Establishing a clear understanding of government policies, programs and projects targeting youth in Nigeria, in particular those aimed at the construction of youth centers and the UN JPO program.
2. Evaluation of the information received from Government using the FoI as well as from relevant stakeholders.
3. Drafting policy briefs based on the evaluation to engage government, parliament, civil society actors and other stakeholders, to sharpen the focus on achieving development results concerning youth programs.

3. Activities

Period	Activity
May 5, 2015 - June 1, 2015	<ul style="list-style-type: none"> • Fol request submitted to the Federal Ministry of Youth Development for details of the United Nations Junior Professional Officers Program in Nigeria (UN-JPO). • The Government response did not contain as much information as needed. • Technical team meeting and research into the UNJPO. • The policy brief was released to the public including the press who took interest in the analyses.
June 1, 2015	Federal Ministry of Youth Responds to the Fol request confirming that there has been no Nigerian beneficiary in the UNJPO.
June 2, 2015 – June 15, 2015	<p>Youthhubafrica developed a policy brief based on research and information gathered from the policy brief and consultations with stakeholders.</p> <p>An advance copy of the policy brief was shared with the Ministry of Youth Development for fact checking.</p>
June 15 – July 2, 2015	<p>Findings of the policy brief on UN-JPO were used to engage lawmakers, development partners, media, members of civil society and other policy makers.</p> <p>Copies of the policy brief and letter addressed to various levels of Government including the Youth Minister, the Senate President, the Vice President and the President, were mailed to promote the full implementation of the program.</p> <p>Office of the Vice President acknowledged receipt of the letter.</p>
April 15, 2014 - February 16, 2015	<p>Three Fol requests were submitted to the Federal Ministry of Youth Development requesting information on Youth Development Centers in regards to budget details, budget performance and locations of project sites, 2011 – 2013.</p> <p>After all three requests were initially ignored, petitions were filed with the Attorney General's office as well as the National Human Rights Commission urging intervention at the Youth Ministry which failed to respond to the Fol request and comply with Nigerian laws.</p> <p>Response was finally received from the Federal Ministry of Youth Development.</p> <p>Technical team analysis of response from the Ministry.</p> <p>Findings shared with development partners and policy makers.</p>

4. Methodology

The accountability project started by mapping all existing and ongoing Government youth related projects, programs and policies. It also examined how the funds were allocated in the Federal Budget in 2012, 2013, 2014 and 2015. This was followed by desk research, and a request for additional information from various Ministries, Departments and Agencies (MDAs) to gain an improved understanding of how Government policies and budgets were aligned. Specific focus was then placed on two areas of the budget. One was to better understand the number of Youth Centres being built across Nigeria. This also entailed understanding the amount dedicated to these youth centres as well as the number of young people (beneficiaries) trained in the Youth Centres. The other objective was to understand why the project did not benefit anyone despite the Ministry of Youth Development creating a budget for a UN Junior Professionals Officers Program for Young Nigerians.

Several FoI requests were sent to the Federal Ministry of Youth Development for information on Youth Centres being constructed by the Ministry across the country. It also sought information on the amounts budgeted and the number of the Centres' beneficiaries. Another set of letters was written to the Youth Ministry requesting information on the implementation of the Memorandum of Understanding (MoU) between the Government of Nigeria and the United Nations Development Program (UNDP) on the UN-JPO targeting youth in Nigeria. From information available in public domain, the MoU spells out the collaboration between the Government and the UN on the JPO as well as spells out the number of beneficiaries and duration of the agreement

An analysis of funding budgeted to the Youth Centres was shared with stakeholders including other youth groups, policy makers and government officials. The analysis showed that while huge financial resources have been committed to the Youth centres, the majority of the centres have not been completed, while those completed are not being put into use. During the 2016 budgeting process, Youthhubafrica drafted a letter to parliament advising against committing additional resources to building new Youth Centres.

In terms of UN-JPO, Youthhubafrica developed a policy brief based on its independent findings and information provided by the Federal Ministry of Youth Development in response to FoIs. The policy brief summarized that despite the amount of money budgeted and released for the UN JPO in Nigeria, not a single beneficiary had taken part in the program.

A week before it was released to the public and media, an advance copy of the policy brief was officially sent to the Federal Ministry of Youth Development for their review and fact checking.

The policy brief was released to the general public and media. The publication received wide media coverage including publication in 7 media outlets.² Copies of the policy brief were sent to the UN office in Nigeria, the Office of the President and the Vice President as well as to the National Assembly.

The Vice President's office wrote back to acknowledge receipt of the brief and ensured follow up actions based on its recommendations.

5. Expected and Actual Results

During the process of gathering information and analyzing the program, the Ministry was unable to provide information on the number of the program's beneficiaries as requested in the FoI addressed to the Minister and Permanent Secretary, despite the allocation of Nigerian Naira 10.78billion³ (US\$ 59.89 million) by the Federal Ministry of Youth Development for the construction of Youth Centres across Nigeria between 2012 and 2015. It was also concluded that there was no focus on results, as the Ministry of Youth was spread too thin by committing to building several Youth Centres at the same time without adequate resources.

It also became apparent that the Ministry was building two different Youth Centres in several states, neither of which it was able to complete. This begs the question of whether resources could have been deployed more efficiently by building one centre.

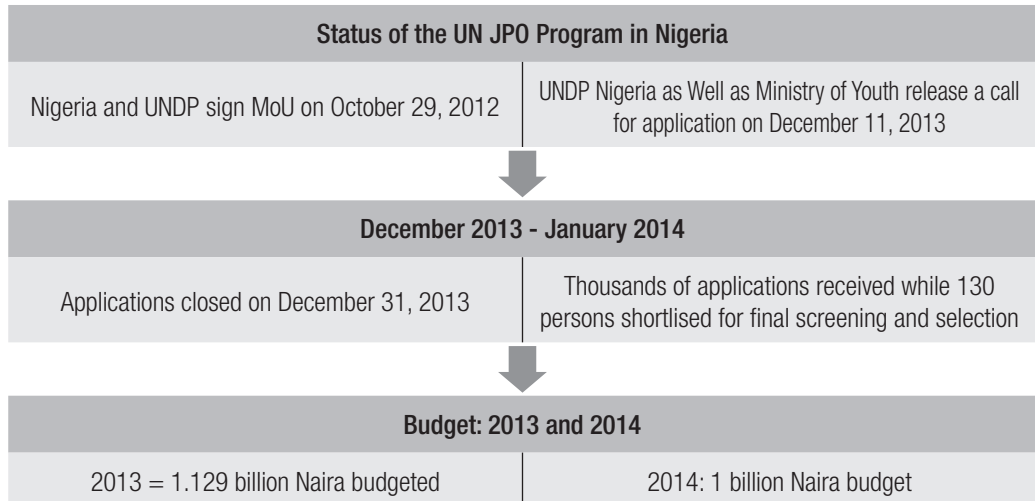
While the Government continued to propose the building of additional Youth Centres across Nigeria, Youthhubafrica advocated to parliament that funding would be better served by not building new centres. Instead, it advised that Government should devote resources to equipping and operationalizing completed Youth Centres which could be used to train youth.

In the second analysis of the UN-JPO, it was discovered that all of the funding budgeting for the program, which was NN2.1 billion (US\$ 11.6million), had not been released by the Ministry of Finance. Furthermore, the funds released were not tied to specific outcomes and often misspent. For instance, it was evident that the program had not benefited any Nigerian youth despite

2 <http://www.thescoopng.com/2015/06/26/n2-1bn-was-set-aside-for-the-un-jpo-in-2013-and-2014so-why-has-no-young-nigerian-benefited-from-it/>

3 See breakdown of amount in Appendix 1.

funds being spent on publicity, travel visits by Government officials to Denmark, and a website for the program and for screening applicants. The last part of the process carried out by the Federal Ministry of Youth Development was the shortlisting of 130 candidates for the final stage of selection. (See table below.)



Youthhubafrica used its policy brief to lobby stakeholders including the National Assembly, the Office of the President and the Vice President and the Minister for Youth, to call for an inquiry into how the funds were spent. It specifically recommended that the MoU be implemented focusing on results and ensuring that the program be used to benefit Junior Professionals within the UN System.

6. Pending Challenges and Opportunities

In the last 3 years, Youthhubafrica has filed 13 FoIs to various MDAs of Government and has received 9 responses. Initially, Government agencies showed a lack of willingness to release information to civil society as many officials during informal conversations mentioned that they weren't convinced that there was enough value in increasing accountability and transparency by making information available. However, Government has to start to better understand the merits of sharing information as public demand for greater accountability and transparency in Government has increased. Also, the Government of Nigeria willingly joined the Open

Government Partnership in June 2016⁴ as a way to increase accountability and transparency in Government.⁵

In 2016, Nigeria's economy officially entered into a recession. The slump in oil prices has also decreased Government's revenues. As such, there is a risk that the UN-JPO program will no longer be a priority for Government. Government officials have, in informal discussions, noted that the program is no longer a priority. There is a significant risk that a good number of the uncompleted Youth Centres will be abandoned. This will represent a blow to youth development priorities. Considering the amount already invested in the Youth Centres, the monies spent will go to waste if the Centres are not completed and put into use.

7. Lessons Learned and Challenges Addressed

The following lessons can be drawn:

1. Civil society, government and the parliament have mutual and overlapping roles to play in the efforts to deepen accountability and transparency. It is critical that they work together to ensure the delivery of services to citizens;
2. While Youthhubafrica initially witnessed a number of 'no-responses' to its FoIs, its persistence and commitment to promoting access to information did eventually produce tangible results;
3. Following the change of Government in Nigeria in May 2015, there is greater political will to ensure increased accountability and transparency, which is further demonstrated by Government's participation in the Open Government Partnership as well as an increased number of responses to FoIs as witnessed by Youthhubafrica and other non-profits in Nigeria;
4. It is important to build and maintain open channels of communication with government agencies both formal and informal. While the FoI law stipulates that written responses to an FoI request be provided within 7 working days, certain challenges beyond control can make this unachievable at times, such as resource and infrastructural challenges and bureaucratic red tape.

4 <http://www.opengovpartnership.org/country/nigeria>

5 <http://www.opengovpartnership.org/about>

5. The project also identified the need for the Federal Ministry of Youth Development to adopt a results based budgeting approach to the annual budgeting process and monitoring and evaluation. In the case of the UN-JPO and the Youth Centres, a clear indicator of results would be measuring the beneficiaries of the Youth Centres and the UN Junior Professionals Program. In the case of Youth Centres, information on beneficiaries was not centrally stored, while there was no beneficiary despite the allocation of funds for the UN Junior Professionals program.

Appendix

Appendix 1 Analysis of Funds (Nigerian Naira) Budgeted for Building Youth Centres across Nigeria between 2012 and 2015

LOCATION	2015A	2014 A	2013 A	2013 B	2012 A	2012 B	TOTAL
Awka (Anambra)		60,000,000	110,553,165		60,341,458		230,894,623
Azare (Bauchi)		70,000,000	145,000,000		100,000,000		315,000,000
Kwambai (Taraba)	10,000,000	77,490,736	95,000,000		92,507,740		274,998,476
Biu (Borno)		50,000,000	45,000,000		40,000,000		135,000,000
Odi (Bayelsa)		100,000,000	95,000,000		80,000,000		275,000,000
Obubra (C/ River)		50,000,000	100,000,000		80,000,000		230,000,000
Ikom (C/ River)		50,000,000	70,000,000		32,000,000		152,000,000
Eket (A/Ibom)	10,000,000	40,000,000	65,000,000		40,000,000		155,000,000
Imulle (Edo)	10,000,000	30,000,000	65,553,165	0	0	0	105,553,165
Takai (Kano)		40,000,000	50,553,165		40,000,000	50,000,000	180,553,165
Sumaila (Kano)		30,000,000	50,000,000		13,217,089	50,000,000	143,217,089
Katsina (Katsina)		40,000,000	50,000,000		49,000,000		139,000,000
Kudan (Kaduna)	10,000,000	50,000,000	150,000,000		82,000,000		292,000,000
Iresaapa (Oyo)		30,000,000	145,000,000	0	0	0	175,000,000
Aiyetoro(Oyo)		30,000,000	145,000,000		40,000,000		215,000,000
Ode-omu (Osun)		50,000,000	45,000,000		16,000,000		111,000,000

LOCATION	2015A	2014 A	2013 A	2013 B	2012 A	2012 B	TOTAL
Owode Egba (ogun)		50,000,000	45,000,000		45,000,000		140,000,000
Ilorin (Kwara)	15,000,000	70,000,000	145,000,000		100,000,000		330,000,000
Jos (Plateau)		40,000,000	45,000,000	0	0	0	85,000,000
Okpokwu (Benue)	15,000,000	20,000,000	0	0	3,000,000,000	0	3,035,000,000
Otukpo (Benue)		25,887,825	95,000,000	0	38,248,952	0	159,136,777
Udi (Enugu)		0	145,000,000		300,000,000		445,000,000
Awgu (Enugu)		0	145,000,000		38,248,952	60,000,000	243,248,952
Mpu (Enugu)		0	145,000,000		38,248,952	60,000,000	243,248,952
Achi (Enugu)		0	145,000,000		38,248,952	60,000,000	243,248,952
Aboh Mbaise (Imo)		0	200,000,000	100,000,000	0		300,000,000
Gashua (Yobe)		0	95,000,000	0	100,000,000	0	195,000,000
Damaturu (yobe)	0	0	60,553,000	0	0		60,553,000
Ibiono (A/ Iborn)	10,000,000	0	70,000,000	0	0	0	80,000,000
Sokoto (Sokoto)		0	145,000,000	0	0	0	145,000,000
Gwaram (Jigawa)	0	0	35,000,000	30,000,000	32,000,000	0	97,000,000
Sabon Gari (Kaduna)	0	0	50,000,000	0	100,000,000	0	150,000,000
Darkin Tofa (Kano)	15,000,000	0	100,000,000	0	0	0	115,000,000
Agbokim (C/ River)	0	0	70,000,000		102,000,000	0	172,000,000

LOCATION	2015A	2014 A	2013 A	2013 B	2012 A	2012 B	TOTAL
Ojongbodu (Oyo)		0	200,000,000	0	0	0	200,000,000
Surulere1 (Lagos)	0	0	200,000,000		0	0	200,000,000
Alimosho (Lagos)	0	0	60,553,165		400,000,000	0	460,553,165
Obi (Benue)		0	95,000,000		38,248,952	0	133,248,952
Agatu (Benue)	0	0	60,553,165	0	0	0	60,553,165
Tohu (Kaduna)	0	0	150,000,000	0	0	0	150,000,000
Rimi (Kano)	0	0	70,000,000	0	0	0	70,000,000
Shere- Hills, Jos (Plateau)	0	0	0	0	13,217,089	0	13,217,089
Abonnema (Rivers)	0	0	0	0	80,000,000	0	80,000,000
Okitipupa (Ondo)	0	0	0	0	36,300,000	0	36,300,000
Hanwa ()	10,000,000	0	0	0	0	0	10,000,000
TOTAL	105,000,000	1,003,378,561	3,998,318,825	130,000,000	5,264,828,136	280,000,000	10,781,525,522

The Phoenix Program and Inclusive Development for SMEs and Handicrafts in Côte d'Ivoire

N'dri Kouakou

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Case Study Overview

- The Phoenix Program is a public sector-led initiative designed to enhance private sector growth. It acts on the socio-economic environment in the hope of encouraging the private sector to take actions that will result in more inclusive development.
- This case study examines the efforts of the “Access to Finance and Markets” project of the Phoenix Program to enhance growth opportunities for enterprises that can generate the greatest impact in terms of increasing employment under the Phoenix Program.
- The final results sought are: (i) an increase in small firms’ rates of access to public procurement; and (ii) an increase in the rate of access by small and medium sized firms to markets and finance.
- The Government hopes it will reap rewards in a few years due to an increase in wealth creation and, therefore, an increase in tax revenues.
- The measures to be taken include new laws and regulations and conventions and charters to be signed between enterprise associations, both large and small.
- Motivating the private sector to make decisions in one direction or another is not as automatic or as obvious as one might think, but the government seeks to create inclusive development by promoting an environment supportive of small to medium sized enterprises.

1. Introduction

Located in West Africa with access provided by the Gulf of Guinea, Côte d'Ivoire is a country of 322,000 square kilometers with a population of 23 million inhabitants, about half of which live in poverty. Côte d'Ivoire seeks to consolidate its exit from an armed conflict that it has been experiencing for many years.

The case study presented here is of a project currently being carried out in Côte d'Ivoire under the Phoenix Program, which already has produced perceptible results. The name of the project is "Access to Finance and Markets". The project seeks to answer the question, "How can the public sector encourage private sector actors in the achievement of inclusive development?"

The project evolved from two important surveys carried out on the informal sector and small and medium-sized enterprises (SMEs) and how the sectors are contributing to inclusive development, in terms of access to finance and job creation (both of which are part of the government's priority objectives in Côte d'Ivoire).

These surveys were: (i) "The contribution of the informal sector to the creation of employment in the area of Abidjan;" and (ii) A study of the Phoenix Program called "SME development strategy in Côte d'Ivoire."

Applying an econometric model, the first study tried to answer the following question: "What are the factors or incentives that push the informal sector to increase job creation?" Using a logistic model based on data from 2001/2002 the Informal Sector Survey 1-2-3 and the 2012 Côte d'Ivoire Employment Survey, this study provided the following conclusions:

- Personal characteristics of managers such as experience, age and level of qualification do not significantly influence the creation of jobs in the informal sector. But conditions such as a manager's personnel experience, access to electricity, access to water, income level and the macroeconomic environment do appear to have a significant influence on job creation.
- Economic measures in support of the sector should be applied with more caution by targeting higher employing enterprises (micro-transitional enterprises) in the informal sector and avoiding as far as possible the enterprises representing the self-employed in the informal sector.

The second study focused on conditions for the development of SMEs in Côte d'Ivoire. A comparative survey was conducted between Côte d'Ivoire and countries including Morocco, Mauritius, Rwanda, Tunisia, Malaysia, Singapore, USA and France, which highlighted the weaknesses of the Ivorian system in promoting SMEs.

In order to find solutions to these weaknesses, the study proposed 50 measures, organized around four pillars and three transversal axes.

The four pillars were:

- (i) Improvement of SME access to finance and markets;
- (ii) Capacity building in technical and managerial skills of SMEs;
- (iii) Improvement of the business climate of SMEs; and
- (iv) Promote entrepreneurial culture and innovation.

The transversal axes were:

- (i) Institutional reorganization and rationalization through the creation of a SME agency as the main operator in support of SMEs;
- (ii) Strengthening of organizations and federations; and
- (iii) Partnerships with public and private donors and actors of excellence.

On the basis of these studies, the Ministry in charge of the Promotion of Handicrafts and SMEs decided to prioritise Pillar 1, “*Access to finance and markets,*” and transversal Axis 3, support for the implementation of the Phoenix Program through partnerships of excellence such as the agreement with Bpifrance, a French public bank specialized in support of SMEs in France.

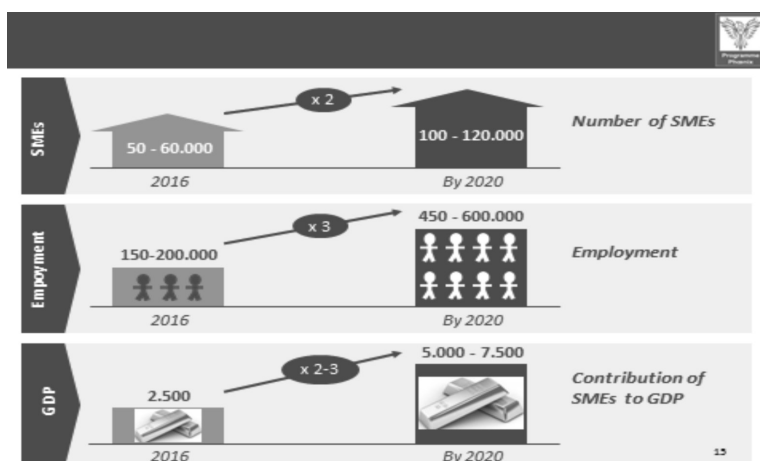
Thus, a program for the development of SMEs was adopted by the Government for the first time in Côte d’Ivoire, on 18 September 2015. The Government also authorized the Minister for Handicrafts and SMEs to put in place the measures to improve SMEs’ access to markets and financing through a guarantee fund. For the first time, a policy had been adopted by Government and a timeframe for activities was established, including target dates with specified responsibilities and expected deliverables.

2. Objectives

The objective of the Phoenix Program is to contribute to making the economy more inclusive by encouraging the development of SMEs.

This higher level objective is expected to be achieved by: (i) Setting up a guarantee fund for SMEs; and (ii) Encouraging the improvement of access to markets (public and private).

The objectives of the Phoenix Program are summarized in the figure below.



It is also hoped that this should contribute to the consolidation of peace and social cohesion that are necessary to improve the economic environment for the creation of wealth in Côte d'Ivoire.

The objective of the project for which this case study is presented is to encourage inclusive development by focusing on developing access to finance and markets for those SMEs that are likely to maximise employment opportunities for the most disadvantaged citizens of Cote d'Ivoire..

3. Activities

Putting in place an innovative and realistic institutional framework

The project has a Technical Secretariat which manages the project on a daily basis. We have analyzed the different stages and identified the structures or services for the key activities of the Program that could constitute bottlenecks or influence the success of the Project. We invited these services to nominate a high level representative to serve on the Steering Committee. The Steering Committee meets less often than the Technical Secretariat, but the Technical Secretariat reports and submits important files to the Steering Committee in order to make strategic decisions. In this way, the most difficult situations have found solutions thanks to the contributions of the representatives.

Training as a Means to Accelerate the Achievement of Results

Throughout the implementation of the Program, training was an important activity. The project team was trained in the techniques of creating guarantee funds. SMEs also received technical training, particularly in the area of leasing. Training on subcontracting and financial education is planned for a future date.

Period	Activity
December 2014 –	Develop the project
September 2015	Adoption of the draft by the Council of Ministers
April 2016	Organizing the project team
June 2016	Sign agreements with experts responsible for conducting the study and training on M&E of the guarantee fund
June- December 2016	Training of 450 SMEs on leasing
October 2016	Training on M&E of guarantee fund for 5 key staff of the project team
January 2017	Create a business case study of the guarantee fund
February 2017	Create a business plan study of the guarantee fund
April 2017	Validate the equity interests in the guarantee fund
November 2017	Recruit the staff of the guarantee fund
December 2017	Train the staff of the guarantee fund
December 2017 to April 2018	Open the guarantee fund to receive credit applications
June 2018	Finalize the review of the project's implementation

4. Methodology

A Results-based Management Approach

The Phoenix Program is being implemented in a step by step process. It has four steps:

- (i) The first step is the delivery of a project to expand access to finance and markets.
- (ii) The second step is a project designed to strengthen the technical and managerial capacities of SMEs.

- (iii) The third step is a project to improve the business climate of SMEs.
- (iv) The fourth step is a project designed to promote a culture of entrepreneurship and innovation.

This case study will focus on the objectives of the first step.

To achieve the project objectives, the Department has integrated its actions into a management approach in the following areas:

- (i) Ensuring the participation of the key actors in the process,
- (ii) Putting future results and activities in a chronogram with one or two indicators in front of each deliverable result,
- (iii) Underlining the service or person responsible for each activity,
- (iv) Defining a start date and an end date for each activity.

5. Expected Results and Results Obtained

The main results are summarized in the table below:

Task	When?	Who?/ Responsibility	Comments
PART 1 RELATING TO ACCESS TO MARKETS			
1-Develop a charter for SMEs to expand access to private markets	August, 2015	Direction of Partnership, Access to Financing and Markets Mr. N'DRI/DPAFM	Result achieved. A Charter was adopted and signed between big companies and small enterprises in the presence of the Prime Minister.
2-Identify challenges in public procurement	January, 2016	Service in charge of public procurement Mr. BOHOUSSOU/DMP + Service in charge of SMEs	Result achieved. A workshop to identify challenges was carried out and a report was made available.

Task	When?	Who?/ Responsibility	Comments
3-Establish a platform to improve SMEs' access to public procurement	April, 2016	Service in charge of public procurement Mr. BOHOUSSOU/DMP + Service in charge of SMEs Mr. N'DRI/DPAFM	Result achieved. The rate of access of SMEs to public procurement increased by 3 points from 2015 to 2016
SECTION 2 RELATING TO ACCESS TO FINANCING			
1 - Start-up seminar about guarantee fund	October, 2016, 3, 4 and 5	Bpifrance + Direction of Partnership, Access to Financing and Markets Mr. N'DRI/DPAFM	Result achieved. Main actors were trained
2- Création of Business Case Study	From October to December 2016	CI + Bpifrance M. DIBETTA	Appointments have been made and a mission of experts in Abidjan is expected
3 – Business Plan 4 - Organizational chart and legal framework of the guarantee fund	from January to February 2017	CI + Bpifrance M. DIBETTA	In preparation
5-Validate the equity interests in the guarantee fund	August - September 2017	CI + Bpifrance Mr. SEPY	Contribution of SMEs to GDP is a work in progress

To achieve a result, a set of tasks is required. For example, to achieve the result of market access (result number 1), it was necessary to perform three tasks. To achieve the result of expanding access to finance (result 2), it will be necessary to carry out five tasks.

The main indicators and their statistics are summarized in the following table.

	Rate of Access of SMEs to Markets	Contribution of SMEs to GDP
Base line at the end of 2015	15%	18%
Reached at the end of 2016	18%	Data not available in 2016
Target by 2020	30%	35%

For each task, we have three columns: (i) task's completion date (when), (ii) targeted services or persons, and (iii) "comments." This last column addresses the question "has this task been done or not and what results have been achieved?" "Are there any bottlenecks?"

There are two main results that are sought: first, expanding market access and second, expanding access to finance.

In terms of market access, the main indicator is the rate of access of SMEs to markets. This is measured by SMEs' turnover as a share of total turnover.

Taking public procurement into account, it is the share of markets accounted by SMEs.

This percentage can be analyzed in terms of the number of contracts executed. It can also be analyzed in terms of value or amount of contracts executed.

Due to data availability issues, we will focus on the percentage of contracts executed by SMEs, compared to the total number of contracts executed.

This rate increased by three percentage points compared to last year. The objective is increasing it to ten percentage points by 2020.

In the area of access to finance, the main indicator is the number of SMEs financed by the guarantee fund.

This second result has not yet been achieved, but progress is being made as the project achieves specific milestones. For example, in the process of setting up the guarantee fund, the first milestone was training the main actors. This was achieved in October 2016. The second milestone is conducting a study of the guarantee fund. This report is currently being prepared.

6. Challenges and Opportunities

Challenges: Côte d'Ivoire has put in place most of the tools for improving governance. However, instituting a culture of accountability has been a challenge. As a result, the function of monitoring and evaluation has not been effectively implemented, in terms of the "FPBME" chain which includes forecasting, planning, programming, monitoring and evaluation. For example, evaluation is often perceived as a control tool and, therefore, a sanction for project managers. It is a real challenge to achieve results in this context.¹

¹ Afrik4R report on the assessment of the state of the MfDR in Côte d'Ivoire validated in April 2014: <http://copmfdr.africa.ning.com>

The second challenge has been securing financial resources to implement planned activities. In the context of Côte d'Ivoire, the challenge of securing funding remains great. Indeed, all activities are attached to a common budget based on the principle of consolidating funds regardless of their priority. Sometimes, less critical activities are implemented first because there are less constraints to their implementation, depleting the budget for higher priority activities. The recent conflicts suffered by Côte d'Ivoire have negatively impacted capacity within the administration.

Opportunities: Since July 25, 2016, the Government of Côte d'Ivoire has adopted Development Based Management. This has been seen as a strong signal that MfDR would be promoted in Côte d'Ivoire.

Similarly, the actions of the Government are recorded in a timetable to monitor its results. This chronogram of activity is called the "Government Work Program (GWP)." In French we say PTG. Indeed, the GWP has been recorded in a matrix with an emphasis on tracking results for the first time since 2012.

This general environment, which is increasingly favorable to the practice of MfDR, has had a positive impact on achieving the goals of (i) setting up and operationalizing the SME Guarantee Fund and (ii) establishing incentives to improve SMEs' access to markets.

Leadership and Managing for Development Results

The Phoenix Program was adopted by the Government in 2015. In Côte d'Ivoire, general elections started in 2015 and continued into 2016. Everyone expects the heads of ministerial departments to be changed after the general elections. In such a context where most senior executives seek to be elected as deputies or mayors or simply as ministers, the leaders of the Phoenix Program chose to continue working towards achieving results. Thus, the Minister himself often liked to say: "I am condemned to have results because I am an engineer by training. I have no right to make mistakes. Because a mistake in public service means high cost in the lives of many people".

It is through these words that the Minister welcomes collaboration to achieve results for SMEs, craftsmen and, therefore, the population.

7. Lessons Learned and Future Steps

The project is currently in the middle stages of completion. The first lesson learned was that the leadership of the Minister and the project leader are important factors in achieving results. The second lesson was that no-one should be excluded. If responsibilities are specified, then even opponents may have suggestions that contribute to improved outcomes.

