



AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT

SECTORAL POLICY AND REVIEW BRANCH

**MONITORING & EVALUATION
CAPACITY-BUILDING STUDY**

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This study was undertaken by external consultants
and does not necessarily represent Australian government policy

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ABBREVIATIONS

ANAO	Australian National Audit Office
DAC	Development Assistance Committee (of OECD)
DBM	Department of Budget and Management (Philippines)
DOF	Department of Finance (Philippines)
DOFA	Department of Finance and Administration (Australia)
DP&I	Department of Planning and Investment (PNG)
EGE	Expert Group on Aid Evaluation (of DAC)
GTZ	Germany's executing agency for official technical assistance.
M&E	Monitoring and evaluation
MFEP	Ministry of Finance and Economic Planning (Kiribati and Tuvalu)
MPI	Ministry of Planning and Investment (Vietnam)
NEDA	National Economic and Development Agency (Philippines)
NMA	National Monitoring Authority (PNG)
ODA	Official Development Assistance/Overseas Development Administration (UK)
OECD	Organisation for Economic Cooperation and Development
PPMS	Project Performance Management System (ADB)
PCR	project completion report
SCCI	State Committee for Cooperation and Investment (Vietnam)
SIDA	Swedish International Development Agency
SPC	State Planning Commission (Vietnam)
TA	Technical assistance

Common acronyms are excluded (eg, FAO, UNDP, EU) from this list as are acronyms which appear only on the page where they are first used.

\$ in this report refer to Australian dollars except where otherwise stated.

1. SUMMARY

1.1 OBJECTIVES

This report provides information to AusAID on the current status of monitoring and evaluation (M&E) in five countries with which it has a bilateral development cooperation partnership. The report is intended to provide information that will assist AusAID in deciding whether there is potential for and interest in further developing M&E capacity, and if so, the countries on which it should focus.

The report is the outcome of a desk study undertaken in October 1997. Information was drawn from reports and studies mainly carried out by multilateral agencies over the past five years, and where possible from telephone discussions with the AusAID posts and officers of the central agencies of the countries selected for study.

From a list of 16 countries suggested by an advisory group established to oversee the project, five countries were selected for this desk study: Philippines, Vietnam, PNG, Kiribati and Tuvalu.

Follow-up activities to this study are likely to focus on perhaps two of the five countries, and would involve field-work and the development of detailed strategies for M&E capacity-building. Recommendations for undertaking follow-up activities are given below.

1.2 GENERAL FINDINGS

The report commences with an overview of the different levels of monitoring and evaluation and the benefits to be expected from them. Looking at each country in turn, the report then summarises past and present institutional strengthening activities in M&E, future needs and expected benefits of activities in this area.

AusAID is already active in the M&E sector in a number of ways. For example, AusAID is currently setting up a twinning arrangement with NEDA in the Philippines to strengthen M&E capacity. In PNG, components of several current projects aim to develop the monitoring capacity of national agencies.

While there have been numerous efforts to establish evaluation capacity in developing nations, few of these have had substantial impact. Perhaps because of this, there is now increasing emphasis on ongoing and performance monitoring and evaluation, rather than on post evaluation.

Monitoring and evaluation can bring a range of benefits. These include: contributing to project planning and policy development, enhancing governance at all levels, providing project managers with necessary information, and ensuring that the lessons learned from previous projects are incorporated into the design of new projects.

1.3 COUNTRY OVERVIEW

1.3.1 Philippines

Philippines has a long history of M&E development. NEDA is the central government agency primarily responsible for monitoring and evaluation. Its Project Monitoring Staff have wide responsibilities in relation to both aspects.

The World Bank