According to Pillar 3 of “improving the business climate,” a study of the current tax system will be conducted in order to support the development of SMEs. In this context, the establishment and operationalization of the “status of the entrepreneur” is foreseen. It will facilitate the transition of enterprises from the informal sector to the formal sector. This is a challenge, because reducing the informal sector is not always compatible with the objective of job creation in the same sector.

8. Conclusions

Public sector incentives do not always yield the desired results in the private sector because private sector responses to government policies are not always predictable.

However, by applying the principles of MfDR, one can reduce the level of uncertainty and achieve results. For example,

- (i) A charter proposed by the Government has been validated and signed by a number of companies. By signing this document, large companies undertake to comply with the principle of transferring a portion of their future contracts to small enterprises in Côte d'Ivoire. The percentage they agree to transfer is specified in the SME Act ²;
- (ii) The promotion agency is created;
- (iii) The decree on regulation of incubators is adopted; and
- (iv) The decree on the conditions of acquisition and loss of the quality of SMEs is adopted. Finally, the rate of access of small enterprises to public procurement has increased (+3 points).

Efforts to operationalize the guarantee fund are ongoing.

2 Article 20 of Law No. 20104-140 of 24 March, 2014 providing guidance for the national policy for the promotion of small and medium-sized enterprises and the Decree of July 2015 improving the access of SMEs to public procurement.

Challenges of Commission of WAEMU in the Implementation of Regional Programs and Projects in West Africa

Aly D. Coulibaly

Director

Center for Strategic Planning and Research

Executive Summary

Regional integration is paramount for Africa's development. In the WAEMU¹ region, there have been calls for harmonization of regional integration with respect to economic and monetary policies and implementation of regional programs and projects. The introduction of the Management for Development Results (MfDR) approach in 2008 by the Commission of WAEMU has generated some challenges which are analysed in this case study.

1. Introduction and Background

In January 1994, seven French-speaking countries in West Africa, finding inspiration from the European integration model, and sharing similar cultural traditions and a common currency (the Franc CFA (XOF) which is pegged to the Euro²) came together to form the WAEMU. The founding Member States were Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, and Togo. In 1997, Guinea Bissau was the only Portuguese country that joined this Union.

The vision of WAEMU is to achieve an integrated, prosperous, equitable, well-governed, peaceful and united states in West Africa, driven and effectively managed by its own citizens and representing a creative and dynamic force in the international arena.

1 WAEMU = Union Economique et Monétaire Ouest Africaine (JEMOA)

2 1 Euro (EUR) = 655,956 XOF

According to Article 4 of its Treaty the main objectives of WAEMU are:

- strengthen the **competitiveness of economic and financial activities** of the Member States within the framework of an open and competitive market and a streamlined and harmonized legal environment;
- ensure **performance and convergence of the economic policies** of the Member States by the establishment of a multilateral surveillance procedure;
- create, between the Member States a **common market** based on the free movement of persons, goods, services and capital and the right of establishment of persons engaged in an activity or employed, as well as a common external tariff and a common commercial policy;
- and the **right of establishment** of persons engaged in an activity or employed, as well as a common external tariff and a common commercial policy; including the following areas: human resources, planning, transport and telecommunications, environment, agriculture, energy, industry and mining;
- **harmonize**, for the proper functioning of the common market, the laws of the Member States and particularly taxation regime.

To achieve these objectives, WAEMU has created several institutions: the *Commission*³ (the Executive Organization), *the Court of Auditors*, *the Parliament*, *the Court of Justice*, and autonomous specialized institutions compounded by the *Central Bank of West African States* (BCEAO⁴), and the *West African Development Bank* (BOAD⁵). The *Regional Consular Chamber* has been implemented for the promotion of the private sector. There are also consultative or advisory institutions (*Council of Local Authorities (CCT)* and *Council of Labor and Social Dialogue (CTDS)*).

Member States engage in a **process of peer review** (way of pressure) on their economic policies to preserve macroeconomic and monetary stability. This multilateral monitoring mechanism is implemented by preparing semi-annual progress reports of the community's goals.

3 In addition to the Presidency, the Commission of UEMOA has, seven departments: Administrative and Financial Services (DSAF), Infrastructures (DATC), Economic Policies and Internal Taxation (DPE), Social and Cultural Development (DDS), Agriculture, Mining, Environment and Natural Resources (DSAME), Energy, Telecommunications, Industry and Enterprises Development (DDET), Regional Market, Trade, Competition, and International Cooperation (DMRC).

4 BCEAO: Banque Centrale des Etats de l'Afrique de l'Ouest.

5 BOAD: Banque Ouest Africaine de Développement.

Although the development of the capital markets has remained relatively stunted, WAEMU has moved forward in developing a common market for 110 million customers. The typical comparison of WAEMU with the European Union (UE) is, however, misplaced, insofar as WAEMU evolved from a monetary union to a free trade zone, rather than the other way around (OBG, 2009⁶).

In 2008, the Commission of WAEMU adopted a new **financial regulation**, oriented toward results-based development. It was an important step in the history of this institution and a **great innovation for the implementation of the fifteen common policies, a step toward instituting budget based-results**. Since the implementation of this reform, a results-based culture has been promoted in steering regional programs and projects within the institution.

To institutionalize MfDR internally and externally, there has been a great deal of effort on capacity building of personnel with the support of the African Development Bank (AfDB). A **new system of monitoring and evaluation** has been implemented for regional programs and projects. In order to speed up the monitoring of community programs and projects being implemented, an annual peer review was set up by the Heads of State and Government of the Union

Between 1996 and 2010, the Commission developed and adopted **twelve sectoral policies, which are detailed in the Annex**. Documents for **three** other policies, shown in the bottom of the Annex have not yet been developed. Today, thirty-one programs are managed by the Commission, from which only twenty-eight have program documents.

Here are two of the paradoxes of the Commission: « Put the cart before the horse » and « working without guidelines/references or programs/projects documents ».

2. Objectives

The objective of this case study is to assess the efforts of both the Commission and WAEMU Member States to implement results-based management (RBM) following an assessment in 2010, and to identify potential challenges.

In 2008, the Commission of WAEMU embarked on a series of reforms to promote regional integration and to increase its legitimacy and credibility with the populations of the Union. The first major reform was the development of financial regulations for WAEMU institutions and the introduction of MfDR.

6 OXFORD BUSINESS GROUP-OBG (2009), *The report UEMOA 2009*, OBG Publishing: Oxford.

The objectives of adopting budgeting for results are:

- Elaborating the **budget by policy**: consequence of the MfDR and the multi-annual programming (Medium-Term Budgetary Framework (MTBF/CBMT⁷) choices over 3 years) (Article 2);
- Ensuring **reliability and transparency of budgetary, financial and accounting** operations for all the Institutions of the Union;
- Improving **transparency, accountability and responsibility**;
- Guaranteeing **the goals of regional programs are in line with targets of the Strategic Plan 2011-2020 of the Commission.**

3. Activities

To achieve these goals, an action plan was scheduled and implemented by the Commission and the Member States of WAEMU as seen in (Table 4).

Table 4 Action Plan

Key periods	Activities
2008 (March)	• Adoption of new financial regulations for the Institutions of WAEMU (Starting point of the MfDR)
2009 (December)	• First Edition of the Annual Performance Report of the WAEMU Commission
2010 (March-April)	• Assessment of institutional capacities of the WAEMU Commission to implement MfDR
2010 (October-December)	• Adoption of the Strategic Plan 2011-2020 of the Commission by the WAEMU Statutory Council of Ministers
	• Capacity building of personnel of the Institutions and the Member States for the implementation of Strategic Plan

7 CBMT = Cadre Budgétaire à Moyen Terme = Medium-Term Budgetary Framework (MTFB)

Key periods	Activities
2011 (January) – 2016 (December)	<ul style="list-style-type: none"> • Implementation of the Planning, Monitoring and Evaluation Information System (SIPSE)
	<ul style="list-style-type: none"> • Capacity building in Monitoring and Evaluation for key staff of the Commission and national structures involved in the execution of the Economic Regional Program (CNS-PER)
2013 (February)	<ul style="list-style-type: none"> • Creation of Direction of Evaluation (CEval) to increase the effectiveness of Community instruments, including regulatory frameworks, policies, programs and projects ; to contribute to the improvement of organizational performance and quality reports for populations and stakeholders of regional integration; and to strengthen the capacities of Member States in evaluation • Establishing a Center of Statistics to provide quality statistical information service to WAEMU's Commission, the autonomous specialized agencies and the public
2013 (November)	<ul style="list-style-type: none"> • Conception of the Integrated Capacities Building Programme or PIRC (2013-2020) for the WAEMU Commission and the Member States for the implementation of the regional programmes and projects
2013 (December)	<ul style="list-style-type: none"> • Adoption of an annual peer review by the Summit of Heads of States (Additional Act N° 5/2013/CCEG/UEOMA, 19 December 2013) to institutionalize the process of reviewing reforms at meetings chaired by the «Prime Ministers or Heads of Government»
2014 (June-July)	<ul style="list-style-type: none"> • First annual peer review for all the eight Member States
2014-2015	<ul style="list-style-type: none"> • Investor Round Table in Dubai “Invest in WAEMU”: <u>19 billion US</u> (funding diversification for the regional PER II programs)
2015 (June-July)	<ul style="list-style-type: none"> • Second annual review for all the eight Member States
2016 (March)	<ul style="list-style-type: none"> • Canceling the review for 2016 and establishing a new schedule for annual reviews which will be conducted <u>every two years to minimize costs</u>

Source: Commission of WAEMU (CSR), 2016

Considered as the first flagship program of the Union under the NEPAD framework, the Regional Economic Program (PER), which was adopted in 2004 and implemented from 2006, aims to give new impetus to WAEMU activities by implementing programs and projects (Table 5) that can make the regional integration process more effective, visible and relevant for the citizens of the Member States.

Table 5 Regional Economic Program (PER): PER I and PER II

	PER I (2006-2010)	PER II (2012-2016)
Number of Projects	<u>62 Projects:</u> <ul style="list-style-type: none"> • Commission and Institutions (Regional level): 42 • Member States (National level): 20 	<u>102 Projects:</u> (45 Projects from PER I and 57 New Projects) <ul style="list-style-type: none"> • Commission and Institutions (Regional level): 45 • Member States (National level): 57
Priorities by Sector		
Energy	1 Project (74 billion XOF)	13 Projects (826 billion XOF) Interconnexion (6), Production (5), IRED...
Food Security	2 Projects (95 billion XOF)	11 Projects (419 billion XOF)
Infrastructures	22 Road Projects (1,324 billion XOF)	37 Road Projects 6 Rail Projects (2,570 billion XOF)
Water and Shared-resources	54 billion XOF	71 billion XOF
Human Resources	36 billion XOF	60 billion XOF
Good Governance	44 billion XOF	55 billion XOF

Source: Commission of WAEMU (CG-PER), 2016

4. Methodology

The information in Table 5 has been used as tool to assess the capacity of WAEMU Member States and of the Commission to adopt the following MfDR pillars (with some weighted specific components):

- **Leadership for results** assesses the ability to drive change for results ;
- **Planning** evaluates the ability to record results over time;
- **Budgeting** assesses the ability to implement programmatic, coherent budgets-based results;
- **Institutional capacity** assesses the ability of States, public bodies and regional organizations to provide regular goods and services that meet needs;

- **Information system** for the ability to produce reliable statistical data and to incorporate monitoring and evaluation reports in policy-making;
- **Accountability** as the measure of the capacity of institutions to be accountable and to reflect the needs and expectations of the public in the formulation of policies.

These pillars of the management process are critical elements to delivering results-based public services (LOPEZ and MORENO, 2010⁸).

The survey was supervised by a consultant with a background in statistics and MfDR and recruited by the African Development Bank (AfDB). As a multilateral institution, the AfDB conducted a pilot study of WAEMU member states implementing MfDR approach. The states were grouped as a Regional Economic Community (REC). Guinée-Bissau was not included in the sample due to a lack of data.

A survey of each criteria was conducted by team of experts at **regional** (Commission of WAEMU) and **national** (Member States) levels, which were assessed based on a scale of 0 to 5 (Table 6). It should be noted that the scores are not uniform from one country to another. Any conclusion drawn from the scores are indicative and must be weighted by qualitative data and the survey's degree of rigor. The order of magnitude matters more than the exact mark. It shows, for example, how each country finds itself in the implementation of RBM.

The evaluation assessed national policies, regional policies by country and regional institutions.

Table 6 Evaluation Matrix for Implementation of MfDR

Score (/5)	Steps of MfDR process assessment	Level of achievement
0	No initiation or formulation	0%
0.1 – 1	Initiation	1%-20%
1.1 -2	Implementation Initiated	21%-40%
2.1 -3	Development	41%-60%
3.1 -4	Full Implementation	61%-80%
4.1 -5	Consolidation	81%-100%

8 LOPEZ R.G., and M.G. MORENO (2010), « *Managing for Development Results: Progress and Challenges in Latin America and the Caribbean* », Inter-American Development Bank/IDB Institutional Capacity and Finance Sector.

5. Objectives and Actual Results

The main results of the survey of the Commission (régional level) and Member States (national level) are summarised below (Table 7). The table shows the progress made in implementing MfDR for each of the pillars at the national and state level.

The of all WAEMU countries is approximately 2.90 out of a possible total of 5, compared to 3.56 for the Commission. This indicates that the implementation of MfDR is in the developmental stages for Member States of WAEMU while it is at full implementation for the Commission. This further indicates the leadership role of the Commission in driving and coordinating the implementation of MfDR im the Member States.

The results also demonstrate wide varying degrees of implementation between countries. They are distributed into three groups. Two countries (Bénin and Burkina Faso) have an MfDR Index above 3 and are pulling ahead of other countries. Côte d'Ivoire and Sénégal are ranked in the middle, while Mali, Niger and Togo (with lowest scores) are at the bottom of the ranking.

The details of the results were published in October 2015 by the African Development Bank (AfDB) in a report titled, *Priorités aux résultats dans l'Union Economique et Monétaire Ouest Africaine (UEMOA)*,

**Table 7 MfDR Overall Results for the Region of WAEMU
(Commission and Member States)**

	Regional level	National Level								
	Commission of WAEMU	Bénin	Burkina Faso	Côte d'Ivoire	Guinée- Bissau	Mali	Niger	Séné-gal	Togo	Average Index
Pillar 1: Leadership For Results (L4R)	3.6	3.35	4.6	3.25	-	2.7	2.65	3.4	2.55	3.1
Pillar 2: Results-Based Planning (RBP)	3.2	3.65	4.05	3.05	-	2.44	2.85	2.9	2.6	3.03

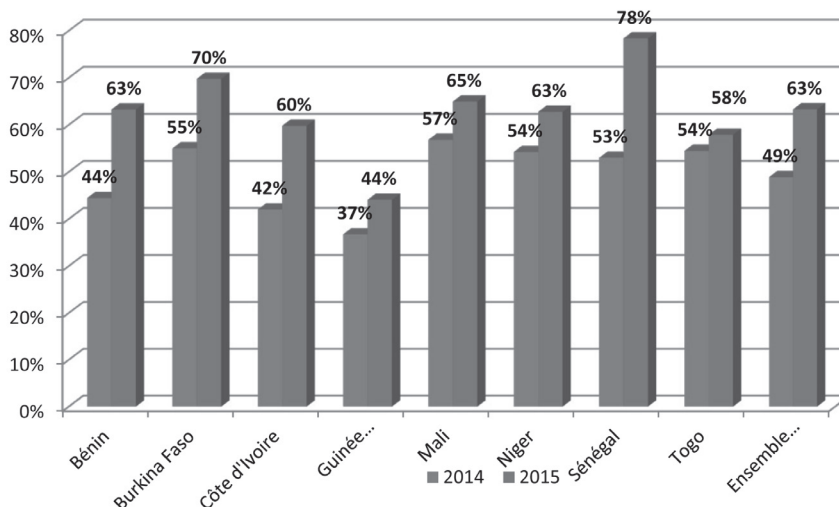
	Regional level	National Level								
	Commission of WAEMU	Bénin	Burkina Faso	Côte d'Ivoire	Guinée- Bissau	Mali	Niger	Séné-gal	Togo	Average Index
Pillar 3: Results-Based Budgeting (RBB)	4.2	4.05	3.4	3.5	-	2.8	2.4	3.05	1.65	2.87
Pillar 4: Institutional Capacities (IC)	3.3	3.5	3.7	3.55	-	2.1	2.1	2.7	2.05	2.6
Pillar 5: Information System, Monitoring and Evaluation (M&E)	3.9	3.2	4.4	2.3	-	2.3	2.9	2.95	2.0	2.86
Pillar 6: Accountability (AC)	3.2	3.66	4.5	2.55	-	2.3	2.65	2.9	2.1	2.91

Source: Report « Priorités aux résultats dans l'Union Economique et Monétaire Ouest Africaine (UEMOA) », African Development Bank (AfDB), October 2015

Eight years after the adoption of new financial regulations, the Commission has made tangible progress, as seen in the above Table. But these results seem to be very **optimistic and unrealistic** compared to those of other regions such as Latin America and the Caribbeans (LAC) where the average index is only 1.9 out of 5..

The implementation of the annual peer review has provide an impetus to driving reforms in Member States from 2014 to 2015 as shown below (Figure 3).

Figure 3 Application Rate of Reforms by Country 2014-2015



Source: Annual Peer Review Report, Commission of WAEMU (DPE), 2016

6. Challenges and Opportunities

Despite these encouraging results, there are many challenges in the implementation of MfDR at the regional (Commission of WAEMU) and national levels (Member States), including:

- Ensuring the support of leadership of MfDR to ensure tangible results;
- Promoting good practices at the international level to ensure the effective implementation and institutionalization of RBM ;
- Promoting capacity building at the Commission and the Member States to improve the formulation of program objectives, results and indicators. Most indicators are focused on inputs, activities or outputs instead of outcomes;
- Overcoming the challenges of coordination between regional and state levels due to political uncertainty and instability.

This finalization is a real **opportunity** that makes it possible to redouble efforts to improve the ownership/appropriation of the results-based management by the Commission and the WAEMU Member States. It is also an opportunity for these key actors to review their own working methods by adopting the rigor of the results-based management approach and strategic thinking.

7. Lessons Learned and Challenges Overcome

The lessons learned from the experiences of the Commission and WAEMU Member States include:

- Involving all stakeholders at the outset, improving the implementation process and assessing the specific needs and capacities of each country and sector;
- The importance of political action and peer review can have on accelerating the implementation process;
- The timely and critical analysis of performance indicators that meet SMART criteria;
- A dash-board for monitoring progress.

Specifically, the WAEMU Commission must place priority on ensuring the following:

- Playing a larger leadership role and improving communication with the Member States to promote political stability;
- Strengthening the capacity of the Member States for the transposition of regional directives;
- Establishing indicators at various levels of planning that focus on measuring results.

Conclusion

In regards to the implementation of MfDR, the OECD⁹ wrote that the WAEMU Commission and its Member States were “*furthest along the path toward integration*” of all regional groups in Africa. This should encourage the Commission and its Member States not to give up and to continue on its path to the implementation of MfDR, despite facing great challenges.

If MfDR principles are to be adopted successfully, the importance (and difficulty) of ensuring that performance indicators are appropriate and fit for purpose cannot be underestimated.

9 ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (2002), African Economic Outlook, OECD Publishing: Paris.

Appendix

Appendix Overview of the Common Policies of WAEMU

#	Regional or common policies					
	Sector/Area	Legal basis (Date of adoption)	Number of Programs	Resources/Budget (Billion XOF)		
				2014	2015	2016
1	Industry	Additional Act N°05/1999/CCEG/ UEMOA (8 décembre 1999)	1	3,702	579	963
2	Mining	Additional Act N°01/2000/ CCEG/ UEMOA (14 décembre 2000)	1	669	754	585
3	Telecommunications, Information Technology	Recommandation N°03/2000/ CCEG/UEMOA (22 novembre 2000)	1	352	196	182
4	Transports	Decision N°7/2001/CM/UEMOA (20 septembre 2001)	4	2,816	9,422	6,024
5	Agriculture	Additional Act N°03/2001/CCEG/ UEMOA (19 décembre 2001)	3	21,535	7,858	14,522
6	Energy	Additional Act N°04/2001/CCEG/ UEMOA (19 décembre 2001)	1	10,088	6,040	12,578
7	C Craft	Additional Act N°05/2001/ CCEG/ UEMOA (19 décembre 2001)	1	712	197	246
8	Community Territory Spatial Planning	Additional Act N°03/2004/CCEG/ UEMOA	1	1,070	567	1,100
9	Environment	Additional Act N°01/2008/CCEG/ UEMOA (17 janvier 2008)	2	2,464	7,066	8,848
10	Free movement for Non-Member States Citizens	Additional Act N°1/2009/CCEG/ UEMOA (17 mars 2009)	2	147	360	170
11	Tourism	Additional Act N°01/2010/CCEG/ UEMOA (2 juin 2010)	1	155	84	78
12	Peace and Security	Additional Act N°04/2013/CCEG/ UEMOA (24 octobre 2013)	1	-	-	1,038
13	Economic Convergence	Document to be elaborated and adopted	4	2,107	1,941	5,933
14	Common Market Promotion	Document to be elaborated and adopted	4	2,381	1,786	2,003
15	Socio-cultural Development	Document to be elaborated and adopted	4	3,810	2,142	1,534

Source: Commission of WAEMU (CSR), 2016



Chapter 3

Country-Level Case Studies in Asia

Performance Based Grants for Local Governments in Bangladesh

Kinerja Papua Program / RTI International of Indonesia

The Integrated Evaluation System on Government Programs (IESGP)
of Republic of Korea

Towards Budgeting for Results in the Philippines

The Commission on Audit: Strengthening Citizen Participation
in the Public Audit Process in the Philippines



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CoPLAC
MfDR

LET'S WORK TOGETHER
THE CARIBBEAN COMMUNITY
OF PRACTICE ON MANAGING



AFRICAN COMMUNITY OF PRACTICE
MANAGING FOR DEVELOPMENT RESULTS

Performance Based Grants for Local Governments in Bangladesh

Suresh Balakrishnan

United Nations Capital Development Fund

- The introduction of performance-based grants (PBGs) to the lowest tier of local governments in Bangladesh over three generations of reforms has led to a significant improvement in development outcomes, which in turn has accelerated inclusive local development.
- The local governments where the third-generation reforms have been implemented over a fifteen-year period are outperforming those in the rest of the country in terms of participation of poor households in the planning process, infrastructure investments oriented towards the Millennium Development Goals (MDGs), and the mobilization of revenue and expansion of fiscal space at the local level.
- By building on the foundation of fiscal decentralization established in the initial phase, the next two generations of performance assessment systems have promoted greater participation on the part of elected leaders and communities who have worked together in allocating grants towards local development priorities and mobilizing larger local revenues.
- The relatively simple design and incremental approach to implementing fiscal transfers and PBG made use of top up funding thereby leveraging routine internal financing of local governments. This made it possible for reforms to proceed using limited resources and technical assistance.

1. Introduction and Background

At the turn of century, Bangladesh was proud to have a local government system that was over a century old at the village level. But the system unfortunately had few resources to address local development needs. With successive governments in the 20th century using a centralized approach to the mobilization and deployment of development resources, local government had become weak in terms of capacity and resources despite having a rich history, spirit and mandate. Over 4,000 Union Parishads (UPs), constitute the lowest tier of the local governance system in Bangladesh. Although they cover every citizen of rural Bangladesh, these UPs had virtually no resources of their own nor access to direct financing to serve their people.

It was in this context that UNCDF launched the Sirajgunj Local Governance Development Fund Project (SLGDFP), as part of the first series of funds for local governance across Uganda, Bangladesh, Cambodia and Nepal. This first-generation pilot, which commenced in 2000, focused on just one of the 64 districts in Bangladesh. and the pilot targeted the UPs as the lowest tier of local government. The SLGDFP demonstrated the capacity of UPs to efficiently manage larger volumes of resources, to implement projects based on participatory planning and prioritization, to manage the completion of projects in a timely manner and to be accountable to the public.

The second phase was initiated with the Local Governance Support Project (LGSP) with its Learning & Innovations Component (LIC). The Government's LGSP combined its internal resources and IDA loans to finance increased support to UPs, through which the basic grant was delivered as a population-based allocation to all UPs in 64 districts. The LIC component, which operated as an integral part of LGSP, was implemented in 6 of the 64 districts in Bangladesh. The LIC component topped up the main grants provided to UPs through the LGSP. In doing so, the size of the LIC grants were calculated based on the criteria of population size and performance. The measures used to assess the performance of UPs included the completion of quarterly open community meetings to promote participatory planning and budgeting, the disclosure of investments being made on notice boards and the timely submission of quarterly reports to the community and local government offices and ministry.

Reviews of the LGSP and LGSP-LIC revealed some important lessons. First, the total amount of resources transferred to UPs based on size of population quadrupled. The effective utilization of these resources reaffirmed that UPs have the capacity to absorb increased levels of funding and to use them in a responsive, effective fashion. Second, the programme proved that the performance criteria attached to the grants under the LIC were effective in incentivizing UPs to improve their

performance in the areas of governance, service delivery, and public resource management. Third, the programme revealed that performance-based grants must be predictable in terms of their size, stability, and disbursement schedule to achieve their intended goals.

This led to the launch of the UP Governance Project (UPGP) that sought to design a third-generation pilot that would provide a framework for mainstreaming PBGs across Bangladesh. This project was a joint initiative of UNCDF and UNDP, working with the Ministry of Local Government, Rural Development and Cooperatives of the Government of Bangladesh. It was also assisted by the European Union and the Danish International Development Agency (DANIDA). This pilot operated alongside the Government's nationwide programme titled "Local Governance Support Programme II" and implemented with financial assistance from the World Bank.

2. Objectives

It was against this backdrop that the UPGP was implemented as a third-generation pilot in 7 districts in Bangladesh. Its goal was to generate important insights into strengthening local governance using PBGs as a key driver. Operating alongside the Government's nationwide programme to support UPs, this pilot was intended to provide UPs a top-up grant, based on an extended set of performance indicators that were seen as directly contributing to promoting development and better governance outcomes at the local level.

MfDR was embedded in Output 3 of the project, "Strengthened Innovations in Pro-Poor and MDG-Oriented Planning, Financing and Implementation of Service Delivery by UPs". This output, which was the key local development financing instrument of the project, aimed to be an innovative solution to planning and financing that would produce better development and governance results.

3. Activities

To achieve its objectives, the project aimed to implement a UP performance assessment system, a grant allocation modality to allow for making PBGs, a capacity building program on performance assessment and financial management, a planning system to help UPs prioritize the use of resources. All these activities were to be fully aligned to the provisions under the UP Act of 2009, and related amendments and rules in force.

An extended UP performance assessment system was established with 41 indicators alongside a formula-based grant allocation system that allowed for initial allocations to be adjusted by performance. The other key activity was designing and implementing a training program to institutionalize performance assessment.

Period	Activity
July – December 2012	<ul style="list-style-type: none"> • Designing the extended performance assessment system and PBG allocation framework
January – March 2013	<ul style="list-style-type: none"> • Designing and implementing the performance assessment training program for 1,300 auditors
April – Sept. 2013	<ul style="list-style-type: none"> • Implementation of performance assessment and preparation of PBG allocations
October 2013	<ul style="list-style-type: none"> • Release of PBGs and review meetings on performance of UPs
2014	<ul style="list-style-type: none"> • Second cycle repeated in 2014
2015	<ul style="list-style-type: none"> • Third cycle repeated in 2014

4. Methodology

The grants are assigned *a priori* each year to the 7 districts based on the following criteria:

- a. 30% of funds allocated based on a district's share of the total number of UPs in the 7 districts
- b. 35% of the funds allocated based on a district's share of the total population in the 7 districts
- c. 35% of the funds allocated based on a district's share of the total area in the 7 districts

It is important to note that the performance criteria do not impact the allocation of grants to districts. The allocation of grants to each district remains the same every year in dollar terms.

A four-stage approach was used in the allocation of grants to the UPs from the district's allotted allocation:

- a. First, a performance assessment of all UPs covered by UPGP was carried out, covering the minimum conditions and 41 performance indicators.

b. Next, the UPs that complied with the minimum conditions were singled out and ranked based on their performance score. In keeping with the principle of selecting the top 400 UPs from a total of 564 UPs, the same proportion (70.9%) of highest ranked UPs were selected for allocation of PBGs.

c. Thereafter, the total allocated to the district was based on an initial amount allocated to selected UPs using the same formula (30% equal share, 35% population size, and 35% geographic area) used in determining allocations to districts.

d. In the fourth stage, allocations to UPs were revised based on their performance assessments.

The PBG system, and its indicators, was designed to align with and support UPGP in achieving four key objectives:

- Strengthening the capacities of UPs in the main areas of planning and budgeting, financial management, revenue mobilization and accountability.
- Strengthening the accountability of UPs through citizen engagement.
- Promoting innovative solutions in planning and financing of pro-poor and MDG related services delivered by UPs
- Strengthening capacity at the national level in policymaking and monitoring and evaluation to promote fiscal decentralization in general and to allocate PBGs in particular.

In achieving these objectives, specific improvements are sought in six thematic areas:

1. Planning and budgeting
2. Fiduciary aspects (expenditure, financial management, procurement and reporting)
3. Own source revenue mobilization
4. Monitoring, oversight, transparency and accountability
5. Implementation performance / expenditure targeting (for MDGs)
6. Democratic governance systems

The same framework has been applied, with adjustments, in the allocation of PBG under the LGSP-II. The initial focus was on the first four areas, for which 12 performance indicators were formulated. However, UPGP implemented the performance assessment using the complete set of 41 indicators, which covered all the above six areas.

Table presented at the end of the case study provides a summary of the indicators and the scoring. The eleven indicators in the upper part of the table were applied nation-wide in the allocation of PBGs under LGSP-II. All 41 indicators were applied to get a score that will determine the allocation of PBGs under the UPGP. By working with the broader set of 41 indicators, UPGP is also testing the impact of an extended set of performance indicators, and those that are found to be useful may, over the years, be included along with the eleven indicators, for nation-wide application. At the same time, other indicators may be dropped because they are neither effective nor widely met.

The performance assessment of the 564 UPs supported by UPGP was carried out by the same team of external auditors who carried out the assessment under contract with the Local Government Department (LGD) from the Government of Bangladesh. The selection and training of teams and the assessment themselves were conducted in line with the Instrument of Cooperation signed between the Local Government Division, UNCDF, UNDP and the World Bank. A separate audit company assessed each district. The teams were trained to conduct financial audits, performance assessments, and test for compliance to environmental safeguards. The Performance Assessment Manual was translated into Bengali and made available to the teams for reference during fieldwork.

The district administrations and UPs were notified about the audit and performance assessments by the LGD. They were advised to prepare the required documents to facilitate the audits. Field level audits and assessments commenced in August. Audit teams first held briefings with the administration, which was followed by three-day fieldwork at the UPs. The three member teams reviewed financial documents and reports that had been prepared by the UP and examined sample documents and registers to make an evaluation. The teams also inspected some of the sites at which schemes had been implemented. They also interacted with community members. Audit teams held exit interviews with the administration. The audit reports and performance assessments were then reviewed by the audit review firms.

The performance assessment reports from the seven districts were shared with the UPGP. The data was compiled for validation and the gaps in the data were identified. Subsequently, the missing data was obtained from the performance assessment teams. Queries were raised on the data obtained which was then verified by the relevant review firm. Some UPs appealed negative audit reports and assessments to the LGD, which led to modification of some reports.

In line with the methodology described earlier, the process of identifying UPs that are able to receive grants for the fiscal year 2014-15 followed the multi-stage process used in previous years. The identification of UPs was carried out separately for each district following the same process.

In the first stage, the UPs of each district were listed along with details of population, geographic area, and reports of their compliance with minimum conditions and performance assessment scores. Thereafter, the number of UPs qualified to receive grants was calculated (70.9%). This process of allocating grants that competition for grants was essentially among UPs within a district, rather than among UPs across districts. This approach did not give UPs that were more developed an advantage over less developed UPs, given the varying degrees of development and initial conditions of these districts.

In assessing minimum conditions, the following three factors were considered:

- a. Satisfactory audit report
- b. Evidence of participatory planning (from the UPGP MIS)
- c. Timely submission of annual financial report

The UPs that failed to meet the Minimum Conditions were ineligible to receive grants, irrespective of their performance score.

In the next stage of analysis, all the UPs in each district were ranked based on the performance scores. A cut off score was determined based on the number of ineligible UP identified. In instances where more than several UPs had the same cutoff score, leading to the possibility of several UPs being declared ineligible, the number of eligible UPs was increased to include all the UPs which were above the cut off score. UPs were then informed if they had been selected for grants or not based on this assessment.

The final stage of this process was to determine the amount of grant UPs would be allocated in each district. As mentioned above, the amount of funds available for allocation was defined *a priori*, while the actual allocation of grants to UPs was based on a formula as well as the UP's performance. This ensured that UPs performing above average received more grants or less if performing below average regardless of the initial allotment of grants based on the size of its population or geographic area.

The data from the three performance assessments was analyzed to:

- a. Identify the weakest UPs that had consistently underperformed, thereby failing to secure grants even once in over three years
- b. Identify underperforming UPs that received a grant only once in the three years
- c. Identify factors that impacted the performance of UPs and their ability to secure PBGs
- d. Initiatives to strengthen weaker UPs

A direct comparison was made to assess the performance of UPs that failed to secure a single grant in three years. The average score of UPs on each of the 41 performance indicators over three years was used to compare it to the 564 UPs. The areas of weakness were determined by identifying indicators of weak UPs that were below 50% of the average scores of stronger UPs. Some of the challenges of UPs identified included having procurement plans in place by 31st July, complying with procurement rules, the assessment of taxes for eligible households and the disclosure of plans and budgets.

5. Expected and Actual Results

UPGP effectively combined PBGs, capacity building and policy support to strengthen the performance of UPs. In the context of this paper, one of the key expected results was greater compliance with administrative requirements of UP Act 09 of more than 80% by project-supported UPs. The baseline performance, using 6 indicators, was 68% but which now stands above 90%. Similarly, active participation of poor and vulnerable female and male citizens in UPGP supported UPs has increased from 4% to 30%.

Improvements in average performance scores of UPs were reflected in varying measures across the 41 indicators. The average performance declined in a few instances (four indicators), remained stable in two cases, and increased in the rest (35 indicators). The three indicators on which exceptionally high improvement was observed were: 1. Usage of maximum rates in tax assessments, 2. Preparation of five-year plans with clear reference to MDG sectors (all districts) and 3. Preparation of a Five Year Plan (all districts). All the UPs were complying with the main financial management requirements in terms of key registers. (UNDP, 2016¹)

Revenue mobilization by the UPs improved, increasing by 103% on average over the baseline. Around 99% of UPs supported by the project had implemented a Five Year Development Plan, 58% of which aligned with the MDGs. The PBGs were allocated to the best performing 400 UPs each year and utilized for around 1,100 projects to improve service each year.

1 Consolidated Annual Report on Activities Implemented under the Joint Program "UP Governance Programme" in Bangladesh (2016 Feb)

6. Pending Challenges & Opportunities

The UPGP concluded in June 2017. While the current results and successes demonstrate the effectiveness of the expanded set of performance indicators, challenges in refining the indicators remain. First, there are indicators that need to be removed or revised as they may not be good measures of performance since almost all UPs are able to easily achieve the targets. On the other hand, there are some indicators where most UPs are performing very poorly. The scoring criteria may need to be adjusted to better assess small incremental improvements being made.

Secondly, the focus of the performance indicators may need to be refined. The initial set of indicators is largely oriented around improving governance and management processes linked to the UP Act and other UP regulations. In other words, the focus is more on compliance. With significant improvement in awareness and compliance, there is an opportunity to introduce new indicators that are like intermediate outcomes similar to the current indicator of “% increase in revenue mobilization”.

The quality of the performance assessments that underpin the PBG system depends heavily on the quality of records and accounting books maintained by the UPs, which in turn are linked to management of UPs and the Ministry. The UPGP designed and introduced a web based accounting system that feeds into a management information system (MIS) through which much of the data related to performance assessment can be collected. The UPs that use this web based accounting in the seven districts covered by UPGP have been able to provide information with significant ease. Hence, there is an opportunity to address the challenge of data quality by scaling up the use of the web based accounting systems and MIS.

The volume of funds that are transferred to UPs remains relatively small. There has been no significant increase in the allocation of funds from the central government during the last four years in spite of the impressive achievements. On the contrary, greater amount of funds are allocated to rural communities from sectoral ministries and special programmes, bypassing the local government. Hence, an important challenge is to generate the political and administrative will to expand the fiscal space of local governments by earmarking a larger share of resources from the central government through the PBG system.

Capacity is a key constraint in expanding the role and financing of UPs. With only one full-time Secretary, there is a severe capacity constraint. This is amplified by the lack of willingness of sectoral staff that have been transferred to work under the leadership of UPs to perform this

role. The slow progress towards appointing a second full time official to support the Secretary has also contributed to this situation. Policy initiatives that successfully address this challenge will make a significant contribution to ensuring effective management at the UP level.

7. Lessons Learned and Challenges Overcome

It is evident that the cumulative impact of a series of interventions has yielded the results described above. While the results reflect the growing maturity of UPs in taking on a major role in driving local development, it also shows the strategic role played by the PBG system in promoting results-based development.

A key pre-condition for implementation of this MfDR approach in local governance was the establishment of political and administrative systems which allowed for direct formula-based financing of local governments. Given the commitment to financing UPs in an objective and transparent manner, it became possible to determine allocations based on a set of criteria like population size and performance. The successful track record of the formula-based allocation system has made it possible for the performance-based adjustments to be recognized as legitimate and implementable.

In an active and dynamic political environment, where equal access is seen as a right and underperformance is seen as a lack of capacity, an approach that rewards better performance is often seen as reinforcing inequality. However, the use of performance assessment indicators was made more acceptable because it was mandated by the UP Act. Perhaps, the clinching argument was the demonstration of compliance with these performance indicators across UPs, large and small, during the design stage, which made it possible to overcome this strong challenge. The ability of UPs to improve their performance in subsequent years after receiving a poor assessment also served to support the legitimacy of this approach.

The fact that the PBGs were given on top of the government's basic grants ensured that underperforming UPs also received some funding to continue their basic functions. The manner in which the top-up funds were distributed led to increases or decreases of the allocated grants by about 25%. The extent of impact was significant enough to be visible and tangible, but did not cripple or suspend the efforts of the underperforming UPs to perform their development functions.

The use of performance indicators to promote community engagement and transparency played an important role in enhancing local awareness and demand for development results. Since the minimum conditions of PBGs included community participation in planning and

disclosure of budget resources, any shortfall or variation in PBGs from previous years would be noticed by the community.

Perhaps the most noticeable change is the transition of communities and local governments from being passive recipients of funds, or lobbying for resources through political networks, to active participants competing for funds. This has resulted in more efficient allocation of resources along with improvements in local democracy, service delivery and public financial management.

The effective utilization of these resources shows that UPs have the capacity to absorb increased levels of funding and use them in a responsive, effective fashion. Second, the programme proved that the performance criteria attached to the grants under the LIC were effective in incentivizing UPs to improve their performance in the areas of governance, service delivery, and public resources management. Third, the programme indicated that the performance-based grants must be predictable in terms of their size, stability, and disbursement schedule to achieve their intended purpose.

Table 8 Framework for UP Performance Measurement

Themes	1. Planning and budgeting			2. Fiduciary aspects (expenditure, financial management, procurement and reporting)			3. Own resource mobilization			4. Monitoring, oversight, transparency and accountability			5. Implementation performance/ expenditure targeting for MDGs			6. Democratic governance systems			Total maximum scores		
	No.	Indicators	Max Score	No.	Indicators	Max Score	No.	Indicators	Max Score	No.	Indicators	Max Score	No.	Indicators	Max Score	No.	Indicators	Max Score			
Nationwide set of indicators	1	5 year development plan (or 3 year rolling investment plan) available	4	1	Asset registry established. Each asset clearly marked	2	1	Year on year improvement in own revenue collection	4	1	Public disclosure of AFS, audit opinion, annual budget	4	1	Village courts operational	1						
	2	Finalised plan and budget submitted to UNO by May 31	2	2	Annual financial statement available by July 31	2	2	Actual own revenue as a ratio to budgeted own revenue.	2												
	3	Ratio of actual development expenditure to development budget	3	3	Monthly bank reconciliations made within one month of end of month	2															
				4	Procurement plan in place by 31 July and compliance with procurement rules	2															
				5	Audit queries resolved	2															
				9			6	3	Tax assessments conducted	6											
				3	Women's involvement in the planning process	1	6	3	Tax assessments conducted	2	2	Information about BG revenue expenditure overviews, LP plans on UP notice board	2	2	% of projects planned that are implemented	2	2	UP Council functional	3		
UPGP Pilot specific set of indicators	5	Poverty targeting in the planning process	5	7	Tax collection register up to date	2	4	Tax assessment eligible households done at rate of 7%	2	3	Right to information Act 2009 operationalised	2	2	Share of actual development expenditure in social sectors (MDG areas)	2	3	Active women's participation in UP meetings	3			
	6	5 year development plan (or 3 year rolling investment plan) has clear linkages with the MDG	3	8	Income and expenditure vouchers properly posted, numbered and filed	2	5	Tax defaulter system and 'good tax payer reward' system in place	2	4	Publication/ dissemination of results of previous assessments	2	3	Evidence of budgeting for maintenance	2	4	Establishment and functionality of 8 core standing committees	3			
	7	Quality of the Development Plan	4				6	Evidence of innovative measures to improve local revenue collection	2	5	UP Information Centre established and operational	2	4	UP household register updated and accessible to the public	2	5	Input from standing committees in the annual UP plans	3			
							7	Share of own source revenue used for development expenditures	2	6	At least 2 public UP information sharing meeting held in the previous financial year	3	5	% of BBG/IE PPG used for projects benefiting more than one ward	2	6	Functionality of Ward Stewards	2			
							8	Share of development service delivery expenditure funded by own revenues	2	7	People's involvement in project supervision	3	3								
				15			5			12			14						10	14	70
				24			15			18			18						10	15	100

Kinerja Papua Program / RTI International of Indonesia

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Kinerja USAID/RTI International

Case Study Overview

- The case study demonstrates the importance of community engagement in identifying issues regarding the performance and implementation of government interventions, as well as, the solutions to addressing the issues.
- Assistance and support is provided to both the local government and service providers and local communities and civil society groups to encourage public participation and engagement to address the issue of absenteeism among healthcare workers.
- The local governments of the four targeted districts have different capacities when it comes to their performance in delivering public services. In the districts of Jayapura and Jayawijaya, active community engagement plays a major role in ensuring their governments keep health workers accountable.

1. Introduction and Backgrounds

This case study focuses on Kinerja USAID's experience in supporting local governments at the district level in Indonesia (four districts in Papua Province – Jayapura City and Districts of Jayapura, Jayawijaya and Mimika) which sought to institute a results-based approach in designing policies to better meet the needs of local communities. It shows how local communities were engaged as a way to monitor and evaluate the implementation of policies and the performance of healthcare sector.

As part of efforts to improve the quality of healthcare, the government wanted to reduce absenteeism among healthcare workers which had become a big issue in the healthcare sector.

In a country as diverse as Indonesia, a “one size fits all” approach would not successfully address the issues in public service delivery. The performance of government interventions varies widely between more economically developed regions and less economically developed regions. Furthermore, decentralization in Indonesia requires local governments to effectively manage frontline services in education and health among other public services. However, the capacity of local governments to implement front-line services differs widely from region to region.

Papua is one of the least developed regions in Indonesia, even though it is a province richly endowed with natural resources. According to the Ministry of Health (MOH) estimate in 2014, Papua’s population is currently around 3.5 million. With a population growth rate of more than 5% per year, Papua has one of the fastest growing populations in Indonesia due to high fertility (3.5 children per married woman of reproductive age) and migration from other parts of Indonesia. These population growth trends put pressure on the province’s already limited capacity to provide basic services in terms of volume, diversity and quality. Standing at 31.5% in 2013, the province-wide poverty rate is also the highest in the country.¹

In addition, the capacity of local government to manage its frontline health services has been quite weak. Papua ranks as the lowest among Indonesia’s provinces in the Human Development Index and based on health outcomes, such as the maternal mortality rate, child mortality rate and rates of stunting. Papua’s unique geographical landscape, socio-cultural diversity and security conditions have been identified as challenges to strengthening the health care system. Another challenge is that Papuans do not consider healthcare a basic right, despite the importance placed on having political rights. This makes it difficult to mobilize the participation of communities in efforts to improve the access and quality of public services.

An important issue identified as impacting the delivery of frontline services in Papua has been the low attendance of healthcare workers at Community Clinics/’Puskesmas’. Before 2014, the identification of issues in the delivery of public services was based on anecdotal evidence, largely due to a lack of available data.

¹ Central Statistics Agency (BPS), Papua Province: <http://papua.bps.go.id/linkTabelStatistik/view/id/21>.

2. Objectives

Kinerja’s overarching goal in Papua is to develop the capacity of local governments to provide effective, safe and quality personal and non-personal healthcare services, while minimizing the waste of resources. Kinerja Papua achieves substantial success by tailoring strategies to deliver the following three objectives with respect to the specific conditions of Papua:

- Strengthened policy making;
- Improved local government capacity to manage and deliver services; and
- Improved citizen/civil society organization (CSO) oversight and advocacy capacity

To improve attendance of healthcare workers in the four target districts, Kinerja Papua aims to:

- obtain evidence and data needed to develop initiatives that reduce absenteeism and improve the delivery of frontline health services to communities.
- use evidence from the study, in collaboration with local governments, to address gaps in local service delivery and to deliver services that better meet the needs and preferences of local communities.
- support local government in monitoring the operationalization of policies
- support citizens/CSOs engagement and monitoring of policy efforts to reduce absenteeism.

3. Activities (Example)

Period	Activity
February 2014 – April 2014	<ul style="list-style-type: none"> • Study preparation, including a series of group discussions with local stakeholders (local government officials, District Health Office officials, Community Clinic managers, multi stakeholder forums (MSF)
May – September 2014	<ul style="list-style-type: none"> • Health workers absenteeism study (survey) and analysis
October 2014	<ul style="list-style-type: none"> • Workshop on Policy Implementation Issues
January 2015	<ul style="list-style-type: none"> • Dissemination of findings at local level
January 2015 – June 2016	<ul style="list-style-type: none"> • Provision of a series of technical assistance initiatives to local government to formulate operational policy solutions • Provision of a series of capacity training activities on policy advocacy and oversight to community groups (MSFs, Complaint survey and citizen’s charter, Citizen Journalists, Media).

Period	Activity
June 2016 – July 2016	<ul style="list-style-type: none"> • Monitoring of policy formulation and implementation with local government and community groups
September 2016	<ul style="list-style-type: none"> • Local forums to discuss the findings gathered during the monitoring of policy formulation and implementation.

4. Methodology

The cornerstone of Kinerja’s strategy to improve the quality of public services is simultaneously addressing service delivery challenges on both the supply and demand side. The supply side is comprised of policy makers at the district level, health officials, clinic managers and health workers. Technical assistance on the supply side includes:

- formulation and monitoring of policy, particularly on planning and budgeting,
- how to achieve delivery targets,
- standard operating policy, and
- improving governance and management of community clinics and healthcare services in local districts.

On the demand side, Kinerja works with local community leaders and civil society organizations whose focus is to hold the supply side accountable. Social accountability becomes the central tenet of Kinerja’s community engagement, demanding accountability and improved performance in the delivery of health services. Ringold et al (2012) define social accountability as, “the sets of tools that citizen can use to influence the quality of service delivery by holding providers accountable”². The mechanisms used by Kinerja Papua to promote social accountability include: establishment of health committees/Multi stakeholder forums (MSF), institution of complaint handling mechanisms and citizen charters, promotion of citizen journalism and information sharing, and conducting awareness campaigns through the media, particularly radio. Two levels of health committees/MSF were introduced. MSFs were organized at the district level to advocate policies and monitor the performance of public services. Moreover, MSFs were

2 Ringold, Dena, Alaka Holla, Margaret Koziol, and Santhosh Srinivasan, 2012. “Citizens and Service Delivery: Assessing the Use of Social Accountability Approaches in Human Development”, *Direction in Development: Human Development*, Washington DC: The World Bank, p. 7

held to monitor and implement corrective actions at clinics. The health committees and MSFs were critical to the efforts to reduce absenteeism among health workers.

Kinerja Papua's investigation into improving the attendance of health workers began with various consultations which were carried out before the study. The purpose was not only to ensure buy-in and support from the local government and the community, but to also lay the foundation for follow-up work. The consultations were conducted in each of the districts, and also at the provincial level.

The study itself was implemented by a local organization in Indonesia that specializes in conducting surveys called SurveyMETER. The main purposes of the study were to assess the magnitude of the problem and to identify the sources of health worker absenteeism. The study considered various factors that could lead to high absenteeism including individual and environmental factors, as well as factors attributed to the health clinics and policies. The study used a combination of qualitative and quantitative methods. After field tests were conducted in three Community Clinics (outside the 50 being investigated), unannounced visits were conducted to each of the Clinics (the "Clinics"). Interviews were conducted with 577 health workers – doctors, midwives and nurses – working in 50 Clinics/Puskesmas (out of a total of 57 Clinics in the four districts). In addition, focus group discussions (FGDs) were conducted with 50 community groups in each of the Clinics. Quantitative data was analyzed using bivariate and multivariate methods, while qualitative data was analyzed based on themes.

After the survey, the preliminary findings were presented in the, "Operational Policy Barriers Workshop", conducted from 22 October to 24 October 2014. The workshop was mainly attended by officials (Health Office, Planning Bureau, Civil Servant Agency, Managers of Primary Health Centers) from four districts/cities. The session on "Operational Policy Barriers" helped to build consensus among officials of the District Health Office (DHO) in identifying the factors behind high absenteeism and potential solutions. The session also helped to cement the DHO's commitment to follow-through.

The workshop also helped to engage local leaders by discussing the causes of absenteeism and identifying policy implementation challenges. Moreover, the workshop was useful in assessing the feasibility of interventions by considering their potential impact, financial constraints, managerial capacity, and political feasibility. This led to the formulation of to action plans to implement policies to address regulations and programs.

Each of the four districts agreed to identify and implement four policies to address the issue of absenteeism at the local level (total of 16 policies).

A dissemination workshop was conducted in the next quarter at the provincial level, involving government officials from provinces and local districts and communities. The dissemination workshop was crucial for not only disseminating the findings of the study, but also raising awareness to a wider audience of the proposed regulations and programs to address absenteeism that local governments had committed to in the previous workshop.

In following up to the workshops, two sets of interventions were implemented to address supply and demand side issues. On the supply side, Kinerja provided technical support to local governments based on their needs. Thus, technical support depended on local governments to take the initiative. For example, Kinerja supported efforts to replace the Heads of Community Clinics by implementing an evaluation process in the district of Jayawijaya. In the district of Jayapura, Kinerja Papua supported an initiative to re-map existing health workers in each of the 19 Puskesmas, as part of the local government's plan to redistribute health workers among Community Clinics. In the other two districts – Jayapura City and Mimika District - the local governments were less pro-active which resulted in minimal technical assistance being provided.

On the demand side, Kinerja's local partners facilitated a number of initiatives such as organizing health committee meetings, MSFs and consultations with relevant stakeholders. It also contributed to making technical recommendations to mayors, DHOs, and local parliaments. It also promoted awareness campaigns through radio/mainstream media and citizen journalists to hold local government accountable for achieving minimum standards in the delivery of services.

The efforts on the demand-side focused on making sure that local governments fulfilled their commitment to addressing absenteeism. In some MSFs, there was greater advocacy to ensure sufficient funding was made available by local parliaments to support public policy making. A number of initiatives were carried out to sustain discussions among stakeholders, especially in Jayawijaya and Jayapura District, to improve the management of healthcare workers to reduce absenteeism at local clinics.

The table below describes the demand-side activities undertaken in each district to advocate for better policies and to monitor the efforts of local government to reduce absenteeism among healthcare workers.

Table 9 Demand-side Initiatives

Jayapura	Jayapura City
<ul style="list-style-type: none"> • Series of advocacy meetings with Mayor and policymakers on availability of GPs in all community health clinics led by District level Health Committees • Submission of policy recommendations (including on health workers attendance issue) to parliament, DHO and Mayor • Series of community meetings targeted at religious leaders, indigenous leaders, and health officials related to issues of security of the health workers • Regular meetings (monthly and three monthly) of health clinics participated by local health committees • Radio talkshows discussing issues of health workers attendance and minimum service standards 	<ul style="list-style-type: none"> • Submission of technical recommendations (including on health workers attendance issue) to DHO • Radio and TV talk shows discussing issues of health workers attendance and minimum service standards
Jayawijaya	Mimika
<ul style="list-style-type: none"> • Series of Media campaigns led by district level health committee • Community led monitoring of health workers attendance in Hubikosi Community Clinic • Series of advocacy meetings with DHO to demand on sanctions to health workers with poor attendance • Regular meetings (monthly and three monthly) of health clinics participated by local health committees • Series of community meetings targeted at indigenous leaders, and health officials related to implementation of the tribal sanctions' agreement • Radio talk shows discussing issues of health workers attendance and minimum service standards 	<ul style="list-style-type: none"> • Radio talkshows discussing issues of health workers attendance and minimum service standards • Series of media campaigns led by citizen journalist to create “noise” • Submission of policy recommendations (including on health workers attendance issue) to DHO

After 18 months of implementation, Kinerja Papua supported efforts by the local governments and community members to assess the progress made in implementing 16 policies. The monitoring and evaluation process focused on identifying challenges in implementation and actions needed

to address those challenges. Qualitative methods were used in monitoring, with eight FGDs held in MSFs, which brought together government representatives and feedback from all four districts. A “red light monitoring” tool was used to track the implementation of policies. During FGDs, government officials involved in the implementation process were asked to score the progress of implementation based on a scale of 0 and 10, with 0 meaning no follow up discussions were made and 10 meaning polices were implemented. The group also needed to agree on the final score. If a policy had the status of “already formulated”, the document to support this claim was requested. The result of FGDs with the government officials was then presented during MSFs so an assessment could be made. The final score was based on the average of scores provided by government officials and local communities.

The results were then presented at the provincial level in another workshop which was attended by policy makers from provinces and districts, and representatives of local communities.

5. Expected and Actual Results

- The study revealed wide differences in absenteeism rates across districts—ranging from 49% to 13.9% (see Figure below). The multivariate analysis results showed significant differences in relation to factors contributing to the absenteeism (see Figure below). This enforced the belief that a “one size fits all” approach to interventions would be difficult to apply even at the provincial level.

Figure 4 Absenteeism Rates by District

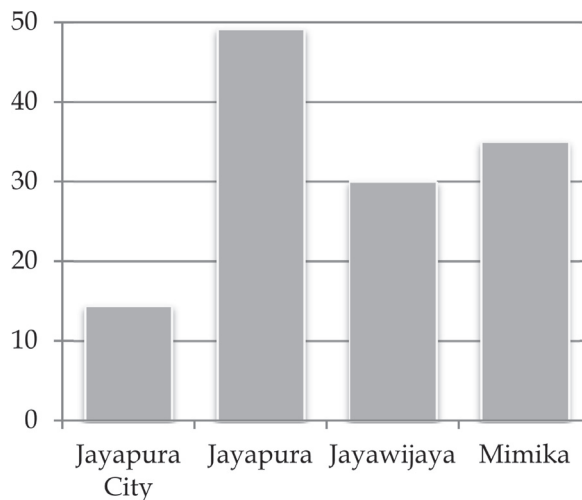


Table 10 Environmental Characteristics of Absenteeism

	Significant odds ratios			
	Kota Jayapura	Jayapura	Jayawijaya	Mimika
Fare between Home and Health Clinic	.	.	++	++
Topography of Community	+++	.	+++	+++
Ethnicity of Community	+++	+++	+++	+++
No. of Villages in Coverage Area	.	.	+++	+++
Lives with Family
Receives Government Housing	.	+++	.	.

- Four districts each identified four different policies to address health workers' absenteeism.
- After 18 months, the results of monitoring the policy implementation process highlighted that only 5 out of the 16 policies from 2 districts were implemented by local governments (see table below). The study identified several implementation challenges including high turnover among senior and mid-level government officials, lack of commitment by leadership to implement the agreement, and unclear division of labor between various human resources divisions within the health office and local government.

Table 11 Results of Red Light Analysis

	Jayapura		Jayapura City
● Green	1. Issue DHO circular letter regarding mandatory implementation of monthly and quarterly mini workshops in Community Health Clinic/CHC (including the provision of technical guidelines)	● Yellow	1. Train PHC managers and DHO officials to enhance capacity in management and to increase transparency in budgeting
● Green	2. Provide funding to implement integrated system for supervision and monitoring of CHC	● Red	2. Provide timely compensation to CHC workers based on their performance
● Green	3. Develop checklist and tools for integrated supervision and monitoring, and train of DHO staff	● Red	3. Improve employee incentive system based on performance of employee
● Red	4. <u>Introduce new regulations</u> related to redistribution of health workers in the PHC	● Red	4. Train and support DHO officials to conduct integrated supervision – on periodic basis with follow-ups after supervision
	Jayawijaya		Mimika
● Green	1. Establish tribal/local agreement to sanction members of local community members who harass health workers	● Red	1. Train DHO and CHC heads based on existing regulations/guidelines
● Yellow	2. Encourage more openness and transparency in CHC planning based on MSS	● Red	2. Introduce incentive policy for district heads based on performance of healthcare workers
● Yellow	3. Include cost of transport in the compensation provided to health workers based on zones and time travelled by foot	● Yellow	3. Provide housing and logistical support to health workers
● Green	4. Establish evaluation system for selecting and recruiting CHC heads	● Yellow	4. Enhance planning and coordination of drug procurement and disbursement between CHC and DHO

Notes: Score 0 – 5: Red (no discussion has been made – very early actions have been taken); Score 6 – 8 : Yellow (Some actions to formulate policy had been taken, policy not yet being formulated); Score 9 – 10: Green (policy had been formulated and implemented with supporting documentation)

- Greater community engagement through MSFs in monitoring the implementation of policies was associated with improvements in policy formulation. There was greater engagement and participation in formulating local policies at the MSFs organized in Jayapura and Jayawijaya District. In Jayapura District, the district MSFs have been actively engaged with the government to improve management performance of health workers. It is critical to note that Jayapura district had the highest rate of absenteeism during the study – almost 50%. After the study, local government was very active in refining the local policies and

strengthening supervision from DHOs to Community Clinics. At the same time, the MSF has worked closely with the Clinics and DHO to ensure that sufficient health workers (in particular doctors) are available at the Clinics. As a result, all 19 Clinics in the district have had at least one doctor in 2016. In addition, the local government also improved the system of incentives for the health workers, even though it was not a policy objective.

- The findings have been similar in Jayawijaya District, where the MSF was moderately engaged with the local government. For example, local leaders who participated in the MSF played a role in establishing an agreement to sanction members of the community who harassed health workers. The MSF helped to engage members of parliament and government officials. It also helped to establish an evaluation system for selecting a Community Clinic's head.

6. Pending Challenges & Opportunities

There have been some questions raised in regards to the sustainability of the interventions to enhance the capacity of community/civil society in general, or in Kinerja's case, the MSF. The MSF in Kinerja is one of the most important social mechanisms for holding local government and health providers accountable. Several strategies and series of interventions have been developed and implemented to make MSFs more sustainable such as establishing a legal basis for MSFs.

While investments have been made in MSFs in all four districts, its effective functioning depends, among other things, on the relationship with the local government, which is prone to external influence. In regions such as the district of Mimika, there was less progress in reforming policies when MSFs were less active. High turn-over rates among senior and mid-level government officials in the last two years also raise questions of sustainability. In Jayapura city, it was challenging for the MSF to hold any officials accountable for the commitments made during the Operational Policy Barriers Workshop due to the lack of leadership at the DHO level and poor communication between division. It was even challenging to plan meetings and discussions with the DHO. As such, the MSF in Jayapura City conducted awareness campaigns through the media to raise the issue of health workers absenteeism among members of the community. However, this seems to have had little impact on promoting policy reforms. Thus, the role of the community in improving policy implementation depends on the level of support provided by the local government. It is critical to build the capacity of policy makers and healthcare officials on the important role of social accountability and community participation in improving governance in order to promote greater engagement between communities and local government.

7. Lessons Learned and Challenges Overcome

In formulating policy, it was critical to support local policymakers to determine the range of policy options and to select the most appropriate policies based on available resources and data/information. This reinforced the belief that a “one size fits all” approach would be difficult to apply even at the provincial level. Where absenteeism rates are high, intervening to reduce absenteeism requires assessing the magnitude of the problem, identifying the root causes and understanding the characteristics of health providers. As shown, the underlying causes of absenteeism varied significantly from one district to another.

The assessment should be followed up with customized technical assistance. It is crucial to provide technical support to both the policy makers and community representatives to enhance the role of social accountability in improving policies. In addition, technical support to community representatives needs to encompass capacity building on how to actively engage in assessing the performance of local government and in providing constructive feedback, especially in the context of Papua.

The project identified a mutually beneficial relationship can be promoted when governments are open to communities being actively engaged in the policy making process through MSFs with the goal of improving the delivery of public services. In the districts of Jayapura and Jayawijaya, this kind of relationship exists. In addition, the MSF in Jayapura has played a crucial role in ensuring the availability of sufficient funds for DHO’s plans to improve health workers’ attendance. This mutual relationship can foster positive interactions between community, the government and service providers.

All relevant stakeholders should be involved in determining solutions and monitoring their implementation in order to promote ownership and accountability. The incremental processes involved in policy design and implementation needs to be supported while reinforcing the message that the intended outcomes are to improve the quality of health service delivery at the local level.

The Integrated Evaluation System on Government Programs (IESGP) of Republic of Korea

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Case Study Overview

The Integrated Evaluation System on Government Programs aims to improve performance of government programs by linking budget allocation to their performance. It provides government agencies' the autonomy and flexibility to evaluate their own programs. It also promotes accountability.

1. Introduction and Background

The Integrated Evaluation System on Government Programs is a tool introduced by the Ministry of Strategy and Finance of Korea to monitor performance of the budgetary programs launched by the central government of Korea. The system links the results of government programs to budget assigned to them.

The central government of Korea initiated fundamental budgetary reforms, namely the Four Major Fiscal Reforms, in the early 2000's. The goal of the reforms was to promote effective performance-oriented management of government programs. The reforms were introduced to secure long term fiscal sustainability. They consist of a Medium-Term Expenditure Framework known as the National Fiscal Management Plan, the introduction of Top-Down Budgeting System, the establishment of Performance Management System, and the construction of a Digital Budget Information System.

The Integrated Evaluation System on Government Performance is a part of the Performance Management System and requires all ministries of the central government to assess the performance of their expenditure programs themselves. It benchmarks the Program Assessment Rating Tool instituted by the George W. Bush administration in the United States in 2002. The Ministry of Strategy and Finance of Korea introduced the system as the Self-Assessment of Budgetary Programs in 2005. It was renamed as the Integrated Evaluation System on Government Programs in 2016.

The legal basis for evaluating the performance of government programs was established with the enactment of the Framework Act on Government Performance Evaluation, the National Finance Act, and the National Act Enforcement Decree. These statutes require the Ministry of Strategy and Finance to evaluate the performance of all the budgetary programs of the central government and reflect the performance results in the budgeting process.

Objectives

The primary objective of the Integrated Evaluation System on Government Performance is to make all central ministries of Korea to be accountable and responsible for the performance of their programs.

The system provides a practical tool to measure the actual performance of government expenditure programs. The goal of the system is to improve the performance of government programs eventually by linking the allocation of budget to their performance results. The system gives tangible rewards and incentives to effective programs but penalizes ineffective programs substantively.

The system allows the central government ministries to conduct a self-assessment of their own programs. This gives them the autonomy and responsibility to evaluate their own programs and activities.

The system also aims to address some major issues with the Self-Assessment Budgetary Programs and integrate dispersed government performance assessment systems into a consolidated system.

Activities

Period	Activity
Preparation: December 2015	<ul style="list-style-type: none"> • The Ministry of Strategy and Finance selected half of the central government expenditure programs for evaluation and confirmed the guidelines and checklists for the evaluation. • The Ministry of Strategy and Finance held joint information sessions for on self-assessment for staff in each central government ministry. • All central government ministries submitted their own self-assessment management plans to the Ministry of Strategy and Finance.
Self-Assessment: January 2016 – March 2016	<ul style="list-style-type: none"> • Each central government ministry assessed their own self-assessment management plan in advance. • Each central government ministry held information sessions for its own self-assessment plan, agency by agency. • All central government ministries reported their self-assessment plans to the Government Performance Evaluation Committee. • Each central government ministry conducted a self-assessment of the expenditure programs which were selected for evaluation. • All central government ministries submitted their self-assessments to the Ministry of Strategy and Finance by March 31st, 2016
Meta-Assessment: April 2016 – May 2016	<ul style="list-style-type: none"> • The Ministry of Strategy and Finance, the Ministry of Science, ICT and Future Planning, and the Presidential Committee on Regional Development conducted sectoral meta-assessments of ministerial self-assessments (1st April – 2nd May, 2016). • Agency-level meta-assessments were conducted (3rd – 6th, May, 2016). • The Ministry of Strategy and Finance publicly disclosed the final results of the ministerial self-assessments and meta-assessments through its official website. It also gave feedback to each central government ministry based on the results (9th – 13th, May, 2016). • The final evaluation report was submitted to the Government Performance Evaluation Committee (20th, May, 2016).

2. Methodology¹

The primary objective of the Integrated Evaluation System on Government Performance is conducting self-assessments of the expenditure programs implemented by the ministries of the central government. The Ministry of Strategy and Finance upgraded the Self-Assessment of Budgetary Programs (introduced in 2005) and renamed it as the Integrated Evaluation System on Government Performance in 2016. The system makes it possible for the Ministry of Strategy and Finance to annually evaluate all of the expenditure programs implemented by the central government ministries.

All the central government ministries are required to conduct a standardized self-assessment of their programs' performance based on a checklist and guidelines provided by the Ministry of Strategy and Finance every year. All of the expenditure programs of each ministry are expected to be evaluated every year, although only half of them were evaluated in 2016. One of the major features of the evaluation system was that it consolidated various performance evaluation systems. The system classified government programs as general budgetary projects, R&D projects, and regional development projects, and evaluated them independently. To address issues of having a fragmented system of evaluation, a universal evaluation system was applied to all expenditure programs of the central government.

The Integrated Evaluation System on Government Performance originated from the Self-Assessment of Budgetary Programs, which was successfully implemented during 2005-2015. The original system evaluated a third of the expenditure programs every year that were launched by each central government ministry. This led to all of the government expenditure programs to be evaluated once every three years. The Ministry of Strategy and Finance publishes the self-assessment guidelines for the ministries every year before a new evaluation cycle begins to promote objective and accurate assessments. The guidelines provide not only evaluation questions but also explain in detail how to address and score each question.

For example, the evaluation checklists have thirteen questions as of December 2011. Two of them apply only to programs in information technology. The other questions are general questions applicable to all expenditure programs. The questions consist of three sections: planning, management, and performance and feedback. Each section is assigned a total number of points such as 20 points for planning, 30 points for management, and 50 points for performance and

¹ The contents of the methodology section are summarized mainly from the internal report of the Government Performance Evaluation Committee (2016a).

feedback.² The evaluation guidelines help each ministry to make an assessment. The assessment questions related to planning are “Yes” or “No” questions. Whereas the questions for management and performance range from “Yes”, “Significantly”, “Reasonably”, and “No”. The sum of all the scores from each question results in a program’s total score. The maximum score is 100. Based on the total score, each program gets one of the five letter grades: “Very Good” when the total score is 90 or higher; “Good” when the total score is greater than and equal to 80 and less than 90; “Fair” when the total score is greater than and equal to 70 and less than 80; “Unsatisfactory” when the total score is greater than and equal to 60 and less than 70; and “Very Unsatisfactory” when the total score is lower than 60³.

The Integrated Evaluation System on Government Performance streamlined the evaluation criteria and procedures to lessen the administrative burden of the central government ministries. Currently, the evaluation questions are composed of two sections: management and result. The first section assesses a program’s management in terms of implementation and coordination. The other assesses a program’s performance and effectiveness in achieving results. All programs are classified into three groups: “Satisfactory”, “Fair”, and “Unsatisfactory”. The Ministry of Strategy and Finance applies a rule of thumb that the “Satisfactory” group should not exceed 20% of the total and the “Unsatisfactory” group should exceed 15% per ministry.

The Integrated Evaluation System on Government Performance promotes autonomy among the central government ministries for conducting self-assessments and enhances their responsibility for their expenditure programs. Each ministry is expected to operate a master committee to oversee the whole evaluation process, sub-committees manage the self-assessments of its general budgetary programs, R&D programs, and regional development programs, sector by sector. The meta-assessment committee of each ministry coordinates the establishment and operation of the master committee and sectoral sub-committees in advance so that the same rules and practices

2 The three questions for the first section are: “Are the program objectives clear and conformable to accomplishing performance targets? Is the program unnecessarily similar or overlapping with other programs? Does the program have adequate design and efficient delivery system?” The two questions for the second section are: “Is there a firm link between performance indicator and program objectives? Is the target for performance indicator reasonable and concrete?” The five questions for the third section are: “Does the program agency do the best to spend the budget as planned? Does the program agency operate monitoring system and make efforts to improve? Does the program agency improve efficiency in achieving program objectives? Does the program agency adequately manage information management system? Does the program agency make efforts to establish a fair and competitive market environment?” The three questions for the fourth section are: “Is the target level of performance indicator achieved? Is the program carried out efficiently based on the evaluation results? Are the feedbacks from evaluation results and other external opinion incorporated to improve programs structures?” (Park 2012: p.191)

3 See the details at Park (2012: pp. 192-5).

may be applied to all of the programs. All ministries are subject to hold information sessions to their self-appraisal board and staff members of a program. They are also encouraged to provide learning opportunities on performance evaluation for their staff.

All central government ministries are allowed to draft a “Self-Expenditure Adjustment Plan” based on the evaluation of their expenditure programs to the Ministry of Strategy and Finance. The draft considers both the program’s self-assessment and strategic priorities. Based on the size of the program’s budget, the ministries conduct comparative evaluations of their expenditure programs. The Ministry of Strategy and Finance recommends to the agencies that their programs be classified into three groups: Satisfactory (20%), Fair (65%), and Unsatisfactory (15%). The Ministry of Strategy and Finance sets the target of expenditure adjustment in advance at one percent of the total budget of all programs under the annual self-assessment.

The Integrated Evaluation System on Government Performance has additional steps to evaluate the appropriateness of the evaluation process and the results of the ministerial self-assessment. It is called a meta-assessment. The process consists of a sectoral and ministry-level meta-assessment. The Ministry of Strategy and Finance, the Ministry of Science, ICT and Future Planning, and the Presidential Committee on Regional Development conduct the sectoral meta-assessment on the ministerial self-assessment reported by the central government ministries. The Ministry of Strategy and Finance is responsible for general budgetary programs conducted by the ministries, while the Ministry of Science, ICT and Future Planning is in charge of their R&D programs and the Presidential Committee on Regional Development oversees their regional development programs. Additionally, the Meta-Assessment Committee oversees the sectoral meta-assessments, ministry-by-ministry. The committee consists of multiple institutions which have expertise in performance evaluation, including the Korea Institute of Public Finance, the National Information Society Agency, the Korea Institute of S&T Evaluation and Planning, and the Korea Institute for Industrial Economics and Trade.

The Ministry of Strategy and Finance also provides guidelines for the meta-assessment. The evaluation assesses the evaluation process (20%), the results of the evaluation (30%), and adjustments to the expenditure plan (50%). The first item is graded based on two evaluation criteria: whether the organization and operation of the self-assessment board have been planned properly (10%); and whether the self-assessment board operates properly (10%). The second item is also graded based on two evaluation criteria: whether the self-assessment is in line with performance plans (10%); and whether the self-assessment complies with the relative evaluation scheme (20%). Similarly, the third item is graded based on two evaluation criteria: whether

adjustments to expenditure meet the targets set by the Ministry of Strategy and Finance (30%); and whether the details of the adjustments are appropriate (20%).

The Ministry of Strategy and Finance publicly discloses both the ministerial self-assessment reports and the meta-assessment reports by the Meta-Assessment Committee through its official website. The Integrated Evaluation System on Government Performance has an incentive system of rewards and penalties. It rewards ministries and programs that deliver desired results by reducing the amount of adjustments to their expenditure plan, and the percentage of the “Unsatisfactory” program category for them in the coming year. The Ministry of Strategy and Finance’s incentives totaled KRW 750 million in 2015. The Ministry of Strategy and Finance penalizes ministries that show bad performance by increasing the size of their total restructuring, reducing their general expenses, and increasing both the amount of total expenditure adjustment and the percentage of the “Unsatisfactory” program category for them in the coming year. The final performance evaluation reports typically contain recommendations for improving the program, which are supposed to be incorporated into their program by the ministries. The Ministry of Strategy and Finance and the central government ministries themselves check if the recommendations are implemented during the next evaluation cycle. The lack of improvements in a program could result in penalties for the implementing agency during the following year’s evaluation.

3. Expected and Actual Results⁴

Results of the Ministerial Self-Assessment in 2016

The Integrated Evaluation System on Government Performance assessed 828 programs launched by a total of 47 central government ministries (which amounted to KRW 5.72 trillion) in 2016. According to the ministerial self-assessments, 168 programs (20.3%) were assessed as “Satisfactory”, 484 programs (58.5%) as “Fair”, and 176 programs (21.2%) as “Unsatisfactory”. In terms of budget amount, the share of programs assessed as “Satisfactory” was 16.3% (KRW 0.93 trillion), while the share of “Fair” programs was 57% (KRW 3.26 trillion), and that the share of “Unsatisfactory” programs was 26.7% (KRW 1.53 trillion). Tables below show the results of ministerial self-assessments during 2013-2016.

4 The result section summarizes the internal report of the Government Performance Evaluation Committee (2016b).

Table 12 Results of Ministerial Self-Assessments

	2013	2014	2015	2016
Satisfactory	272 (45.6%)	219 (44.3%)	82 (17.6%)	168 (20.3%)
Fair	294 (49.2%)	241 (49.8%)	283 (60.7%)	483 (58.3%)
Unsatisfactory	31 (5.2%)	24 (4.9%)	101 (21.7%)	177 (21.4%)
Total	597	484	466	828

Table 13 Results of Ministerial Self-Assessments by Budget Size

	General Accounts	Special Accounts	Funds	Total
Satisfactory	89 (53%)	41 (24.4%)	38 (22.6%)	168
Fair	246 (50.9%)	134 (27.7%)	103 (21.3%)	483
Unsatisfactory	93 (52.5%)	29 (16.4%)	55 (31.1%)	177
Total	428	204	196	828

A total of 42 central ministries submitted a “Expenditure Restructuring Plan” for 161 programs in 2016, which amounted to KRW 626 billion. Among the programs, 147 programs were classified as “Unsatisfactory” and 14 as “Fair”, which amounted to KRW 508 billion and KRW 117 billion, respectively. The ministries drafted a “Performance Improvement Plan” for 34 programs without a restructuring plan, as 29 of these programs were classified as “Unsatisfactory” and five programs as “Fair”. The Ministry of Strategy and Finance concluded that the agencies were proactive in proposing their “Expenditure Restructuring Plans.” The amount of expenditure adjustment proposed by the ministries even exceeded the amount originally planned by the Ministry of Strategy and Finance, totaling KRW 53.5 billion in 2016.

Results of the Meta-Assessment in 2016

The average meta-assessment score was 88.3 in 2016, as seen in table below, which the Ministry of Strategy and Finance assumed to be sufficiently high. The meta-assessment classified six ministries to be “Satisfactory”, 37 agencies to be “Fair”, and four agencies to be “Unsatisfactory” in 2016.

Table 14 Results of Meta-Assessment Score

	General Budgetary	R&D	Regional Development	Average
Meta-Assessment Score	87.3	87.4	95.9	88.3

Table below summarizes the details of the meta-assessment in 2016. The average score of the appropriateness of evaluation process was 73.5, that of the propriety of evaluation results was 90.3, and that of the adequacy of expenditure adjustment plan was 92.8 in 2016.

Table 15 Details of Meta-Assessment (2016)

Evaluation Index	Evaluation Items	Weights	Score
Evaluation Process	Assesses whether the organization and operation of the self-assessment board are planned properly	10	10
	Assesses whether the self-assessment board operates properly	10	4.5
Implementation of Evaluation Results	Assesses whether the self-assessment follows performance plans relevant	10	8
	Assesses whether the self-assessment complies with the relative evaluation scheme	20	19.1
Adequacy of Expenditure Adjustment Plan	Assesses whether the expenditure adjustment meets the target assigned by the Ministry of Strategy and Finance	30	30
	Assesses whether the details of adjustment are appropriate	20	16.4

4. Pending Challenges and Opportunities

- It is a challenge for the Ministry of Strategy and Finance to make evaluation criteria clear and fair for all government ministries. The performance some programs can be relatively easier to quantify, while other programs are more difficult to assess.
- There is a tendency for ministries to inflate the scores of their self-assessments, as they evaluate their own programs.

- The ministries attempt to reduce the number of “Unsatisfactory” programs, because they have to submit a Total Expenditure Adjustment Plan for these programs. The average budget size of “Unsatisfactory” programs accounted for the largest share relative to programs assessed as “Satisfactory” and “Fair”.
- A critical challenge is assessing the independence of the ministries’ meta-assessments and to hold the ministries accountable for the evaluations. The scores assessing the evaluation process seem to be lower than the scores assessing evaluation results and the adequacy of expenditure adjustment plan. The evaluation process cannot be improved unless ministries are able to conduct objective self-assessments.
- The agencies try to minimize actual adjustments to their expenditures. The agencies assigned substantial amount of expenditure adjustment to their programs for which actual budget cuts are impossible for some practical and political reasons.
- The meta-assessment scores of the agencies which are responsible for a larger number of programs are likely to be lower because they are more likely to be exposed to various external factors.
- The Ministry of Strategy and Finance cannot guarantee a direct one-to-one linkage between a program’s performance (reflected on the scores of self-assessment and meta-assessment) and its budget allocation. If the ministries are unclear of the linkage, they may well lose their motivation to comply with the Integrated Evaluation System on Government Performance. Budget allocations to government programs should reflect the performance of the programs. However, strategic priorities of the chief executives are also important to budgetary decisions.

5. Lessons Learned and Challenges Overcome

- The performance-oriented reforms introduced by the Korea central government encouraged its ministries to focus on performance and to be more accountable of their programs. The Integrated Evaluation System on Government Programs contributed to streamlining and improving the previous self-assessment system. The system provides the Ministry of Strategy and Finance with a practical tool to measure the performance of all expenditure programs launched by the central ministries. Thanks to persistent efforts by the Ministry of Strategy and Finance to implement the performance evaluation system, most central government ministries comply with the system.

- However, some ministries face practical difficulties in implementing the system due to the challenges of evaluating programs that are not easily quantified. Most ministries lack expertise and the personnel to conduct quantitative evaluations on performance. It is necessary for the Ministry of Strategy and Finance to address this issue. For example, the Ministry of Strategy and Finance can provide individual consulting service to the ministries on how to create performance indicators and measure their performance practically. Or the central government can give financial support for ministries to hire consultants in the private sector. The Ministry of Strategy and Finance should employ both a system of support and penalties to promote greater adoption of the performance evaluation system by the ministries.
- Many ministries tend to consider their own interests in evaluating their expenditure programs. In order to minimize adjustments to their expenditures, they tend to inflate their self-assessment scores or assign a substantial amount of expenditure adjustment to their programs for which actual budget cuts are impossible for some practical and political reasons.
- Currently, the Ministry of Strategy and Finance does not ensure that there is a direct one-to-one linkage between program performance and budget allocation. If the ministries are unclear of the linkages, they may well lose their motivation to effectively implement the performance evaluation system. Moreover, the Ministry of Strategy and Finance is only responsible for the executive budget allocation, not legislative budget appropriation. The executive budget plans should be reviewed and approved by the Legislature before actual budget allocations are finalized. The Legislature is not obliged to follow the scores from the Integrated Evaluation System on Government Performance which are made by the executive branch. Given the situations, the mismatch problem among performance scores, budget allocation, and strategic priorities must be addressed first for a more effective performance evaluation system.

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Towards Budgeting for Results in the Philippines

Amelita D. Castillo

Department of Budget and Management (DBM)¹

1. Introduction and Background

The reform efforts being pursued by the Government of the Philippines towards budgeting for results has not been quick and easy. From the early 1970s to the late 1980s, there were minor initiatives aimed at developing performance indicators (PIs), initially to guide planning and evaluation of social development programs and to assess social progress.

Other studies and initiatives on the development of PIs were subsequently undertaken, and discourse ensued thereafter. In 2000, the Investment Coordination Committee (ICC) of the National Economic and Development Authority (NEDA), the Philippines' central Planning Department, required government departments and agencies to include an objectives-linked cause-effect logical framework (logframe) in their submission of project proposals.² The ICC is mandated, among other things, to evaluate the fiscal, monetary and balance of payments implications of major national projects. It then recommends a timetable for the implementation of major projects to the President.

Also in 2000, the Department of Budget and Management called on departments and agencies to include PIs and targets in their budget submissions.

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2 The ICC is an inter-agency committee chaired by the Secretary of the Department of Finance, with the head of the NEDA acting as the co-Chair. The members of the Committee include the Executive Secretary and the heads of the Department of Agriculture, Department of Trade and Industry, DBM and the Central Bank.

These directives from the ICC and the DBM triggered the momentum for the development of PIs across the government.

The results-based budgeting framework promoted by DBM from that time is called the Organizational Performance Indicators Framework (OPIF). The OPIF aims to help agencies define and prioritize expenditures that will support planning outcomes, establish PIs and targets, implement activities to achieve outputs and outcomes, and to monitor, evaluate and report on results.

Before the introduction of the OPIF, agency budget proposals were largely focused on the cost of a program or a project's inputs (activities, personnel, equipment, and other resources), and not on outputs and outcomes that impact the quality of life of citizens, especially the poor who have no one to turn to except the government.

2. Objectives

The OPIF is one of the pillars of the Philippines' reforms in public expenditure management (PEM), along with the institution of a Medium-Term Expenditure Framework or 3-year rolling budget and Program Evaluation which reviews big ticket items in the budget for efficiency, effectiveness, and relevance, among other things.

The PEM reforms seek to change the orientation of the government budgeting system from one focusing on rules to one focusing on the following objectives:

- a. Fiscal discipline (which means achieving sustainable spending levels vis-à-vis total revenues and sustainable borrowings);
- b. Allocative efficiency (or optimizing the allocation of resources to government programs that have the most cost-effective impact on the government's development agenda); and
- c. Operational efficiency (which calls for the accountability of government agencies to ensure the delivery of quality services at the lowest expected cost).

The OPIF, as a results-based budgeting framework, is intended to make budgeting decisions and the performance of agencies results-based. It seeks to inform citizens of the objectives of government interventions. Moreover, it seeks to raise public awareness about how taxes are spent and what citizens can expect from government agencies.

3. OPIF-Related Activities

Prior to Year 2000 – Initiated capacity building and change management activities

- Staff of the DBM were trained on OPIF;
- The DBM started engaging its oversight partners, particularly the NEDA, through focus group discussions on OPIF;
- Planning and Budget Officers of departments and agencies were also trained;
- Reform champions within departments and agencies were identified; and
- Agencies were assisted by the DBM in the development of their logframe.

Year 2000 – Signaled the initial adoption of OPIF

- The ICC issued a resolution indicating the inclusion of a logframe in the submission of projects for approval; and
- Through the Budget Call, the DBM required agencies to present a 5-year assessment (past 2 years, budget year, and next 2 years) of their PIs and the targets achieved.

Year 2001-2006 – Continuation of capacity building

- Capacity building of internal and external stakeholders continued through grants from various development partners, including the Asian Development Bank (ADB), Australian Agency for International Development (AusAID, now Department of Foreign Affairs and Trade), and Kreditanstalt für Wiederaufbau (KfW); and
- Further development of OPIF elements continued for departments and agencies, particularly the determination of PIs and Major Final Outputs (MFOs), or the goods and services that a department or agency is mandated to deliver to its external clients.

Year 2007 – OPIF was piloted in 20 departments

- The first OPIF Book of Outputs was published, which documents the MFOs, PIs and PI targets of agencies, as a supplement to the budget submitted to Congress for approval.

Year 2008 – Government-wide implementation of the OPIF was initiated

Year 2012 – The Performance-Based Incentive System linking organizational performance with employee performance was launched

Year 2014 – The shift to a “Performance-Informed” Budget was initiated

- The proposed budget document submitted to Congress for approval contained both financial and non-financial information.

Year 2015 – Outcomes were documented in the 2015 budget

4. Methodology

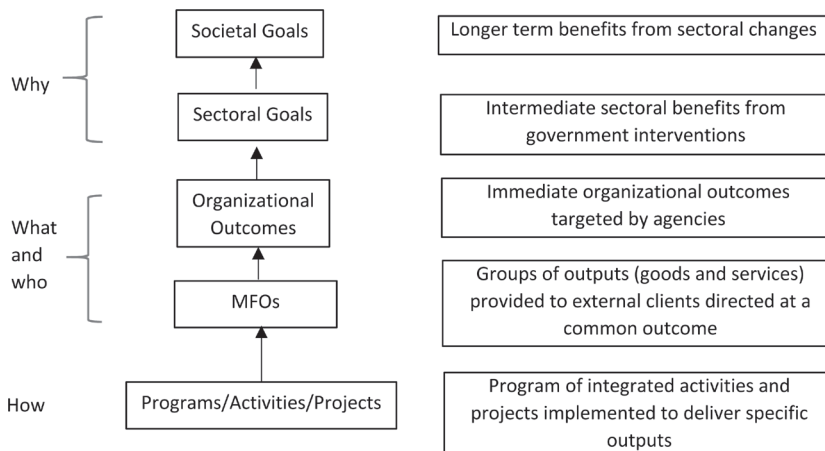
4.1 How Does OPIF Work?

The OPIF aims to shift the focus of the budget from inputs to outputs and outcomes. It entails the development of MFOs and associated PIs by which agency performance can be measured by the quality MFOs delivered at the lowest cost.

The OPIF is presented in a logframe to show the linkage between planning and budgeting. It serves as a guide to departments and agencies in identifying priorities in spending and managing fiscal space with respect to the government’s development agenda.

Thus, programs, activities and projects (PAPs) should contribute to the delivery of MFOs, which in turn should result in organizational outcomes. The organizational outcomes should contribute to sectoral goals and to societal goals.

Figure 5 OPIF Logframe



4.2 Change Management and Capacity Building Interventions

The shift in the way agencies plan, budget and implement programs and projects is what OPIF is all about. Hence, to achieve this, change management and capacity building interventions were initiated from within the DBM to encourage all DBM staff to buy-in to this initiative.

The following oversight agencies, which all have a role to play in monitoring the performance of departments and agencies, were made part of the effort:

- NEDA evaluates sectoral and societal outcomes in preparing and updating the Philippine Development Plan;
- The Department of Finance is responsible for revenue generation to fund the budget;
- The Civil Service Commission is the central personnel agency of the government and promotes employee productivity;
- The Commission on Audit monitors the performance of agencies vis-à-vis the budget allocated and ensures the quality of their performance; and
- The Congress (Legislature) has the power to make decisions on spending, which should be sound and informed.

In the implementing departments and agencies, reform champions were identified. They were tapped to drive the reform within their respective agencies. Planning and Budget Officers in the agencies were also trained by DBM staff in order to develop their respective OPIF logframe. The technical staff responsible for the delivery of MFOs also assisted the Planning and Budget Officers in developing the MFOs and PIs, and in determining the targets.

4.3 Birth Pains of OPIF

In 2007, the OPIF was piloted in 20 departments and the first OPIF Book of Outputs³ was published as a supplement to the proposed budget submitted to Congress. The OPIF Book of Outputs contained the MFOs, PIs and PI targets of agencies corresponding to their proposed budget.

In the following year, the government-wide implementation of OPIF started.

During the initial years of implementation, pockets of resistance from within the DBM still existed. As in other reforms, a change in the way people think and/or do things was needed.

³ http://www.dbm.gov.ph/?page_id=93

Within the implementing departments, token compliance from some was initially observed. On the other hand, some departments and agencies incorporated numerous and varying PIs, resulting in an unwieldy list of PIs that were sometimes confusing. These were addressed by continuing change management interventions primarily through capacity building of both internal and external stakeholders.

Indeed, the initial years of implementing OPIF suffered from birthing pains, but reforms always tend to be works in progress.

4.4 Linking OPIF to a Performance-Based Bonus System

In 2012, the President mandated an initial grant for a Performance-Based Bonus (PBB) payment that was to be linked to the OPIF.

In the past, bonuses were always allotted across-the-board, regardless of an employee's performance. Through the directive of the President, the existing scheme for granting the Productivity Enhancement Incentive of P 5,000.00 continued. However, a PBB was also mandated as a top-up bonus to the existing bonus to “motivate higher performance and greater accountability in the public sector”.⁴

The PBB ranks organizational units and personnel within an agency according to their “verifiable, observable, credible and sustainable” PIs.

The PBB under the 2012 guidelines was allotted according to the following conditions:

- Achievement of at least 90% of their MFO PI targets for the year;
- Achievement of at least 90% of priority program/project PI targets as agreed upon with the President; and
- Full compliance to good governance conditions:
 - ▷ Mandatory disclosure of information and records in the Transparency Seal, which include information on agency mandates and functions, annual reports, approved budgets and targets, major programs and projects with their beneficiaries, implementation status and assessment reports, annual procurement plan and contracts awarded and names of contractors or suppliers.

4 Memorandum Circular No. 2012-02 dated October 16, 2012 issued by the Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems, also known as AO 25 IATF

- ▷ Disclosure of all bid invitations, requests for expressions of interest, contract awards and Notices to Proceed, on the website of the Philippine Government Electronic Procurement System.
- ▷ Liquidation of cash advances within the regulated period.
- ▷ Establishment of a Citizen’s Charter in the form of information billboards in accordance with the Anti-Red Tape Act.

In granting the PBB, the performance of bureaus and delivery units as well as officials and employees within a department or agency is determined by a forced ranking⁵ based on the following:

- Top 10% Best Delivery Unit Best Performer
- Next 25% Better Delivery Unit Better Performer
- Next 65% Good Delivery Unit Good Performer

The PBB was allotted based on the performance of the bureau and individual, as seen below:

Table 16 PBB System Payment Amounts in Philippine Pesos (PHP)

Bureau/Delivery Performance Category	Unit	Individual Performance Category		
		Best	Better	Good
Best		PHP 35,000	PHP 20,000	PHP 10,000
Better		PHP 25,000	PHP 13,500	PHP 7,000
Good		PHP 15,000	PHP 10,000	PHP 5,000

Source: MC 2012-03 dated November 12, 2012 issued by the AO 25 IATF

The accomplishment reports are validated by an inter-agency team before the bonus is released to the respective departments and agencies. Non-compliance with any of the good governance conditions shall mean non-entitlement to the bonus of all personnel.

⁵ The department or agency head shall compare the targets and accomplishments of component units as the primary basis for measuring their previous performance and determine a ranking according to the extent of their contribution to the achievement of the department or agency targets. The process is repeated for individual personnel within the units.

To this day, adjustments are being made to the Productivity Enhancement Incentive and the PBB, with some conditions of good governance practices having been added. For instance:

- 2013 - Submission of a Statement of Assets, Liabilities and Net Worth by all officials and employees
 - Improvement in the targeted budget utilization rate over the 2012 baseline and submission of all financial reports to the Commission on Audit within the set timeframe
- 2015 - Certification of at least one of an agency's core process to ISO Quality Management System

For 2016, the rates of the PBB were based on the individual's basic monthly salary as of December 31, 2016, to reward government workers who had a greater role and responsibility in attaining the targets, as shown below:

- Best Bureau/Delivery Unit – 65% of monthly salary
- Better Bureau/Delivery Unit – 57.5% of monthly salary
- Good Bureau/Delivery Unit – 50% of monthly salary

4.5 A Shift to a Performance-Informed Budget

In 2014, the National Expenditure Program (NEP⁶) which is the budget submitted to Congress, contained both financial and non-financial information about the departments and agencies. Prior to this, the OPIF Book of Outputs was set out in a separate document serving as a supplement to the NEP.

The new NEP has an overview that outlines a department or agency's mandate, vision, mission, key result area, sector outcome and organizational outcome. Moreover, Section 1 of the NEP includes the expenditure program while Section 2 shows how expenditure programs are allocated by central and regional offices, and MFO. Section 3 includes special provisions regarding the use of funds and Section 4 holds information on performance.

Section 4 of the 2014 NEP for the Department of Education is presented below. It shows how the Performance-Informed Budget was presented to Congress.

⁶ http://www.dbm.gov.ph/?page_id=6697

Table 17 Key Strategies of Department of Education

Major Final Outputs (MFOs)/Performance Indicators (PIs)	2014 Targets
MFO 1: Basic Education Policy Services	
Number of plans and policies formulated, reviewed, issued and disseminated	2
% of stakeholders who rate the plans and policies as satisfactory or better	85%
% of policies updated over the last three (3) years	25%
MFO 2: Basic Education Services	
Kindergarten and Elementary Education	
Number of learners ages 5-11 years old enrolled in kindergarten and elementary education (in any learning system)	12,568,792
% of learners who scored average or better in the National Achievement Test	84%
% of learners who completed the school year	79.56%
Secondary Education	
Number of learners ages 12-15 years old enrolled in secondary education (in any learning system)	4,294,124
% of learners who scored average or better in the National Achievement Test	50%
% of learners who completed the school year	75.02%
Alternative Learning System	
Number of learners above 15 years old served thru the Alternative Learning System (ALS) Program	331,150
% of ALS completers who passed the Accreditation and Equivalency Test	44%
% of ALS completers to total number of ALS learners within 10 months	75%
MFO 3: Regulatory and Developmental Services for Private Schools	
Number of grantees	1,044,899
% increase of grantees who scored average or better in the National Achievement Test	2%
Ratio of completers to grantees	80%

As the implementation process continued, organizational outcomes were included in the budget (see table 18) starting in 2015 to ensure the achievement of intended results.

Table 18 General Appropriations Act (GAA) for FY 2015⁷

Organizational Outcomes/PIs	Baseline	2015 Targets
Access of every Filipino to a complete quality basic education achieved		
Net enrollment rate increased	Kindergarten–77% (2012)	Kindergarten–100%
	Elementary–95% (2012)	Elementary–98%
	Secondary- 65% (2012)	Secondary- 99%
Adjusted net enrollment rate increased	Elementary–97% (2012)	Elementary–99%
	Secondary- 90% (2012)	Secondary- 97%
Cohort survival rate increased	Elementary–75% (2012)	Elementary–81%
	Secondary- 78% (2012)	Secondary- 83%
Preparedness of every graduate for further education and world of work ensured		
Percentage increase in Grade 10 Achievement rate	2.5% (51.4%)	5% (62%)
Alternative learning system completers who passed the Accreditation and Equivalency Test increased annually	Data is yet to be collected	2%

5. Expected and Actual Results

At the start of the effort, the DBM wanted to improve the way the budget was allocated. The OPIF, as a planning and budgeting tool, sought to shift the orientation of the budget from inputs to outputs and desired outcomes. Adjustments to the budget were to be based on informed decisions using relevant PI targets and assessments analyzing the performance of previous budgets.

The DBM also wished to put in place a performance management framework that could be used by both the implementing and oversight agencies, including Congress. The agency's management should have something by which it can regularly monitor its own performance in

⁷ <http://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2015/GAA%202015%20Volume%201/DEPED/DEPED.pdf>

achieving targets. The DBM and other oversight agencies wanted a way to monitor the performance of agencies vis-à-vis the budget allocation. And the results of performance should feed into future decisions.

The DBM also sought to hold implementing agencies accountable by requiring the disclosure of information on their MFOs and PI targets to the public and beneficiaries of their services.

To some extent, these objectives have been met. The different departments and agencies are beginning to utilize OPIF concepts in the preparation of their budget proposals. Budget plans, which were previously presented as wish lists, are now more structured and thought out.

The DBM for its part considers the performance of agencies in its budget allocation decisions. There have been programs that have been terminated because they were considered inefficient or not sufficiently achieving their intended outcomes. Some have suffered reduced funding, while others were redesigned due to implementation challenges.

Starting from 2014, the Budget Priorities Framework (BPF)⁸ was adopted in the preparation of the budget through a joint effort between the DBM and NEDA. The BPF is a guide to all departments and agencies for proposing new and expanded programs with the aim of attaining the goal of rapid growth and inclusive development. It contains a list of programs which should be given priority such as expanding social protection and social services, facilitating economic growth, promoting job creation and livelihood development, and supporting climate change adaptation and mitigation. It also prioritizes areas with high rates of poverty and vulnerability to risks and disasters. Unlike the allocation of resources based on political priorities, the BPF helped to prioritize the needs of the country in order to achieve better results.

Coupled with good public financial management fundamentals that were set in place, the budget has grown without additional taxes (except the increase in the “sin” tax, which applies to the production and importation of alcohol and tobacco).

The allocation of the budget for the social sector has increased dramatically (from PHP416 billion in 2010 to PHP1.120 trillion in 2016) because it is here where the benefits of government services are expected to be felt most by the needy and the marginalized. Better health, education, housing, and social protection will offer greater opportunities to those who have less in life.

8 <http://www.dbm.gov.ph/wp-content/uploads/Issuances/2013/National%20Budget%20Memorandum/NBM%20No.%20118.pdf>

**Table 19 National Government Expenditures, Obligation Basis, Key Sectors
(in Billion PHP), 2010-2016**

Sector	2010	2011	2012	2013	2014	2015	2016
Economic Services	381	366	490	517	492	708	834
Social Services	416	545	592	712	764	887	1,120
Defense	91	71	74	88	87	97	131
General Public Services	281	301	332	342	340	404	498

In terms of accountability, the public is now more empowered to demand value from government agencies, putting the latter on their toes to deliver on their promises.

Beyond meeting the initial objectives, the efforts have yielded far greater benefits:

- Establishment of PIs to measure the performance of agencies is improving the delivery of services. Agencies are setting and committing themselves to performance targets on quantity, quality, and timeliness of services.
- By linking the PBB to an agency's targets, employee productivity is expected to improve. A link between the role of the employee and the employee's unit has been established, resulting in greater appreciation of the contributions made by employees to their unit and organization. Aligning the performance bonus to targets achieved can promote greater cooperation among employees.
- Aside from promoting transparency and accountability, other good governance practices were set in place. Implementing agencies have sought to improve results by promoting increased transparency in procurement activities, on time liquidation of cash advances, establishment of a Citizen's Charter and introduction of ISO-Quality Management System.

6. Pending Challenges

- **Weak or fragmented Monitoring and Evaluation (M&E) System** – A recent assessment of the M&E system at both the oversight and implementing agencies showed that the system was either weak or fragmented. This is one area which is now the subject of the government's attention.

- **Too much information** – Despite a significant amount of performance information available, the lack of IT systems means much of the data cannot be used for decision-making. Hence, the establishment of an integrated financial management information system is being fast-tracked.

7. Lessons Learned

- It is important that a common vision is adopted by the staff in both central and line agencies.
- Changing mindsets is not an easy task. We have to be patient and persistent. Reforms involve changing the way we think and do things, and hence, always pose challenges and require long lead times before positive change may be observed.
- PIs must be defined in a format that are measurable and pertinent to their purpose and objectives.
- PIs should be developed in a limited number of structured and integrated sets relevant to the outputs to be produced, so as to avoid data “overload”.
- The full functionality of IT systems must be utilized if multiple PIs are to be used for analysis.
- M&E is a necessary ingredient in the success of any undertaking. However, M&E will be difficult to implement without information available in a structured electronic database and easy to manage format.

The Commission on Audit: Strengthening Citizen Participation in the Public Audit Process in the Philippines

Ma. Ramona Jimenez and Vivien Suerte-Cortez¹

- Citizen Participatory Audits (CPA) provide a venue for citizens to provide actionable feedback to which government agencies may respond.
- The openness of the Commission on Audit (COA) has resulted in a more responsive public audit process that benefits both citizens and state auditors – audits are grounded by local realities, and citizens have a better understanding of COA’s role in governance.¹

1. Introduction and Background

The CPA was established by COA at a time when transparency, accountability and participatory governance were key goals of former President Simeon Benigno Aquino III’s “Social Contract with the Filipino people.” The contract outlined his administration’s desire to ensure excellence and integrity among public officials, improve the country’s economy, and strengthen the link between the public and government institutions. Known as “Participatory Social Audit for Public Infrastructure Projects,” this was one of the Philippine’s commitments in the the Open Government Partnership (OGP).

At the time of its launch in November 2012, the CPA was considered to be COA’s priority program. It was “founded on the premise that public accountability can prosper only with a

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vigilant and involved citizenry.² COA considered CPA both as a reform strategy and an audit technique. By involving citizen participation in the public audit process, CPA provided the means to validate the performance reports of government agencies based on facts checked by both citizens and public auditors at the barangay (village) level. Under the OGP, the CPA program continues to be one of the Philippine Government’s commitments under its National Action Plan from 2012-2013, 2014-2015, 2015-2017, and 2017-2019.

There are two models currently used by COA in implementing CPA. The first model includes citizen participation in all stages of the audit process. In this model, citizen-auditors and state auditors design the audit methodology; scrutinize relevant project documents; design data gathering tools; collect and analyze data; draft audit reports; and hold entrance and exit conferences with the audited agency.

The second model pre-determines citizen participation based on the audit methodology designed by COA. The CPA for the Quezon City Solid Waste Management project is an example. In this case, the state auditors examined contract provisions and city government documents to determine their compliance to selected provisions of the Ecological Solid Waste Management Act. The citizen-auditors focused on assessing the effectiveness of the project’s implementation by gathering feedback from its beneficiaries. Civil Society Organizations (CSOs) designed the survey tool, collected the data, and analyzed the results of the survey. COA and the citizen-auditors jointly prepared the audit report and organized the exit conference.

The common denominator across all the pilot audits was the use of constructive engagement as an approach. In doing this, spaces for CSO participation were created to facilitate mutual trust and openness to ensure the COA-CSO dialogue was sustained. In terms of the quality of citizen participation, accredited citizen partners were given specific duties or the same duties and responsibilities with those of their state auditors in different stages of the audit process.

To date, a number of CPAs have already been completed in both national and local governments. These include:

- Department of Public Works and Highways on the CAMANAVA Flood Control Project and Tourism Roads;
- Local Government of Quezon City on the implementation of the Ecological Solid Waste Management Act (Republic Act 9003). This was later expanded to the National Capital Region in 2015;

2 Operational Guidelines for the Citizen Participatory Audit, Commission on Audit, 16 November 2012

- Local Government of Marikina City on the operation of selected Barangay Health Centers;
- Selected National (DPWH) and Local (LGUs) Farm-to-Market Roads in 12 Regions; and
- Utilization of the Local Disaster Risk Reduction and Management Fund for the province of Albay and Tuguegarao City

2. Objectives

The CPA project has one clear objective. It aims to **“provide a mechanism for collectively answering questions about government’s efficient and effective use of public funds for projects and operational activities³.”** In doing so, COA works with accredited citizen partners who become members of the audit team. This objective is also reflected in the selection criteria of a government project for CPA. Under the operational guidelines, among other things the project should: (1) be of high value in terms of cost; (2) be of high impact; (3) ideally have CSOs based near or at the project site; (4) envisage the possibility of obtaining immediate audit results through shortened audit periods.

3. Activities

The institutionalization of CPA was carried out in several phases. Phase 1 (2012-2014) focused on implementing several pilot audits to gather the lessons learned from the ground. It sought to test and clarify the rules of engagement and explore different types of partnership between citizens and the state auditors. Phase 2 (2014-present) focuses on institutionalizing the CPA and scaling this nationwide. It also introduced the use of geo-tagging as a tool to verify and validate projects. In both phases, COA has continued to work with the Affiliated Network for Social Accountability in East Asia and the Pacific (ANSA–EAP) Foundation, as its intermediary to different CSOs in the Philippines.

Through both phases of the CPA, the project introduced activities in COA that were aligned with the regular audit process. In most cases, additional activities were designed to increase the awareness and understanding of the different mandates of CSOs and COA, and to include CSO participation in the performance audit process.

³ Operational Guidelines for the Citizen Participatory Audit, Commission on Audit, 16 November 2012

Activities	Description
Citizen buy-in and shared agenda building	This is done before the start of each audit activity. These are conducted to invite the citizens to join the audit, introduce the procedures and methods of CPA to citizens; and have them identify areas they wish to be audited as part of their shared goals.
Competency building	Training is conducted during this stage, and is designed to increase the knowledge and appreciation within both COA and CSOs about the differences in their institutions, and ways in which they can complement each other based on their knowledge and skills. Training is provided on CPA, audit concepts & procedures, including geo-tagging.
Signing of Memorandum of Agreement (MOA)	This formalizes the partnership between COA and the CSO partners.
Citizen partner nomination	Selected representatives are nominated by CSOs who were signatories to the MOA. The nominees should have the knowledge required to conduct the audit and the commitment to finish the process.
Citizen authorization as an audit team member	COA will provide an authorization note to the CSO nominee in order to take their place as an audit team member.
Audit team planning	This is a regular COA audit activity. The Audit Team, which is composed of the Supervising Auditor, Audit Team Leader and Audit Team Members (COA organic personnel) and authorized citizens, develop the Audit Program and identify specific duties and responsibilities for each individual. The Directors provide oversight supervision of the audit team.
Audit team fieldwork	The audit teams, together with the CSO partners conduct data gathering activities during this stage.
Audit team data analysis	Data gathered will be analyzed together by the audit team and the CSO partners.
Audit reporting	The audit team, including its citizen partners, will draft the report together.
Audit monitoring	The COA Auditor, as part of his/her regular functions, conducts follow-up activities with the auditee on the status of implementation of audit recommendations. Citizen partners may also join the validation process of determining whether the auditee has implemented the audit recommendations.
Advocacy	CSO partners undertake this activity since COA has no mandate to provide advocacy activities. Together with COA, advocacy strategies will be designed to ensure that audit recommendations will be implemented and the expected impact attained.

4. Methodology

The pilot audits adopted methodologies that encouraged increased civil society participation in the audit process. The first CPA pilot looked into the KAMANAVA Flood Control Project implemented by the Department of Public Works and Highways (DPWH) in the cities of Kalookan, Malabon and Navotas. The CPA was conducted to determine whether the project attained its objective to mitigate flooding in the KAMANAVA area. During this audit, the team analyzed project documents, conducted site visits and technical inspections, administered surveys in the affected communities, and held focus group discussions to identify issues and to determine if and how the project may have impacted on their quality of life.

The second pilot focused on Barangay health centers in the local government of Marikina City. The audit objective was to determine whether the health centers operated according to the minimum requirements set by the Department of Health (DoH) and the Department of Social Welfare and Development (DSWD). It also sought to determine how well the health centers operated based on certain expectations of their target audience. The beneficiaries were from the Pantawid Pamilyang Pilipino Program (4Ps), which is a DSWD social welfare program, providing conditional cash transfers to eligible persons. Four health centers were selected because they had the most number of 4Ps beneficiaries among 17 health centers in the city. Under this audit, the team gathered relevant laws and regulations to identify standards against which to measure the health centers. They also examined documents such as DoH-required health reports, medical inventory reports and receipts, and records detailing the distribution of medicine, among others.

The audit team conducted several Community Score Card sessions to gather qualitative evidence on whether the expectations of beneficiaries were met. The team also conducted site visits to validate the feedback received from respondents.

The third CPA pilot looked into the implementation of the Republic Act 9003. The objective of the audit was to validate if its implementation was in compliance with the law, and the extent to which a clean city had been achieved by the city government. An extensive survey was used to assess the public's level of awareness and the level of satisfaction of the overall cleanliness of the city. Three of the largest waste-producing barangays were included in the survey.

In all three pilot CPAs, COA ensured that local organizations took part, either as members of the audit team or as respondents during focused group discussions, surveys, and other data gathering activities. Depending on the audit's objective, different audit methodologies or a combination of those below were used in the CPA:

- **Document Analysis** – To better understand the project, the audit team examined project documents taken from the agencies under audit. Likewise, reviews of relevant laws were carried out to determine standards against which projects should be measured.
- **Interviews of Government Officials** – Interviews were conducted with key government officials to gain insight into how projects came to be. This included questions about the context and background of the project, its operational and financial aspects and implementation challenges, among others.
- **Surveys** – Surveys were used to get insights from target beneficiaries. The audit team gathered data through the use of a questionnaire that captured the beneficiaries' satisfaction with the project, the project's responsiveness to the needs of the community and whether the beneficiaries' felt that their quality of life had improved as a result of the project's implementation.
- **Focus Group Discussions** – Qualitative data was gathered through small group discussions. This provided an opportunity for the audit team to hear first hand from communities their impressions of the project being audited. More often than not, issues that were raised in this venue were used as supporting evidence by the audit team to qualify its audit observations.
- **Community Score Card** – This tool was used during the CPA for Barangay Health Centers in the local government of Marikina. This provided qualitative data on how the service providers and beneficiaries rated the services received in selected barangay health centers. By design, the community scorecard also elicited points that could be immediately applied to improve public service delivery.
- **On Site and Technical Inspections** – Visual inspections were done in all CPA activities by the audit team. Depending on the projects being audited, this activity sought to validate the location, quality of construction and compliance with technical specifications.
- **Geo-tagging** – This tool assisted to confirm whether a particular project existed in a specific area. By providing the proper coordinates captured in photographs with a fixed date stamp, progress of projects or the existence of projects could be determined by the audit team. Likewise, road conditions could be visibly seen and compared to the reports or statements made by local officials and residents.

5. Actual Results

State auditors and their citizen partners have both identified quick wins after the implementation of a CPA. Some were achieved immediately after exit conferences with the audited agencies, while some were satisfied after the final audit report had been received. Notable results were:

- **KAMANAVA Flood Control CPA**

During the exit conference with the Department of Public Works and Highways, the audit team pointed out that the absence of two-way radios impeded the effectiveness and efficiency of the KAMANAVA Flood Control System. Without proper communication, floodgates could not be opened or closed in a timely manner. To correct this, DPWH immediately ordered the procurement of two-way radios to be used by the personnel manning the towers.

- **Barangay Health Center CPA for Marikina City**

In response to the agreements reached during the Community Score Card Workshop, the Tumana Health Center posted a list of available medicines for information. Likewise, beneficiaries are now observing scheduled visits to the center (i.e., a specific day for weighing of 0-2 year old children; immunization for 2-5 year olds, etc.). Beneficiaries also feel that they receive a “warmer” reception from health center staff. Air conditioning units are now functional.

- **Ecological Solid Waste Management CPA for Quezon City.**

After receiving the audit team’s recommendations, the city government updated its Solid Waste Management Plan. At the time of the audit, the plan had not been updated for more than two years, which was in violation of the law. Increased information and education campaigns were implemented to enhance the public’s awareness of waste segregation and garbage collection schedules. Likewise, the city intensified its campaign to increase the visibility of street sweepers in litter-prone areas and major thoroughfares.

Citizen participation has made an impact on the conduct of performance or value-for-money audits. Aside from being a force multiplier, the participation of citizen-auditors has led to a more comprehensive picture of the results of various government projects. In gathering information, citizens have enabled COA to extract information that would otherwise be difficult to obtain – mainly because citizen-auditors were more knowledgeable and familiar with their own environment than COA auditors. Today, over 80 partners have been trained in CPA.

Support for CPA has also deepened in COA. There is also increased buy-in as more CPAs are being conducted. Starting from three pilots, 21 more have been implemented. Meanwhile, CPA is being conducted in several areas led by COA Regional Offices.

6. Pending Challenges & Opportunities

• Bridging the gap in human and financial resources

The demand for an increased number of CPAs per year places a strain on the human and financial resources of both COA and its civil society partners. Capacity building activities demand time and effort of state auditors and CSO volunteers, either as participants or as resource persons. Since CPAs are considered as special audits, this activity adds to the current workload of state auditors, who have 61,418⁴ government units, agencies and entities for which they must arrange audits. In the same thread, CSOs have other projects that require their time and attention.

Financially, while COA has increased its budget allocation for CPAs from zero in 2012 to PHP 26 million in 2016, the amount can only cover a limited number of audits nationwide. It also cannot support all fieldwork related expenses of CSOs that participate on a voluntary basis. For CSOs, on the other hand, having no remuneration from their participation places a strain on their organizational and personal finances. Given these issues, dependency on donor funds remains a necessity until the budget allocated to COA's CPA increases in a sustained manner.

• Differences in institutional mandates

The presence of the CPA Operational Guidelines has been helpful in defining and drawing boundaries on the terms of engagement between COA and its CSO partners. It has outlined the process and identified the projects that can be covered by CPAs. It also includes the scope and limitations of engagement, confidentiality of information, the criteria for selection of CSOs, and available remedies should conflicts arise from a difference of opinion. While no controversial issues have surfaced in the past three years of implementation, both COA and its CSO partners must continue to revisit and enhance the guidelines to make them responsive to changes in the country's context and institutional mandates.

4 COA Audit Performance Summary Report, 2011

- **Maintaining an enabling environment for CPA to flourish**

Trust building through shared agenda building sessions are important to maintain an open line of communication between COA and its citizen partners. The inclusion of additional steps in the public audit process to respond to the need for more opportunities for partnership and collaboration has been a big step for COA. It has shown that it can open its systems and processes to the public, making COA an example of transparency and accountability.

- **Sustaining the Gains**

Auditors are key people in COA. Not only are they in charge of determining the audit areas on which to focus, they are also in charge of selecting an audit technique or tool to be used. Therefore, securing their support for CPA is vital to ensuring its sustainability. While the introduction of a policy is possible in the near future, more is needed than a policy being accepted and practiced by auditors in COA.

With this in mind, the COA leadership needs to continue supporting CPAs and to use these as a learning opportunity for auditors. This will enable the auditors to experiment, develop new ideas, design new paradigms, and come to terms with a visible shift in power relations. This exercise will allow them to maintain collective focus on what they do in order for them to unlearn old practices and learn new ones.

7. Lessons Learned and Challenges Overcome

- **CPAs facilitate better understanding of the public audit process.** Before CSOs became members of audit teams, most of them were disappointed about the role of COA in preventing corruption or in ensuring that government processes were properly observed. In particular, some CSOs complained as to why auditors kept silent during bidding processes, even if there were questionable actions taken by members of the Bids and Awards Committee. Most of them would complain about audit reports being published after projects have been completed.

However, having them go through the same audit processes opened their eyes to the reasons for auditors doing what they do. They've seen first hand how difficult it is to sift through and analyze documents, come up with audit questions, draft audit plans, conduct fieldwork, analyze data and draft reports. They've also realized the pressure and the workload that each auditor has to face given the number of government agencies and transactions they need to

examine. In the end, because of their participation in CPA, most of the CSOs who have been audit team members have, on more than one occasion, spoken up for COA. They have also educated their peers on the mandate and functions of COA and its auditors. They now better understand audit reports, and capture information they can use to monitor audit recommendations.

- **Innovations happen when people from different backgrounds come together.** The diverse backgrounds of state auditors and CSOs coming together has resulted in innovations that help enhance the audit process, and the public's understanding of it. For instance, technical and hard to understand audit reports have been simplified with the creation of audit-in-briefs, data analytics, and infographics. An audit-in-brief helps a person follow the audit process, and pick up the salient points of the report including a project's background, the focus of the audit, its objectives, criteria, methodology, duration, and results supported with conclusions and recommendations. Data analytics is used to come up with a consolidated report of all regions included in the audit.
- **Crisis creates opportunity.** Audit reports are not always a welcome sight for government agencies. Most of the time, they see COA as a hindrance to what they do. The conduct of CPAs is seen in the same light. With the participation of citizens, additional questions surface, particularly when motivations are questioned.

Despite these misgivings, feedback and reflection on the CPA process have mostly been positive. It has encouraged both citizen and auditors and the targets of audits to be transparent about processes or projects being audited. For instance, the audit of Barangay Health Centers in in the Marikina City enabled service providers to realize that they needed to be pro-active in determining the medicines to be procured. The feedback from the beneficiaries allowed the service provider to understand the importance of providing proper feedback to the local government's procurement service to ensure that the medicines needed by the beneficiaries are procured. Moreover, the service provider learned that beneficiaries needed to be given a schedule of services being performed. This ensures that expectations are managed.

Another example is the audit of Quezon City's implementation of the Republic Act 9003. The mayor of the city pointed out how the citizen's feedback from the survey prompted them to review the quality of their contractor's services, and the manner in which information was disseminated. In doing so, they were able to improve strategies. It also led to the establishment of regular surveys as a means of checking the consistency of the quality of garbage collection services.



Chapter 4

Country-Level Case Studies in Latin America and the Caribbean

Ex Ante Evaluation in Chile

Towards Greater Effectiveness for the State: Recent Developments in
Performance Budgeting in Peru

Monitoring and Evaluation in the Subnational Government
of the State of Jalisco, Mexico

Management Based Results on Development 2016 of Costa Rica



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**CoPLAC
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LATIN AMERICA AND
THE CARIBBEAN COMMUNITY
OF PRACTICE ON MANAGEMENT
FOR DEVELOPMENT RESULTS



AFRICAN COMMUNITY OF PRACTICE
MANAGING FOR DEVELOPMENT RESULTS

Ex Ante Evaluation in Chile

Fernando Cartes Mena
Head, Social Evaluation of Investment Projects Division

1. Introduction and Background

Role of the Ministry of Social Development in Evaluating Social Programs and Investments

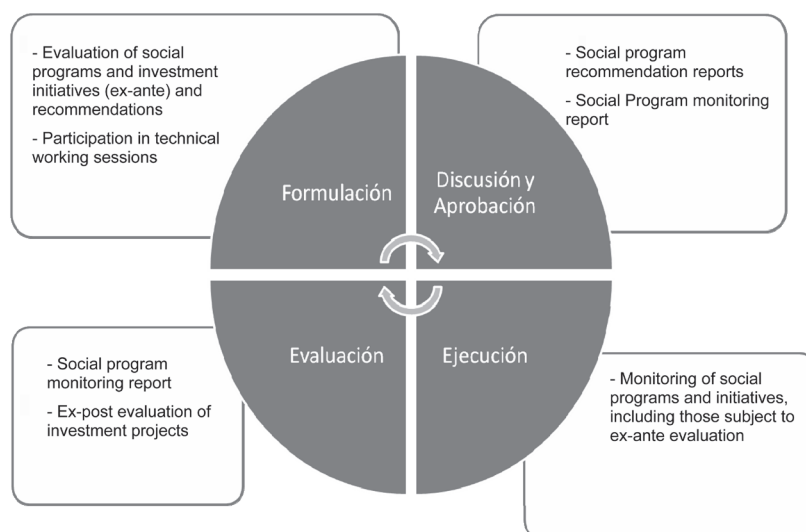
The roles and responsibilities of the Ministry of Social Development created by Law 20,530 include:

- Evaluate and issue an opinion, through a recommendation report, on social programs, both new and those that will be the matter of extensive reformulation, as proposed by the ministries or government agencies, to support coordination in social policy design.
- Help monitor the management and implementation of the social programs being executed by self-governing agencies or those reporting to the Ministry of Social Development and other ministries.
- Evaluate the investment initiatives that apply for public funding in order to determine their social return, and prepare a technical and economic report.
- Analyze the results of the pre-investment studies and investment projects already evaluated to validate the criteria, benefits, and parameters considered while assessing investment initiatives.

Accordingly, the Ministry of Social Development, and specifically the Social Evaluation Department, participates in the entire budget cycle (see Figure below). During the budget formulation stage, its involvement is related to delivering recommendation reports on social

programs and investment initiatives and to participating in the committees responsible for formulating the budgets of line ministries and regional governments. During the discussion and approval of the budget, it recommends and follows-up reports on social programs. In the budget execution stage, it monitors social initiatives and programs. During the evaluation stage, it issues social program follow-up reports and ex-post evaluation reports on investment projects.

Figure 6 Role of the Ministry of Social Development/Social Evaluation Department during the Budget Cycle



Evaluation of New and Extensively Reformulated Social Programs

Law 20,530 defines a program as “an integrated and articulated set of actions, allowances, and benefits aimed to accomplish a specific objective in a target population, to solve a problem or address a particular need.”

A new Program is one that has not been allocated funding in the previous years. This program may be completed during a specific duration (number of years) or may be ongoing. In turn, a reformulated program retains its objectives but changes are made to the program’s design (components/activities/mode of production).

Within the framework of that evaluation, the Ministry of Social Development is to issue a recommendation report that is deemed as an input for consideration while allocating resources during formulation of the Budget Proposal every year.

Social programs are evaluated based on their relevance, consistency, and coherence, which are defined as:

- **Relevance:** This criterion evaluates how the program fits within the Government Program and corresponding ministerial policies, the strategic objectives of the institution, and its relationship with other public programs. In addition, it evaluates the relevance of program design to solve the problem or to address the need that justifies its existence, vis-à-vis the impacted population.
- **Coherence:** This criterion evaluates the program design and the adequate relationship or linkage with its objectives (goal, purpose, and components), target population, intervention strategy, and the approaches used to ensure equality of opportunity.
- **Consistency:** This criterion evaluates the adequate relationship between the design of the proposed program and its subsequent execution, which is analyzed through indicators aimed to monitor fulfillment of the objectives, the information system the program will rely on, and planned expenses.

The result of the evaluation is disseminated through a recommendation report published in the Integrated Social Program Bank, which can be found at <http://www.programassociales.cl/>

Table 20 Evaluation of New and Extensively Reformulated Social Programs, 2014 – 2016

Evaluation Result	2014	2015	2016*
Favorable Recommendation (FR)	120	82	42
Technical Objection (TO)	4	5	19
Total	124	87	61

Note: * As of August 2016

Source: Based on data from the Social Policy Division, Ministry of Social Development.

The National Investment System (SNI)

The purpose of the National Investment System (SNI as per its acronym in Spanish) is to help improve the quality of national public investments by providing information that supports decision-making on public investments from both the economic and social benefit point of view, as provided by the guidelines for Government policies.

The Social Evaluation Department of the Ministry of Social Development and DIPRES are responsible for jointly managing the SNI.

The SNI consists of four complementary sub-systems associated with the life cycle of projects: i) the Ex – Ante Evaluation Subsystem, ii) the Budget Formulation Subsystem, iii) the Budget Execution Subsystem, iv) the Ex – Post Evaluation Subsystem. The first and the fourth sub-systems are managed by the Ministry of Social Development, while the second and the third are managed by DIPRES.

The Ex – Ante Evaluation Sub-system is a set of standards, instructions, and procedures allowing institutions to manage a portfolio of studies and projects recommended by the Ministry of Social Development to which funds for execution may be allocated.

Its main functions are to standardize, regulate, and coordinate the information inherent to the identification, formulation, presentation, and evaluation of the investment projects executed by the various Chilean public agencies.

Pursuant to the legal statutes currently in force (Letter G, of Article 3 in Law 20,530), investment initiatives financed with public resources are required to be backed up by a technical and economic evaluation report issued by the Ministry of Social Development to assess the social benefits of the investment. Consequently, proposals for public investments must be supported by a pre-investment study that identifies the issue that require public funds, discusses alternative solutions, and evaluates and selects the best alternative based on technical, economic, and legal considerations.

In this context, the Ministry of Social Development defines and maintains the criteria and methodologies applicable for the social evaluation. While determining such criteria and methodologies, special attention must be paid to the incorporation of indicators that are objective and verifiable in implementing the investment initiatives. The aforementioned methodologies and evaluation criteria are permanently available to the public at the National Investment System Website (<http://sni.ministeriodesarrollosocial.gob.cl/>).

This sub-system must assess all of the investment initiatives generated by public institutions, municipal agencies and SOEs.¹

¹ This includes basic studies, projects or investment programs, with the exception of those identified by the Budget Law, the partial or total financing of which originates in the various sources available to the public sector, which may be Sectoral (ministries and public agencies), Regional (regional governments).

The institutions authorized to present investment initiatives to the SNI are public sector institutions, that is, the agencies and institutions defined under article 2 of the Organic Law on Financial Administration of the State (Decree Law No. 1,263 of 1975), whose revenue and expenditure budget is specified in the Public Sector Budget Law every year.

Non-profit foundations or social organizations are required to coordinate applications for investment demands to the SNI through the relevant financing institution (Regional Government or Municipality).

Institutions submit initiatives to the SNI throughout the year, which allows them to have a permanent portfolio of projects ready to apply for financing.

All investment initiatives identified under Subtitle 31 must have a recommendation report issued by the Ministry of Social Development. The same requirement applies to municipal projects financed by specific contributions from the Central Government through Cash Transfers (Subtitle 33), whenever they account for over 50% of the initiative's total cost. This provision does not apply to the initiatives provided under the Budget Law or other regulations.

Table 21 Investment Initiatives in the National Investment System Based on the Result of the Technical-Economic Analysis (RTEA)

RTEA	2014						2015						2016					
	CARRY-OVER		NEW		TOTAL		CARRY-OVER		NEW		TOTAL		CARRY-OVER		NEW		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
FR	2.698	97%	2.959	67%	5.657	79%	2.543	98%	3.646	72%	6.189	81%	2.906	98%	3.408	71%	6.314	81%
MI	0	0%	893	20%	893	12%	0	0%	935	19%	935	12%	1	0%	983	20%	984	13%
TO	18	1%	536	12%	554	8%	17	1%	447	9%	464	6%	17	1%	418	9%	435	6%
NC	48	2%	3	0%	51	1%	41	2%	13	0%	54	1%	41	1%	18	0%	59	1%
OB	29	1%	2	0%	31	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	2.793	100%	4.393	100%	7.186	100%	2.601	100%	5.041	100%	7.642	100%	2.965	100%	4.827	100%	7.792	100%

Notes: FR (Favorable Recommendation); MI (Missing Information); TO (Technical Objection); NC (Non-compliance with Regulations) or OB (Outstanding Balance)

Source: Integrated Project Bank (BIP)

The SNI, the oldest of its kind in Latin America and the Caribbean, has developed and reached a level of maturity that is evidenced by a consolidated set of rules² and methodologies for the formulation and social evaluation of projects. In addition, it is supported by an ongoing training program for the professionals responsible for project formulation and evaluation, which builds and strengthens the capacity of public institutions. For 40 years, this training program has allowed the creation of technical teams with specialized knowledge on these matters that effectively contribute to the capacity building of the State, regardless of turnover, particularly at sub-national level.

2. Objectives

The objectives of the evaluation process for new or reformulated social programs are as follows:

- Assist the executing agencies responsible for the design and implementation of social programs by providing technical insight and analysis to enhance program design within the relevant agencies.
- Support decision-making process during formulation of the Budget Proposal by making recommendations on the programs submitted for evaluation by the Budget Office of the Ministry of Finance.
- Inform the Inter-Ministerial Social Development Commission on evaluation results and recommendations to contribute to the coordination of public services in order to improve and refine the implementation of social policies and programs.
- Inform the Congress on evaluation results and recommendations to enhance decision-making during the budget approval process every year.
- Disclose evaluation results and recommendations to the public, thus strengthening the transparency of public spending and social control.

2 State Financial Administration Law (Law 1,263 of 1975), Organic Law on Regional Governance and Administration (Decree with the force of law 1-19,175 of 2005) and Law creating the Ministry of Social Development (Law 20.530 of 2011).

3. Pending Challenges and Opportunities

Challenges in Evaluating New and Revised Social Programs

- Improve coordination of monitoring and evaluation instruments with between Budget Office (DIPRES) of the Ministry of Finance and General Secretary of the Presidency SEGPRES in order to foster the use of such tools and avoid overloading evaluators, policy, and decision makers.
- Improve technical assistance to social program designers.
- Generate timely and quality information to support public institutions in the decision-making process by helping to enhance the design of social programs, and supporting the inclusion of the information reported by government agencies as well as the data found in administrative records and other sources like the Social Household Register.

National Investment System

Notwithstanding the progress made during 2014-2016, the country's level of development and the complexity of the public investments required today pose new challenges to the SNI. Accordingly, methodologies must be updated or developed to address:

- Establishing expertise and standards reflective of a country that seeks to reach a per capita income of USD 30,000.
- Investments need to cover a wider geographic area. During the 1990s and the first decade of the 21st century, the allocation of investment resources prioritized highly-concentrated and medium-concentration urban areas showing the largest coverage deficit. As a result, a large number of people have benefited from improvements in the equality of life through greater access to drinking water, sewage and waste water treatment, telephone, and electrification, among other services. Nevertheless, public investments have not been made to benefit thousands of Chileans who live in rural areas with a low population density. The methodologies used to design and evaluate projects must also consider geographic factors.
- The need to take a comprehensive approach to evaluating public investment, given the limits of making assessments on a project-by-project basis. On the one hand, this implies discussing project complementarity and substitutability within and among sectors and analyzing the consistency of projects and sectorial and territorial strategies.

Towards Greater Effectiveness for the State: Recent Developments in Performance Budgeting in Peru

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Case Study Overview

- Peru reformed its public budgeting framework with the goal of improving the effectiveness of the State producing results directly beneficial for its citizens. Gradual implementation of this reform was laid down in the Budget Law of 2007.
- The first budget programs were designed and implemented in 2008. Based on policy priorities and scientific evidence, the Programs would be designed to address critical priorities through interventions (outputs) delivered to the population. The first programs were related to building human capacity associated with the intergenerational transmission of poverty.
- The Articulated Nutrition Program (PAN, as per its Spanish acronym) was the first Program designed under this logic. The outcomes of the Program show that the service coverage has improved and Chronic Child Malnutrition (CCM) has been steadily reduced from 27.5% to 14.4% during 2008–2015.

1. Introduction and Backgrounds

The principles of performance budgeting (PB) were adopted by the Budget and General Account Commission of the Republic, and subsequently by the National Congress, when the Budget Law for fiscal year 2007 passed. It should be pointed out that the President of the Republic set the goal of reducing CCM to 16% by 2011.

This priority was set based on the fact that CCM remained unchanged in the period 2001-2006 even though efforts had focused on feeding programs. Such facts prompted the mobilization of the civil society (including Mesa de Lucha contra la Pobreza – Anti-Poverty Round Table) and the active involvement of International Cooperation.

Five budget programs oriented to achieve key results to overcome poverty and social exclusion in the country were created under the Budget Law of 2008 including the Maternal-Neonatal Health Program, PAN, and Learning Achievements Program. The goal of these programs is promoting early childhood development by reducing the risk of morbidity, mortality, physiological and functional consequences, mostly among the poorest. They were further supported by the Access to Identity Program and the Access to Basic Social and Market Services Program. The expected outcomes are as follows:

Budget Program	Expected Outcome
Articulated Nutrition Program (PAN)	Reduce chronic malnutrition in children under 5 years
Maternal-Neonatal Health Program (SMN)	Reduce maternal and infant morbidity and mortality
Learning Achievements at the End of the III Cycle Program (PELA)	Ensure that at the end of the 2nd grade, children will have attained the expected verbal and communication, and mathematical thinking and problem solving skills.
Access to Identity Program	Reduce the proportion of Peruvian citizens without birth registration or DNI (national ID card).
Access to Basic Social Services and Market Opportunities Program	Ensure proper road conditions to improve citizens' access to basic social services and local market opportunities.

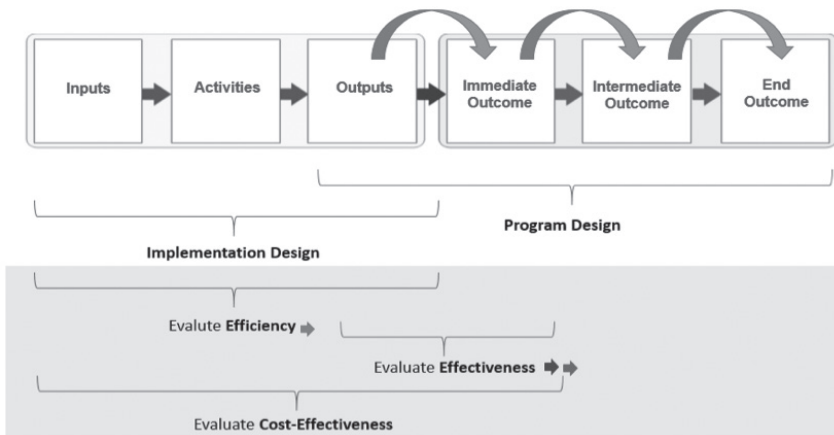
Drawing on a condition that affects citizen well-being (outcome), the PAN proposes evidence-based results (outputs) to be financed with the public budget to improve the effective and efficient allocation of resources.

Between 2009 and 2011, a total of 25 budget programs that covered 15 of the 29 existing sectors were created. One of them was the Rural Sanitation Program. In 2012 and 2013, the designs of certain programs were modified, while other programs were created (a total of 58 programs in 21 sectors). By 2015, 81 Budget Programs involving 25 of the 29 sectors, and accounting for 58% of public expenditure, had been created.

2. Objectives

The introduction of PB in Peru aims to:

- Improve the delivery of goods and services (outputs) and the implementation of changes to raise the well-being of citizens (outcomes) by strengthening the design, implementation, and monitor and evaluation of the budget.



- Introduce changes in the budget making process by instituting the principles of integrated planning-budgeting and alignment between actions and actors to attain desired outcomes.
- Improve the implementation of interventions by strengthening the coordination role of the State in addressing critical issues that require the involvement of various actors working towards the same goal.

3. Activities

Period	Activity
2008	<ul style="list-style-type: none"> • Design of Budget Programs • PAN and Maternal-Neonatal Health Program evidence-based causal model. <ul style="list-style-type: none"> - Review of available information for causal analysis and identification of efficient interventions. - Construction of the logic model - Identification of outputs (set of goods and services to be delivered to the population) based on the standard codes the budget is allocated. - Changes to budgetary chains in the Financial Administration System.
2009	<ul style="list-style-type: none"> • Design and approval of the operational model for the health sector and initial implementation at national level. <ul style="list-style-type: none"> - Operational definitions of Program outputs. - Programming criteria. - Listing of goods and services (“cost structure”) by output category and sub-category.
2010	<ul style="list-style-type: none"> • Use of the Integrated Administrative Management System (SIGA as per its Spanish acronym) for programming by service delivery point and monitoring of expenditure quality. • Budget focus on key PAN interventions. • Introduction of performance-based incentives in Sub-national Governments in the framework of the financing agreement executed with the European Union (EUROPAN). • Specification of budget allocation rules to protect key interventions. • Introduction of conditional cash transfers provided in the Budget Law (new fiscal rules).
2010 onwards	<ul style="list-style-type: none"> • Introduction of tools for improved monitoring and evaluation of PAN implementation (input – output – outcome indicators). • Use of Dashboard.

The Integrated Administrative Management System (SIGA), a tool developed by the Ministry of Economy and Finance, was used to improve budget programming and execution. This tool supports programming by service delivery point, provides information on the goods and services purchased by the different agencies, the fixed assets available at each service delivery point, distribution of inputs to service delivery points, etc.

4. Methodology

The highlights of the first Budget Programs and particularly the PAN were as follows:

Political Support

Decision-makers recognized the need to address and prioritize outcomes such as CCM. This implied that the government was required not only to define the value chain, based on the desired outcome, but also to establish the legal framework and to identify and allocate resources for implementation of the related Program, as required by PB principles.

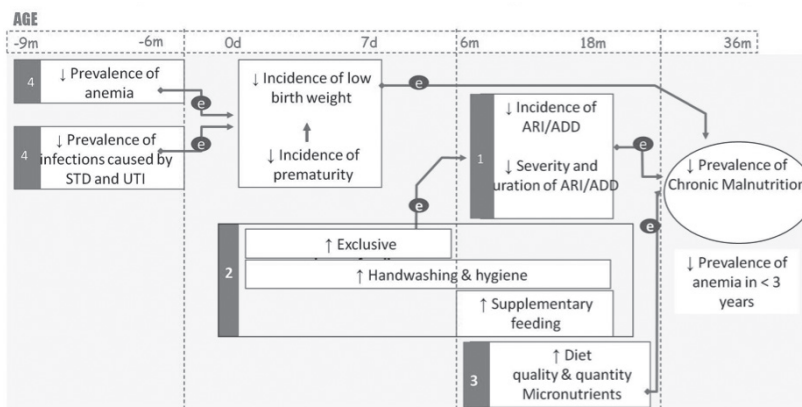
Consequently, the prioritization of citizens' needs had to be addressed by the President, Premier, Minister of Economy and instruments like the Budget Law (goals and explanatory statements). Moreover, it was critical to build broad consensus and mobilize civil society and government at all levels.

Evidence-based Design and Analysis of Intervention's Impacts

The use of scientific-based evidence played a major role in determining what public services had to be delivered to achieve the expected outcome. This step was critical to ensure greater efficiency in the allocation of scarce public resources.

In the case of the Articulated Nutrition Program (PAN) the main causal paths leading to Chronic Child Malnutrition (CCM) are shown in the diagram below:

Figure 7 Causal Chain of Key Health Outcomes between 9 and 36 Months of Age Included in PAN & PSMN Logic Model

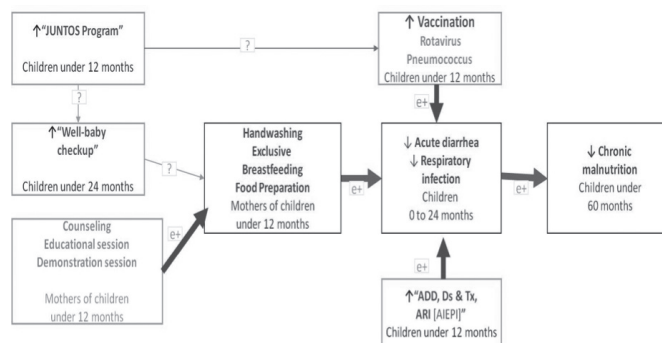


As seen in the diagram, the prevalence of CCM in children over 24 months of age, is mostly caused by: i) the high burden of infectious diseases (mainly respiratory infections and acute diarrheic infections in children between 6 and 24 months) ii) inadequate child-care practices (like exclusive breastfeeding, poor hygiene, and supplementary feeding), iii) insufficient quantity and quality of micronutrients (iron and zinc), and iv) the incidence of low birth weight and prematurity due to the high prevalence of anemia and infections in pregnant women. These four factors are closely related to one another and occur in critical stages of the child's development.

Once the causes of CCM had been understood, the most effective interventions were identified. Moreover, existing interventions were evaluated and the timing of their implementation was improved. For example:

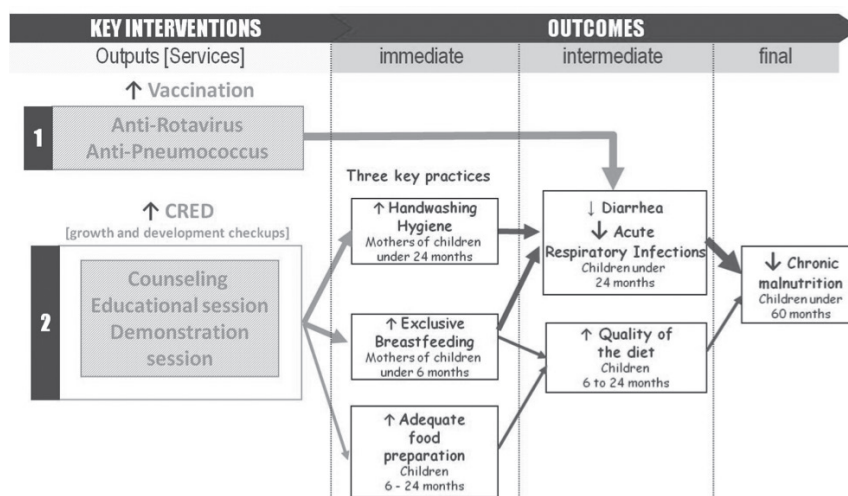
- Promote three key practices including exclusive breastfeeding until 6 months of age, hand washing with water and soap, and adequate supplementary feeding of children between 6 and 24 months. These practices were encouraged through counseling and training of on preparation of food during the child's growth and development check-ups (CRED, as per its Spanish acronym). In 2009, the Ministry of Health modified its Standard by increasing the frequency of CRED visits and by strengthening counseling and delivery of nutritional supplements.
- Support the adoption of healthy practices by community surveillance systems, community reference systems, improving water supply and sanitation, sharing information with the public , and promoting education and awareness of healthy practices.
- Reduce the duration and severity of acute diarrhea and acute respiratory diseases by introducing rotavirus and pneumococcal vaccines that were not part of the Ministry of Health's vaccination schedule until 2009.

Figure 8 Analysis of Intervention's Impact



Once interventions had been identified, the outputs (an articulated set of goods and services provided to the population) were defined and included in the logic model of PAN:

Figure 9 Key Interventions and Outputs

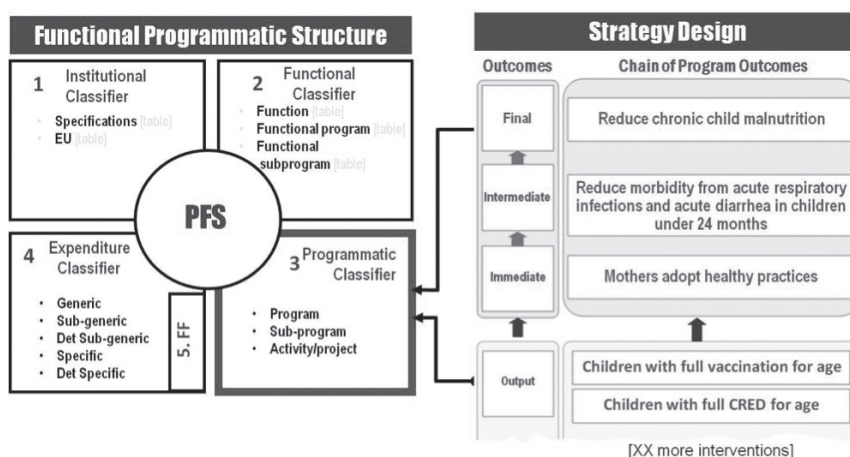


Introduction of Budget Allocation Rules

The Functional Programmatic Structure is the Ministry of Economy and Finance's budget management tool that usually consists of four segments. The "4 Expenditure Classifier" establishes the rules (standards and parameters) of allocating or re-allocating public funds. They help to promote fiscal efficiency by monitoring expenditures to ensure they are in line with macroeconomic policy targets. Consequently, a similar budget management structure was applied to interventions (by modifying the programmatic classifier) in order to achieve desired results. Budget execution standards and guidelines helped reach this objective and, at the same time, outputs were protected and decision-making at the various agencies was strengthened.

Therefore, the outputs provided to citizens were successfully included in the Functional Programmatic Structure.

Figure 10 Functional Programmatic Structure



This enabled the introduction of some allocation rules:

- i. The additional budget was directly allocated to two key outputs that were deemed strategic priorities based on the evidence.
- ii. Budget programs are protected by the Budget Law. Budget changes are only permitted when an output's target has been achieved.
- iii. Additional budget allocations are subject to the fulfillment of certain conditions. Since the 2009 budgeting process, an additional budget was allocated to Regional Governments through the Ministry of Health's Budget, after certain conditions were met (programming by service-delivery point, information on availability of human resources and teams per service delivery point).
- iv. All budgets formulated in other programmatic chains for procurement of inputs and capital goods related to the two outputs were reallocated within budget programs.

Increasing the budget for the two key PAN outputs helped to increase its operating expenses and expand coverage by hiring more critical personnel and purchasing more inputs.

**Table 22 Direct Budget Allocation to Output (Key Interventions)-PAN
(PIA in Millions of Soles)**

Intervention [Output]	2009*	2010*	2011	2012	2013	2014	2015	2016	% Increase (2009-2016)
33254 children with full vaccination for age	165,7	420,4	451,6	519,5	419,6	343,6	387,0	429,7	159,3
33255 children with complete CRED for age	20,2	86,4	110,0	197,0	176,6	191,4	273,8	286,6	1318,8
33255 children with iron supplement	6,3	5,7	15,4	18,8	45,6	67,1	89,6	100,6	1496,8
3033317 pregnant women with iron and folic acid supplement	23,7	26,9	28,7	25,8	31,2	46,9	58,4	62,0	161,6
Other outputs and projects	836,1	1054,6	782,3	518,9	622,3	703,5	818,1	863,1	3,2
TOTAL: ARTICULATED NUTRITION	1052	1594	1388	1280	1285	1352	1627	1742	65,5

Source: SIAF-MEF

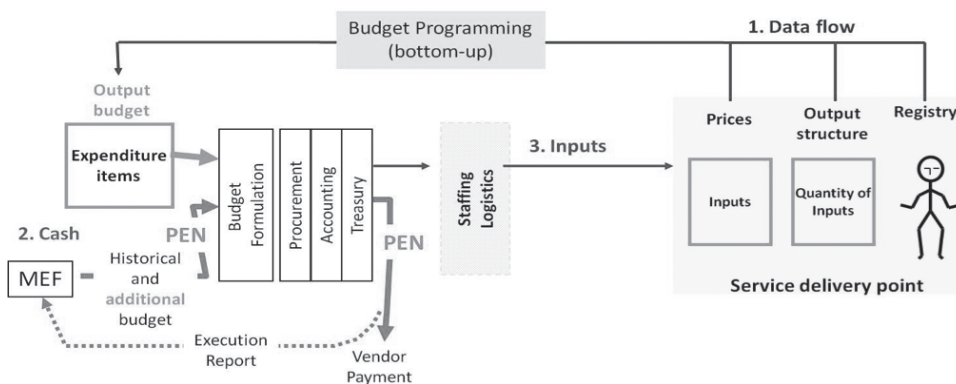
Strengthening Management by Service Delivery Point

In addition to the budget allocation rules dictated by PB, management of service delivery points needed to be enhanced. In the case of the health sector, health facilities at their various levels and their service portfolio needed to be addressed.

To those ends, the Ministry of Health, as the agency responsible for 21 outputs of the PAN, established the Operational Definitions of the outputs (programming criteria to set the physical target and minimum contents based on technical standards) through a Ministerial Decision.¹ It also had to determine the cost structure (list of goods and services associated with the outputs) to make a budget request and facilitate the monitoring of inputs by Service Delivery Point, according to the “beneficiary base” and a standard formula of locally-adjusted goods and services.

Therefore, to align inputs with output delivery and the achievement of outcomes (value chain), at least three key budget allocation flows needed to be synchronized: i) the money flow, ii) the flow of key data to estimate the budget, and iii) the flow of goods and services purchased by the entities executing the budget.

¹ Ministerial Decision No. 098-2010/MINSA adopted the Technical Document on “Operational Definitions and Programming Criteria for the “Articulated Nutrition and Maternal-Neonatal Health” Strategic Programs.



To estimate budgetary requirements, the production function had to be developed, i.e., which inputs are necessary (and in what quantities) to deliver outputs to the targeted number of citizen beneficiaries. This facilitates the estimation of unit costs (for example, direct goods and services like vaccines, nurses and refrigerators required to deliver the output directly to the end beneficiary, and other inputs like transportation and overheads.)

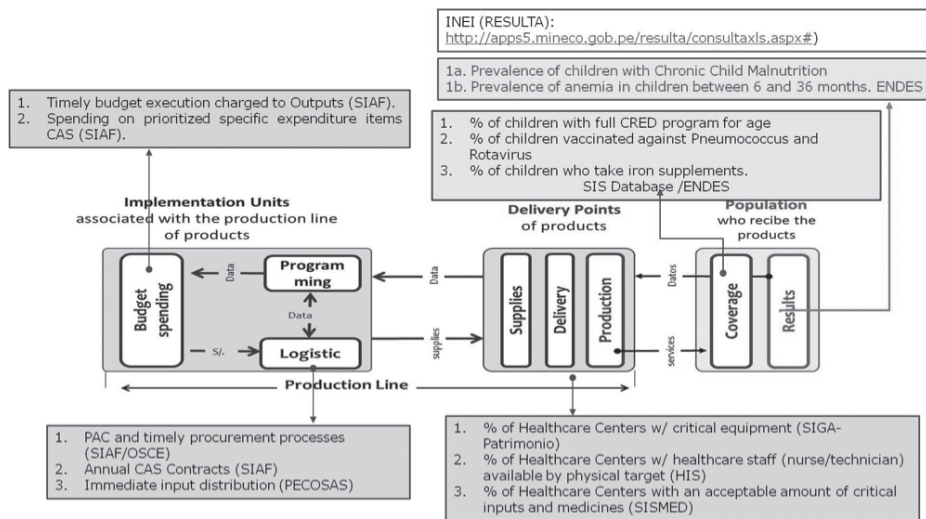
The physical target of the number of beneficiaries, or total outputs, that would be delivered at each service delivery point, is integral to determining the production function. To those ends, a permanent and regularly updated register of children under 6, with their corresponding identity codes, was established.

Since input prices are different across Executing Agencies and at geographically dispersed service delivery points, the budget in different sub-national governments also differs for the same number of children. SIGA has proved to be a valuable management tool when comparing different budget requirements across different service delivery points.

Monitoring of Input, Output and Outcome Indicators

The progress of the Budget Program was assessed by regularly measuring the extent of change through output and outcome indicators. Measurements focused on the line that connects inputs, outputs and outcomes included in the logic model of the program.

A dashboard displaying the information was developed from various data sources (surveys and administrative databases).



Changes in outcome indicators are measured by national surveys conducted on an annual basis. The surveys cover the national, area of residence, and departmental scopes. Output indicators are measured on a monthly, quarterly or annual basis. Data from administrative registries and national surveys is used for such measurements.

The availability of critical inputs associated with output delivery at each service delivery point is measured on a monthly or quarterly basis with the use of administrative databases (Integrated Financial Management System - SIAF, SIGA, Medicine System - SISMED, etc).

Managed by the Ministry of Economy and Finance, SIAF provides information related to the budget (programming, formulation, execution and evaluation of expenditure). This information is publicly available, showing a programs' daily expenditure. Moreover, the output and expenditure-specific source for three levels of government can be monitored. For more information, visit <https://www.mef.gob.pe/es/seguimiento-de-la-ejecucion-presupuestal-consulta-amigable>

Transparencia Económica **PERU** Consultas Amigables
 Portal del MEF | Portal de Transparencia Económica
 Consultas de Ejecución del Gasto
 miércoles, 22 de julio del 2016

Reiniciar | Buscar | Reportes
 Exportar | Graficar
 Año: 2016 | Actividad/Proyecto

¿Quién gasta? ¿En qué se gasta? ¿Con qué se financian las gestas? ¿Cómo se estructura el gasto? ¿Dónde se gasta? ¿Cuándo se hizo el gasto?
 Nivel de Gobierno | Producto/Proyecto | Función | Fuente | Rubro | Generica | Departamento | Trimestre | Mes

▲ TOTAL 138,495,511,244 152,278,161,663 109,206,729,745 94,071,523,189 61,280,824,754 58,323,615,350 54,152,517,700 37.0

Categoría Presupuestal	PIA	PM	Certificación	Compromiso Anual	Atención de Compromiso Mensual	Ejecución Devolgado	Grado	Avance %
0001 PROGRAMA ARTICULADO NUTRICIONAL	1,741,554,175	2,020,107,847	1,473,619,020	1,308,556,473	1,032,818,447	979,591,868	944,020,296	48.5
0002 SALUD MATERNO INFANTIL	1,448,312,901	1,933,348,431	1,481,032,026	1,237,811,979	972,573,298	919,247,630	884,562,239	47.5
0016 TBC-VIH/SIDA	521,511,138	553,961,897	430,756,040	373,059,077	282,181,999	262,174,986	243,292,482	47.3
0017 ENFERMEDADES METABOLICAS Y ZOOZOSIS	295,633,219	397,583,795	311,383,674	274,484,942	228,072,107	211,101,826	198,539,191	53.1
0018 ENFERMEDADES NO TRANSMISIBLES	390,110,865	411,477,390	315,969,735	281,946,916	200,089,592	191,321,180	182,564,737	46.5
0024 PREVENCIÓN Y CONTROL DEL CÁNCER	482,910,256	658,344,391	511,970,538	396,274,002	286,112,904	268,057,409	256,116,817	40.7
0030 REDUCCIÓN DE DELITOS Y FALTAS QUE AFECTAN LA SEGURIDAD CIUDADANA	4,256,864,100	4,618,733,149	4,142,346,358	3,800,378,159	2,124,810,096	2,077,353,858	1,976,246,919	45.0
0031 REDUCCIÓN DEL TRAFICO ILICITO DE DROGAS	295,087,974	299,907,886	279,435,282	240,714,254	130,171,704	130,230,399	135,980,082	45.4
0032 LUCHA CONTRA EL TERRORISMO	516,305,204	534,157,157	444,921,265	270,074,946	154,009,511	131,842,450	128,886,872	24.7
0034 CONTRATACIONES PUBLICAS EFICIENTES	38,588,785	68,987,735	59,784,529	49,188,507	30,036,264	22,573,745	21,784,419	32.7
0035 GESTION SOSTENIBLE DE RECURSOS NATURALES Y DIVERSIDAD BIOLÓGICA	194,634,567	237,894,732	154,309,911	124,447,600	113,488,287	100,244,721	96,296,950	42.1
0038 GESTION INTEGRAL DE RESIDUOS SOLIDOS	1,151,570,332	1,406,791,190	1,014,159,900	798,860,212	688,089,739	686,629,517	565,565,536	43.1

Through its various modules, SIGA provides information on programming by service delivery point, procurement and availability of the inputs purchased, reception at deposits, inputs distributed to service delivery points, etc. SIGA also provides information on whether the purchased inputs are related to outputs, as well as on the availability of fixed assets.

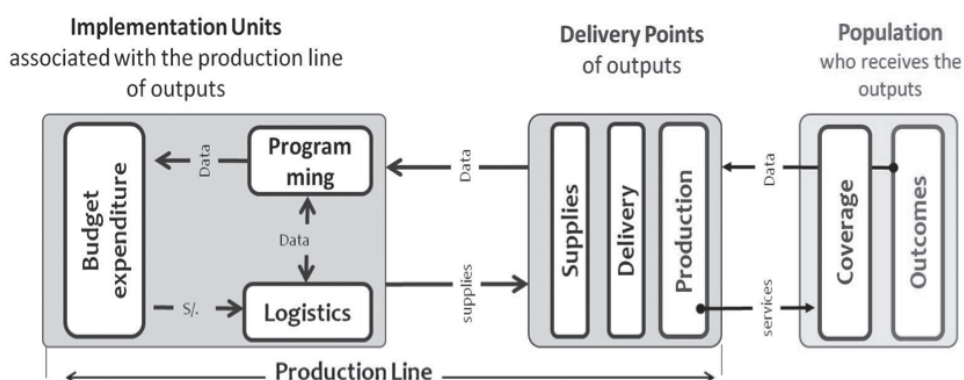
The Ministry of Economy and Finance developed the “RESULTA” platform to publish information on the outputs and outcome indicators of programs. The information is based on national surveys conducted by the National Institute of Statistics and Information –INEI (<http://apps5.mineco.gob.pe/resulta/>).



Incentives to Management

In 2009, Peru undertook to improve the coverage of the key PAN services in the country's poorest districts of the country following the Financing Agreement executed with the European Union (EUROPAN) for the "Budget Support for the Articulated Nutrition Program". To fulfill this commitment, incentive mechanisms were implemented by executing Budget Support Agreements with the Regional Governments that showed the highest rates of CCM.

In the context of these Agreements², the Ministry of Economy and Finance, through the Directorate General for Public Budget, transferred resources to the Regional Governments that fulfilled the management commitments related to four critical processes (programming, logistical support, organization of services, monitoring & evaluation) and that achieved targets set for coverage of critical outputs that help reduce CCM.



5. (Expected and) Actual Outcomes

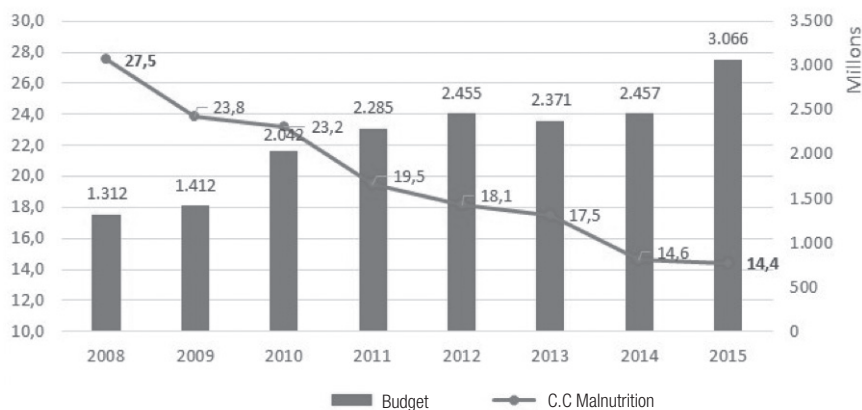
The main outcomes are as follows:

Outcomes:

- Between 2008 and 2015, the expenditure associated with child health (PAN and Maternal-Neonatal Health Program) increased significantly and the incidence of chronically malnourished children declined by 47.6%, from 27.5% to 14.4%.

² Article 15 in Budget Law 29951 for fiscal year 2013. Directive No. 002-2014-EF/50.01.

Figure 11 Performance in Reducing Child Chronic Malnutrition and Budget Allocated Associated with Children’s Health



Source: INEI – Demographic and Family Health Survey

- Between 2010 and 2015, the sub-national governments that received performance-based incentive payments (Budget Support to PAN - EUROSPAN) reduced CCM from 39.3% to 22.3% in Apurímac, from 38.8% to 21.7% in Ayacucho, and from 53.6 to 34% in Huancavelica. Huancavelica, the poorest region in the country, showed the sharpest decline.

Outputs

- As to coverage of critical outputs, the proportion of children under 36 months that attended CRED check-ups according to their age increased from 24% to 54.9% between 2007 and 2015. It should be pointed out that in Huancavelica coverage soared from 15.5% to 75.5% during the same period.

Table 23 % of Children Under 36 Months with Full CRED Program for Their Age

Feature selected	2005	2007 1/	2010	2011	2012	2013	2014	2015
Total	25.0	24.0	40.0	47.3	50.8	50.5	52.4	54.9
Area of residence								
Urban	27.8	23.9	37.7	43.3	46.9	47.0	48.6	51,1
Rural	20.9	24.0	44.2	55.2	58.5	58.1	61.7	64,9
Zone								
Coast	33.9	26.7	34.7	39.9	42.3	43.8	46.9	49.9
Mountains	18.5	23.1	47.7	58.3	62.7	61.7	60.4	62.9
Jungle	19.1	18.4	37.8	45.9	51.1	50.9	55.7	57.9

Source: INEI - Demographic and Family Health Survey

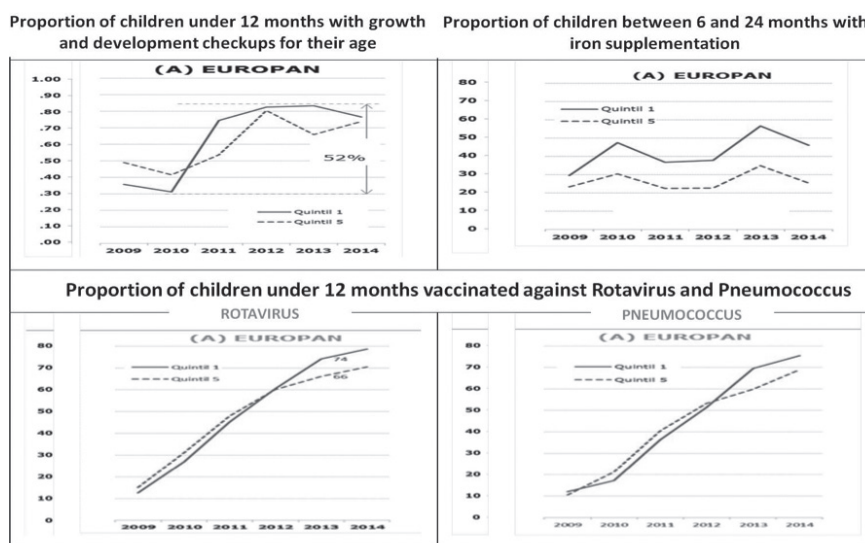
- Coverage of rotavirus and pneumococcal vaccines among children under 12 months rose from 25% to 78% between 2009 and 2015. In Huancavelica, coverage increased from 37.7% to 80.1% over the same period.

Table 24 % of Children Under 12 Months Inoculated Against Pneumococcus and Rotavirus

Feature selected	2009	2010	2011	2012	2013	2014	2015
Total	25.0	47.3	68.7	72.9	75.1	75.6	78.0
Area of residence							
Urban	25.0	47.0	69.8	73.7	74.3	75.3	78.4
Rural	25.2	47.8	66.7	71.1	76.9	76.2	77.0
Zone of residence							
Coast	25.3	45.2	70.0	73.8	73.2	73.0	77.3
Mountains	25.4	49.4	69.1	74.7	78.5	81.1	79.7
Jungle	23.7	47.9	64.2	66.9	75.6	74.5	77.3

Source: INEI - Demographic and Family Health Survey

- The implementation of performance-oriented incentives has led to better outcomes in disadvantaged populations (poorest quintile), as shown below:



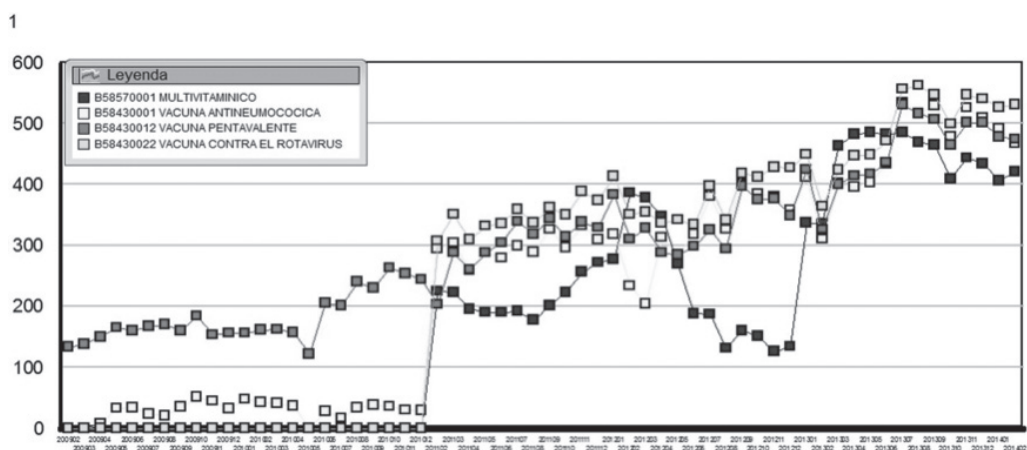
Source: EUROPLAN Systematization Report- European Union

Inputs

- The availability of inputs by service delivery point, particularly human resources, and critical teams, is monitored in order to improve output coverage. Over the past few years,

availability has improved gradually as a result of improved allocation and expenditure execution and an increase in resources made available to sub-national governments based on their performance.

Figure 12 Greater Availability of Vaccines and Micronutrients at Health Facilities Located in Prioritized Districts



6. Pending Challenges & Opportunities

- The following are some of the immediate challenges and opportunities remain for Peru in the implementation of performance based budgeting:
- Improving the allocation of resources made available using data based on total population size, poverty, dispersion, indigenous communities, among other factors.
- Continuing to strengthen sub-national government capacity in using statistics on the performance of the critical interventions (outputs) that the government must provide to the population and on the availability of inputs at service delivery points.
- Aligning expenditure prioritization with inputs that have a direct impact on output delivery, and improving the timing of procurement and distribution processes.
- Maintaining and strengthening performance-based additional allocation mechanisms (incentives) to enhance the probability that outcome are achieved, with emphasis on the areas showing the greatest need.

7. Lessons Learned and Challenges Overcome

Some of the lessons learned during implementation of the initial PB Programs include:

- The implementation of government policies that respond to priority, evidence-based outcomes expected by the population allows such policy to transcend governments and grow into State policies.
- Regular monitoring and evaluation of tracking indicators at input, output and outcome levels favors alignment with more effective and efficient management. Accordingly, generating information is of utmost importance through national surveys conducted by the National Institute of Statistics and Information (INEI) and using administrative databases that rely on standard codes and enable the exchange of information from different government sectors and levels.

Monitoring and Evaluation in the Subnational Government of the State of Jalisco, Mexico

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Case Study Overview

- Jalisco, as a local government, has been a leader in Mexico in the development of monitoring and evaluation (M&E) of government programs
- It has developed two platforms to support the sustainability of M&E, including the MIDE Jalisco and the EVALUA Jalisco
- This case study outlines some of the issues that must be kept in mind when developing an M&E system, including the importance of technology supported data collection and storage. It also outlines the value of collaborating with non-government counterparts and citizens in the M&E processes and procedures.

1. Introduction and Background

Trying to explain within a few pages the years of experience developing the strategy for monitoring and evaluation (M&E) by the subnational government of Jalisco, Mexico, is certainly a significant challenge. Even more so when we consider the complex and dynamic processes within public organizations adapting to new legal, political and institutional contexts. Hence, this case study must be considered a photograph reflecting the current moment, presenting the most relevant elements of the genesis and evolution of M&E in Jalisco.

The progress of Mexican policy on M&E, as a national practice, is mainly characterized by two factors:

- First, the advancement in the implementation of the Evaluation of Performance System, which aspires to bring together the evaluation of public programs with Results-Based Budgeting (RBB). In practice, it has involved coordinating the functions and responsibilities of the National Council for the Evaluation of Social Development Policy (CONEVAL in Spanish), and the Secretariat of Finance and Public Credit (SHCP in Spanish).
- Second, the creation of a legal framework with a national scope - laws, regulations, and changes to the Constitution - applicable to the 32 heterogeneous states or provinces of the country. This should aim to order and standardize the programmatic and budgetary registers, and lead to consistent M&E processes regarding resources coming from the federation, as well as local resources.

Jalisco¹ is a state situated in the West of Mexico and during the last few years has stood out because of its innovative processes and advances with respect to M&E of its programs, which has maintained its continuity despite changes in political administration. Jalisco has strengthened the practice of M&E, and brought together citizens with technical participation processes, operating with a high degree of public information transparency oriented to accountability, open data and citizen co-creation. Between 2013 and 2016, the M&E strategy has received 15 national and international awards for good subnational practice.

MIDE Jalisco and EVALÚA Jalisco have developed as different yet complementary practices. MIDE Jalisco is the acronym for Monitoring of Development Indicators, which is operated by the subnational government's Secretariat of Planning, Administration and Finances (SEPAF in Spanish). Through the MIDE Jalisco strategy, the government has monitored advances in the achievement of quantitative indicators of short, medium and long term development objectives, which have been set within the State Development Plan of Jalisco, the main planning instrument.

Unlike other performance monitoring systems that measure indicators from all levels of the value chain or logframe matrix, MIDE Jalisco is oriented to producing outcomes and impacts.

As a strategy formally started in 2008, it is focused on data from the last 10 years for 26 strategic indicators, and 136 sectoral and 134 complementary indicators.

¹ Jalisco is one of the 32 federal entities or provinces of Mexico. It is compound by 125 municipalities, with a population of about 7 million inhabitants. The State Government is elected through a direct electoral process every six years. The current administration has a government period from March 2013 to December 2018.

Figure 13 Visual Mapping of MIDE Jalisco Indicators



Source: MIDE Jalisco. Retrieved on December 3rd 2016. Website available: <https://seplan.app.jalisco.gob.mx/mide/panelCiudadano>

MIDE Jalisco is based on an open data format. During the last two years, it has explored connection processes between public servants, external experts and opinion leaders independent of government. These connections are intended to improve indicator selection and goal setting. Through project MIDE Lab Jalisco, citizen participation has been increased, through recommendations for new measures, adjustments to existing measures or through defining realistic yet aspirational targets for welfare and development goals.

In 2014, MIDE Jalisco created the consultative body, Citizen Council MIDE Jalisco, which consists of 20 members of civil society and of public institutions, as well as leading independent experts. Only members who are outside of government hold the right to vote.

Although the most well-known aspect of MIDE Jalisco is the public internet platform, the strategy includes the integrated coordination of a net, comprised of 40 technical public servants within different government offices, and the management of information through this net, as well as facilitating citizen participation. It also develops internet platforms and apps for mobile telephones.

EVALUA Jalisco formally started in 2013 as an initiative for evaluating public policies, and then, it has gradually adopted the RBB model. EVALUA Jalisco is coordinated by the General Department for Monitoring and Evaluation, which by law works as the main Evaluation Unit. It is responsible for:

- a) The identification, publishing, and monitoring of programs and public policies;
- b) The training and technical consulting for developing skills in order to improve conditions for evaluability;
- c) The centralized coordination and monitoring of external evaluations; and
- d) The coordination of agendas for improving commitments that come from M&E recommendations (in other words, the use of evaluative evidence).

Just as with MIDE Jalisco, EVALÚA Jalisco has been coordinated under the principles of maximum transparency. Therefore, all its information is available on the internet and it has an external advisory body, the Independent Technical Council EVALÚA Jalisco. This council is formed by scholars from the main public and private local universities and from high national prestige institutions, such as CONEVAL, the SHCP and the Center for Learning on Evaluation and Results (CLEAR) for Latin America.

2. Objectives

The two strategies, MIDE and EVALÚA Jalisco, emerged with the purpose of guiding the government's actions to achieve results and, with this, improving the conditions for development of the state.

Having indicators and purposes linked with the objectives of the development plan and measuring the advance on accomplishing goals are manifestations of the aspiration to have government giving priority to actions aimed at obtaining measurable results. Making these logical connections public through a dynamic platform available on the internet has the purpose of promoting citizen participation in questions of accountability on topics that have been historically considered as technical and, hence, with scarce citizen involvement.

A diagnosis made in 2013, regarding evaluation from a public policy perspective, showed that:

- 1) Although there were registers of the evaluation of programs, these had been isolated, and the methodologies used had been mainly perception surveys conducted among the general population and public servants;
- 2) Programs were highly fragmented, with heterogenous characteristics and varied institutional capacities; and

- 3) The regulatory framework did not fully support the fulfillment of evaluative practices within an integral system of coordination.

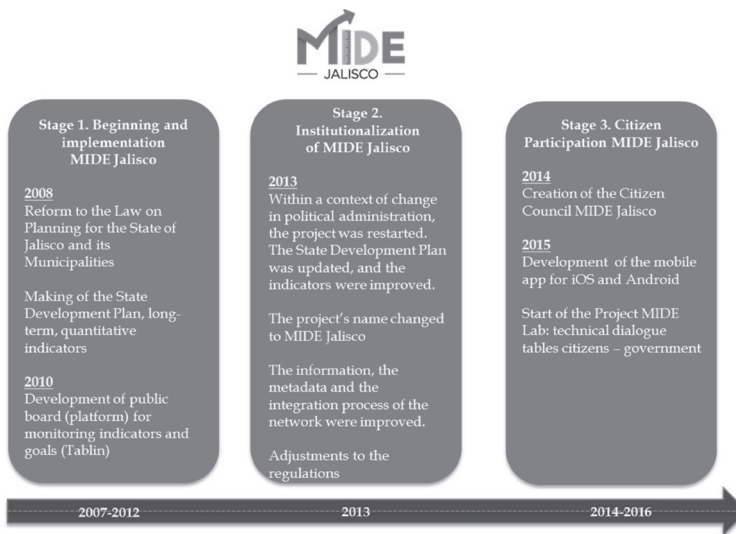
Due to this last issue, the main objective of the EVALÚA Jalisco strategy since 2013 has been the introduction of regulatory adjustments, as well as implementing the necessary practices and processes to form an institutional system that strengthens capacity of government organizations. All of this is necessary to evaluate public programs through technically solid methodologies, so the information obtained and the strengthen capacities support improved effectivity of public management through guiding operators and political decision makers.

3. Activities

In matters of monitoring, the MIDE Jalisco project groups its activities within three different stages (see figure 14). The first stage, between 2007 and 2012, is characterized by the development of the strategy, with important adjustments to the regulation and implementation of monitoring indicators in the State Development Plan.

The second stage is characterized by institutionalization, with change in administration in 2013 after the electoral process, after which the new government kept, strengthened and relaunched the strategy.

Figure 14 Main Stages and Activities on Monitoring Indicators of Development in Jalisco



Source: Elaborated by the author.


The third stage, between 2014 and 2016, is connected to the open government practices that came with the formalization of citizen participation channels, through the creation of the Citizen Council, and the participation schemes set by organized citizens. It is also linked with the sectoral expertise that supported improvements to the system, and with the revision and definition of indicators and their goals, through practices of technical dialogue with first-level public servants.

On March 21st, 2014 the Citizen Council MIDE Jalisco was formed under government decree number 003/2014, as a subsidiary body of the public administration, with the authority to issue collegiate recommendations². It should be pointed out that only two members, external to government, hold the right to vote.

In 2015, inspired by the commitment with co-creation proposed by the open government model, the MIDE Lab project was created. Within this scheme, dialogue between members of civil society and public servants resulted in adjustments to indicators and goals where it is considered in the public interest.

Regarding M&E of public policies, in recent years, the EVALÚA Jalisco strategy has grouped together activities from four components, as described in table 20.

Table 25 Components and Activities of the EVALÚA Jalisco Strategy

Component	Period	Activity
 Monitoring public actions and programs	2013	Making an inventory of public policies Reform to the Planning Law for Jalisco and its Municipalities Reform to the Internal Regulations of the Secretariat of Planning, Administration and Finances Legal responsibilities for the operations the Evaluation Unit of the Under Secretary of Planning and Evaluation
	2014	Development of the public internet platform for citizen access, where public policies and the public problem that they attend are identified, the objective population is described, as well as the requirements to obtain support and the criteria for selecting beneficiaries https://programas.app.jalisco.gob.mx
	2015-2016	Annual offer of public policies, the information of their design, operation and requirements, the incorporation of coverage indicators and budget outcome indicators, as well as the evaluations made.

² Retrieved January 10th 2016, at: <http://sepaf.jalisco.gob.mx/gestion-estrategica/seguimiento/consejo-ciudadano-mide>

Component	Period	Activity
Improving conditions for evaluability	2013	Defining and publishing the official general guidelines for monitoring and evaluating public policies http://sepaf.jalisco.gob.mx/sites/sepaf.jalisco.gob.mx/files/lineamientos_generales_para_mye.pdf
	2013	Creation of the Independent Technical Council for Evaluation of Public Policies
	2014	Certification Course on Evaluation of Public Programs
	2014-2016	Organization of talks, courses and workshops on the matter of evaluation
	2015	The creation of the intra-governmental net of directors of internal evaluation units of every government organization
Development and coordination of evaluative practice	2013-2016	Annual making of the Evaluation Plan, which every year includes and officially publish the government programs for evaluation http://sepaf.jalisco.gob.mx/sites/sepaf.jalisco.gob.mx/files/pae_2016_periodico_oficial.pdf
		Coordination of the definition process of the reference terms, contracts, the revision of reports, and the dissemination of external evaluation research http://sepaf.jalisco.gob.mx/gestion-estrategica/evaluacion/evaluaciones-programas
	2015	Creation of the Evalúa Jalisco Trust Fund for guaranteeing the funding for contract external evaluations
Use of evidence for improving public management	2015	Development of the public platform for citizen access, which works for disseminating the agendas for improvement of the public management, based on recommendations from the evaluation research, in which the people responsible for the evaluated programs set the specific improvement commitments
	2016	Refining the public internet platform of Improvement Agendas and presenting it to the public https://seplan.app.jalisco.gob.mx/agendaMejora

Source: Elaborated by the author.

At the legal level, it is relevant that the Law on Planning for Jalisco and its Municipalities was reformed, which included the creation of an Evaluation Unit within the SEPAF of the Jalisco Government. According to the Internal Regulations of the ministry, the Under Secretary of Planning and Evaluation was created in 2014, and inside this organ, the General Department for Monitoring and Evaluation works as the Evaluation Unit.

In 2013 the Independent Technical Council (Independent Technical Council EVALÚA Jalisco)³, was created as a subsidiary body that guides the strategy for M&E policies and programs of the State Government of Jalisco, through collegial recommendations⁴.

On June 3rd 2014, the General Guidelines for Monitoring and Evaluation of Public Programs of the Government of Jalisco were published. They set the technical basis for the fulfilment of evaluation processes. This basis works as well for the evaluation models, the criteria, the coordination and collaboration processes, followed by the central Evaluation Unit and by areas and units created within each ministry or government institution⁵.

4. Methodology

MIDE Jalisco is focused on monitoring high level indicators within the public value chain, with the objective of replacing the traditional measurements of income, activities or products. In this model, under the structure of the chain from the causal theory of the public policy approach, and the logical framework approach, the impacts are monitored are those that are classified as directly derived from the outputs of government programs, such as the those coming from a policy or an action of the government. Meanwhile, the socially added impacts represent the addition of effects that result from the collective action of different government organs, and from the activities of private and social agents.

The indicators of MIDE Jalisco are classified into two types: One type is composed of indicators from the first and the second level that are included within the State Development Plan; and the second are those formed by complementary indicators included only within the internet platform.

3 Article 75 bis of the La won Planning for Jalisco and its Municipalities points out that an Evaluation Unit oversees the evaluation, and that it must guarantee the participation of technicians, scholars and experts from the public, private and social sectors.

4 The brochure and details of sessions and agreements of the Independent Technical Council for Evaluation of Public Policies of Jalisco, retrieved on March 25th 2016. Available at: <http://sepaf.jalisco.gob.mx/gestion-estrategica/evaluacion/consejo-tecnico-independiente-evalua-jalisco>

5 General Guidelines for Monitoring and Evaluation of Public Programs of the Jalisco State Government, issued by the Secretary of Planning, Administration and Finances of Jalisco. Retrieved on March 25th 2016. Available at: http://sepaf.jalisco.gob.mx/sites/sepaf.jalisco.gob.mx/files/lineamientos_generales_para_mye.pdf

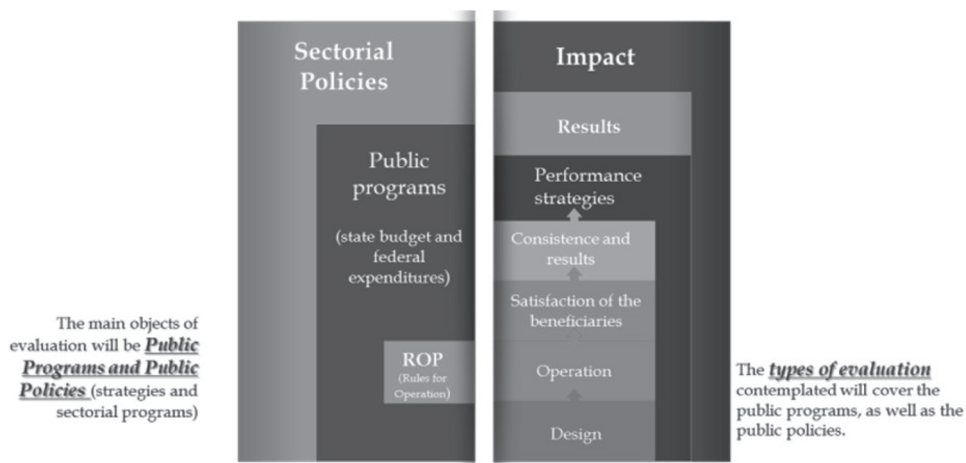
Between 2013 and 2016, the indicators from the development plan (of which there were 160) were stated as immovable, just as were the goals set in the planning instrument. In 2016 we worked together with the different organizations that make up the Government of Jalisco and, under the MIDE Lab project, the Citizen Council was included in the revision process, which resulted in the elimination, substitution and addition of indicators, and in the adjustment of the goals. The new indicator structure will be valid from March 2017.

It is important to note that 45% of the indicators have disaggregated data for the 125 municipalities that compose the state of Jalisco, while 34% of the indicators have disaggregated data at the federal level, which allows comparison with the historical values for the 32 provinces or states of Mexico.

EVALÚA Jalisco has, in recent years, improved its coordination procedures in order to increase the effectiveness of management of the centralized evaluation agenda. At the end of 2016, there were around 40 high-managerial-level public servants formally designated as heads of the internal evaluation units, with an equal number of ministries and decentralized government organisms.

The general guidelines are the conceptual and methodological frameworks for the evaluation practice and intended to ensure consistency in the different components of the evaluation strategy of the public policy approach.

Figure 15 General Model of Evaluation in the Jalisco State Government



Source: Elaborated by the author, based on internal data from the General Directorate of Monitoring and Evaluation, that works as the central Evaluation Unit inside the Secretariat of Planning, Administration and Finances.

5. Expected and Results

MIDE Jalisco was developed by the State Government of Jalisco with its own resources and using a computing programming of free software. The government's internal area of informatics also developed the applications for the iOS and Android systems.

As an accountability and public monitoring tool, the results have been encouraging. In 2015 and 2016 the system registered on average 4.000 visits per month on the website. The data contained in the system has been a reference for press notices at the local journals, with on average 5 press notices per month in 2015, and 7 during 2016.

From an intra-governmental perspective, it is important to note the impact of the system on culture, the practice, the processes and the routines of measurement. There are areas in 61 government agencies that have defined indicators to monitor the objectives of planning for development, and that, on a monthly basis, generate, manage, and publish statistics and data to report through the public internet platform of MIDE Jalisco. Technical heterogeneity and the improving capacity of different government agencies do, however, remain as challenges.

Another internal result is an increasing rate of use by management of performance data and subsequent changes in strategies the government agencies in order to improve results and attain goals set by MIDE Jalisco. Nonetheless, the use of strategic data is still marginal, as is detailed below in the "challenges" section.

During 2016, the MIDE Jalisco strategy undertook an extensive process of revision and updating of the metrics and goals. This exercise originated from the results of an evaluation and from the recommendations for improvement. During April to August a series of revision practices on the indicators was undertaken, coordinated by the directive team of the strategy MIDE Jalisco through the MIDE Lab project, in which the members of the Citizen Council MIDE Jalisco and the members of the net examined the applicability of the indicators and of the impact on goals. Between August and December 2016, the adjustments were made.⁶ Figure 17 shows the general adjustments made, which will be applied from March 2017, the effective date of the updated version of the State Development Plan.

⁶ It is important to note the elimination of indicators that will no longer be elaborated nor published by external sources. Also, there is the substitution of indicators for which better metrics have been found available. The priorities were polished based on the new social and economic contexts for the country and for the province, the result was a reduction of the strategical indicators, and the incorporation of new sectors for monitoring.

Figure 16 New Structure for the Indicators and their Updated Goals, MIDE Jalisco



Source: Work document of the General Directorate for Monitoring and Evaluation, that works as the central Evaluation Unit of the Secretariat of Planning, Administration and Finances.

Among the themes that were strengthened with some adjustments in their metrics is the monitoring of educational quality through the incorporation of new official indicators for the students' performance on different educational levels of Mathematics and Spanish, and the teachers' and directives' performance, in the periodical evaluations applied. The different series include official indicators from the National Survey of Governmental Quality and Impact; measures of perception of quality of life; indicators for access to justice; for donation and organs transplantation; as well as indicators for missing persons, femicides, and climate change.

For its part, the results of the strategy EVALÚA Jalisco, during its three years' operating, can be grouped in three categories:

- 1) improvement of the conditions for evaluation;
- 2) evaluative practice, and
- 3) the use of evaluative evidence for improving the government action.

Referring to the first category of results, improvement of the conditions for evaluation, it is important to highlight the existence of a public servant and a work team responsible for coordinating the evaluation work inside every one of the 40 institutions of the subnational government, named as internal evaluation units. Said internal evaluation units, in coordination with the Central Unit at SEPAF, define and direct the annual plan of evaluation, and monitor, along with the areas operating the programs, the external research and the commitments for improvement originating from the recommendations of the evaluation.

Additionally, on the matter of the conditions for evaluability, it was decided to have an open search platform available on the internet, where public programs can be monitored. Using this

platform, the available information is shared openly, as downloadable open data from all the programs that give monetary or in-kind support. The information about the programs is detailed as per their design, the public problem they seek to solve, the objective population, the selection criteria that the beneficiaries must meet, the requirements they must fulfil, and the public servants responsible for running each public program, as well as disseminating the rules for operation, the budget available, the times for the calls, and the coverage and budgeting indicators for each program.

Although the initial objective in 2013 was only to have an inventory of the public programs and their budget, to have the universe of probable objects for evaluation, the project gained great citizen relevance in 2014, when it became an informative public platform that displays the offer in terms of programs and government support. This platform was added to the main state government website, and it registered, on average, 1,300 public searches per week during 2016. Two years after its creation, in 2015 the inventory evolved to the System for Monitoring Public Programs of the Jalisco State Government.

As for the evaluative practice, since 2013 the Annual Program for Evaluation has been published during the first four months of the year. This program spreads publicly the program subjects of mandatory external evaluation for the current year.⁷ In four years (2013-2016) there have been, or there is in process, 13 external evaluations of public programs from 5 ministries or decentralized government agencies of the Jalisco State Government.

On the third category of results of the strategy EVALÚA Jalisco, the most relevant is the use of evaluative evidence for the improvement of government action with respect to the efficacy of the programs and public politics. At the close of 2016, 300 recommendations from evaluators external to the public programs had been received. 181 of these recommendations became specific commitments for improvement, and 60 of them had already been concluded. Most the commitments relating to the recommendations were about correcting activities or processes of the programs, 11% essentially reoriented the design and operation of the program, and 8% modified the types of support given by each program that was evaluated.

Finally, it is important to highlight that between 2013 and 2016, MIDE Jalisco and EVALÚA Jalisco received 15 awards in different competitions in Mexico and América Latina, for good practices. The most stand-out awards are the ones received from the National Council for

7 Annual Evaluation Program Jalisco. Retrieved on December 2nd 2016. Available at: <http://sepaf.jalisco.gob.mx/gestion-estrategica/evaluacion/evaluaciones-programas>

Evaluation of Social Development Policy (CONEVAL in Spanish); the Centre for Learning on Evaluation and Results (CLEAR) for Latin America, and the Organization for Economic Co-operation and Development (OCDE in Spanish). There are also the awards obtained between 2015 and 2016, from the Latin-America and the Caribbean Community of Practice on Managing for Development Results (COPLAC-MfDR) of the Inter-American Development Bank. In addition, there was the Inter-American Award to Innovation for Effective Public Management, issued in 2016, given by the Department for Effective Public Management of the Organization of American States, and the awards for innovation on transparency, received in 2015 and 2016 from the National Institute for Access to Information in Mexico, the World Bank, and the Federal Superior Auditors in Mexico.

6. Pending Challenges and Opportunities

The construction of a M&E system requires a process of gradual improvement within the intra-governmental area, which entails a new culture of government management that not only demands technical proficiency from the teams at high and medium managerial level, but also requires decision-making at a high political managerial level for its effective implementation and continuous refinement.

Furthermore, the construction, functioning, and transcendence of M&E systems is also in a state of continuous improvement outside the government. The Jalisco State Government model has a high accountability approach with a wide availability of information to the public. The existence of a community formed by social organizations, a community of scholars and researchers from universities, and interlocutors interested and able to participate, is vital in this endeavour. Likewise, the development of specialized knowledge in media is fundamental. Most of the positive and negative incentives for improving and expanding M&E systems come from social demand.

Both strategies, MIDE and EVALÚA Jalisco, share two common challenges. The first is the institutionalization and consolidation of its independence and the technical reliability of its coordination processes, integration and dissemination. Although the strategy MIDE Jalisco survived the transition of a government in 2013 when a political party took up the administration different from the one that started the incorporation of indicators and their periodic monitoring to the state development plan, in 2018 a new electoral period will open another potential change in the sub-national government. In 2018 the challenge will be the sustainability of this tool into the

future, and to maintain public access, which certainly requires resolute political will. For institutionalization, it is required to make some regulatory and legal adjustments will be required, and also strengthening of the social use of the information.

The second challenge is the use of information and evidence. This hurdle, identified as a demand driver, refers to the government's strategic use of the information to guide its decisions. Certainly, the information and findings so far flowing from the project has provided guidance in decisions regarding budget, and on the matter of effective strategies to address urgent program delivery problems and, with this, to direct the operation and management of the whole government system.

This second challenge also refers to the demand and use of information by the non-governmental sphere. In this external area, and even more in accountability and citizen participation models, the challenge is to make the necessary adjustments to the monitoring and evaluation systems, to encourage the social use of information and evidence produced with the monitoring of indicators and the evaluation of programs. This can be achieved through using clear, unambiguous language for all citizens, accessible language that allows more people to be interested in, to search on, to guide government commitments, and to value the efficacy of the results achieved.

7. Lessons Learned

The MIDE Jalisco strategy, as a governmental improvement project with citizen co-creation, an information system, an intra-governmental network, and as an accountability platform, has two more internal challenges.

The first internal challenge for MIDE Jalisco is the construction of information, particularly the technical capacities of human resources, and of the computing resources within the different agencies of the Jalisco State Government. Even though in recent years a network of public servants has been formed, and their technical skills have progressed, capacity in production of reliable, quality, standardized data is still limited.

Generally, there is a low public investment in the strengthening of the data collection and production processes, which adds to the limited technological and computing resources. In some agencies, the indicators have been applied to non-updated studies, which may be producing inaccurate information for decision making, such is the case of the areas of mobility, environment, quality of life, and community cohesion.

The second internal challenge for MIDE Jalisco is the evolution of a more solid computing platform, with a more attractive image and tools for the citizens. In 2016, in parallel to the quality, consistence and relevance examination of the indicators and their set goals, a new computing platform was designed with the aim to increase public access and to improve the research experience, as well as the use of analytical tools of information. The new visualization was made based on the results obtained from the open public survey and from the one made by three focus groups of MIDE Jalisco. This will be available from the second trimester of 2017.

Four years after its start, the main challenges for EVALÚA Jalisco are, as it was stated before, the institutionalization of evaluation and the use of evidence for the evaluation, but also the development of internal capacities to increase the efficacy of the evaluative practice on improving government management and, with this, to obtain better results.

Regarding the progress on the internal conditions of the public agencies and entities, the challenges are on the technical capacities for constructing better research questions, and on coordination of an effective improvement of the programs as a follow-up to the evaluation results.

There are important asymmetries among the 40 ministries and decentralized organizations of the sub-national government, regarding the technical and human skills to progress the evaluation agenda. During 2017, it will be essential to promote courses, seminars, workshops and talks about the importance of the necessary technical and managerial skills required for the efficient and effective management and operation of the evaluation agenda.

Another internal challenge will be the technical and human capacity of the own team at the central Evaluation Unit of the Ministry of Planning, Administration and Finances, which must address the professional requirements made by the Federal Public Administration about adding greater evaluation processes to the programs operating with national government budget support. This will demand, in 2017, challenging routines and procedures for the existing small team.

Regarding the use of evaluative evidence, it is necessary to ameliorate the coordination between the stages of programming and budgeting. Two challenges to come will be to produce incentive mechanisms for the creation of future programs or public policies, based on a clear diagnosis and technical information, and to improve the management of the existing programs, through budget incentives for the ones that, with evaluative evidence, prove to be effective.

Finally, there are two more significant internal challenges. The first one is to have local external evaluators who are technically capable and ethically reliable enough to be hired for applied research, that produce specific recommendations worthy of consideration. In Mexico, there are no solid formal mechanisms for evaluator certification. Therefore, it is a challenge to

receive technically solid proposals at a competitive pricing outside Mexico City, which is where the bulk of evaluation exercises of the federal government have been gathered historically.

It is relevant to insist on the social challenge that the evaluation of programs and public policies entails, and how it involves opinion leaders and journalists able to recognize the complexity of the government action and of obtaining results, for which the evaluative strategy is a continuous improvement process, and not an audit one.

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Management Based Results on Development 2016 of Costa Rica

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1. Introduction and Background

In 1974, the law 5525 “National Planning Law” was enacted, creating the Ministry of National Planning and Economic Policy. Article 11 stated, “It is the responsibility of the Ministry of National Planning and Economic Policy to formulate, negotiate, coordinate, approve and evaluate the technical assistance programs, taking into account the objectives of the National Development Plan.” The application of technical assistance is transmitted by the Ministry of International Affairs and Worship, which is in charge of establishing congruence with the foreign policy, and will present them in a timely manner to the governments and corresponding international organizations.

Article 16 established that, “The Ministries and autonomous and semiautonomous institutions will carry out a systemic effort to modernize their own organizations and procedures in order to increase the efficiency and productivity of their activities and with the purpose of achieving the fulfillment of the objectives pursued by the National Planning System.”

A Results Based Management Development Planning Manual was developed to orient and serve as an instrument to train, advise and support different Costa Rican public institutions on the subject of planning to improve the public management.

The Results Based Management Development Planning Manual presents a normative and conceptual framework, containing a basic tool to orient the exercise of planning for results on development as part of the planning cycle and functions, moments, levels and instruments that

have been defined for the National Planning System (SNP in Spanish)¹. The objective of the Manual is: “(...) to guide personnel involved in the planning process of public entities in planning for results in development”. It provides a general vision of this planning, so its use is indicative in relation to the conceptual and normative aspects of the SNP, which should be used when planning in the public sector and is a reference in terms of methodology to be used in such labor.

Given the opportunity offered by the Community of Latin-American and Caribbean Professional in Management for Results in Development (CoPLAC, GpRD), the work to improve public management continues. It also motivates the obtained result by the Ministry of National Planning and Economic Policy in 2015, in the contest for the Annual Award in Results Based Management by the Inter-American Bank, reaching second place in Strategic Planning and the interest of Minister, Olga Marta Sánchez Oviedo to continue improving the Results Based Management approach.

2. Objectives

It was considered necessary to foster a transparent and efficient State in order to achieve a better welfare and life quality for all citizens based on principles of equity, objectivity, impartiality and democratic participation, in a context of legal certainty.

So that the State can adequately fulfill its role as an efficient administrator of scarce resources available to it, the mechanism must be used to assess how efficient the current management of these resources is and to increasingly seek a better relationship among government performance and public budget.

¿Which were the objectives proposed to reach?

The Development National Plan 2015-2018 “Alberto Cañas Escalante”, defined as one of its pillars the strengthening of efficiency and effectiveness of public management to attend the requirements of national development and the aspirations of the Costa Rican citizenship.

The Base Results Management (BRM) on development approach contribute to orient the actions of the public institutions to the citizens, implying a cultural change and an institutional strengthening which establishes, as attention center, the main goal of public administration:

1 In the National Planning Law was established the National Planning System “(...) articulated group of public institutions, subsystems and regulations, under the leadership of the President of the Republic and the technical rectorship of MIDEPLAN, in order to define binding actions that enhance the development of the country, with citizen participation”.

generate results that translate into improving the life quality of people. The BRM give the opportunity of recover the integrity as principle of public management, this because it favors the systemic integral vision of planning, budgeting, monitoring and evaluation in function of results for development, making performance information used to improve decision making and feedback from the planning process and the resources assignment.

In this line of work, was elaborated a Planning Manual focused in the Results-based Management on Development as implementation tool for all Costa Rican public institutions which are part of Planning National System and in general, of Public Sector, to orient them in elaboration and management of public interventions in order to achieve results.

3. Development Activities

- Formation of a team integrated by several officials from the various areas of the Ministry of Planning, the Sectorial Analysis Unit, Prospective, Institutional Actions Unit, Regional Planning Area, Public Investment Unit.
- Definition of scheme on the contents of Manual.
- Analysis and discussion with various officials of MIDEPLAN about main elements of planning in the frame of the Based Results Management approach.
- Elaboration of a preliminary document and its submission to the Sectorial Technical Secretaries for comments and observations.
- Submission of the final document to the Minister Office for observations.
- Incorporation of observations in the document.
- Document validation.
- Publication and dissemination of the final document.

4. Methodology

- Appropriation of a conceptual reference with a Results-based Management approach.
- Analysis of the institutions needs that compose the Planning National System in the process of institutional planning.
- Discussion of report scheme with people involved.
- Collaborative elaboration of the contents.
- Validation.
- Document Revision.
- Final edition.

5. Expected and Actual Results

The shortage of public resources requires an effective and efficient implementation process. Therefore, a model must be established to integrate the elements of Results-based Management approach by establishing objectives that can be measured in terms of their effect and impact on the development of the country. Longer term, the organizational management tools need to be updated and validated.

The successful adoption of the Results-based Management model requires gradual changes in the organizational structure and operation of public institutions to produce desired outcomes. These changes can encourage public administrators to gradually abandon traditional ways of working which is hierarchical and centralized, approach.

Results-based Management provides an integrated approach to planning, budgeting, monitoring and evaluation. It uses performance information to improve decision making. It also facilitates a process of feedback in planning and resources allocation.

A Planning Manual was provided as part of efforts to institute Results-based Management on Development by allowing institutions to share knowledge and best practices gained from their experience. The manual provided public officials a framework for the adoption of Results-based Management approach in Costa Rica to improve the delivery of public services by monitoring and evaluating results and by improving the quality of the indicators that are incorporated in the different planning instrument (institutional operational plans, sector plans, regional plans, national development plans).



The Manual is available in the following link:

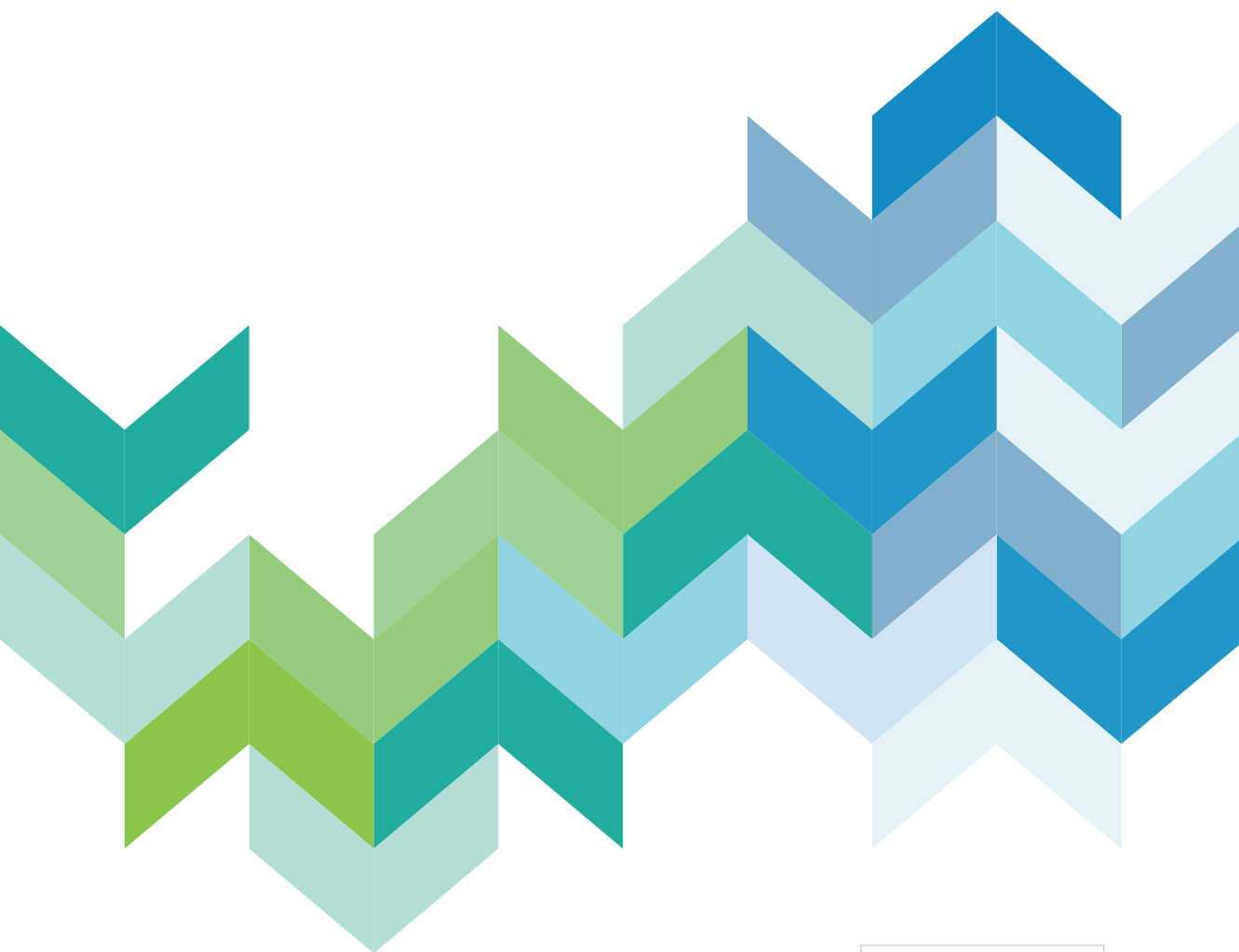
https://documentos.mideplan.go.cr/alfresco/d/d/workspace/SpacesStore/97b784e7-a92c-4c67-a3e8-4cf2eec2b681/Manual_de_Planificacion_con_enfoque_para_resultados_en_el_desarrollo.pdf?guest=true

Some of the results obtained are evidenced by better management of institutions in the Costa Rica. The outcomes include improvements in economic activity, greater attention to the vulnerable population, reduction of poverty, greater police coverage and greater school coverage.

6. Pending Challenges and Opportunities

- Ensure that all institutions use the Manual and results-based management, through the delivery of goods and services that benefit citizens by improving their life quality.
- Ensure that the Manual can be used at the national, sectorial, regional, institutional, territorial and local levels.
- Promote the participation of other social actors (Private Sector, Civil Society and State) to improve the quality, equity, opportunity and transparency in the delivery of goods and services to produced desired outcomes.
- To ensure that the Public Management in Costa Rica (the most important institutions) is results-based.

Managing for Development Results for Inclusive Development



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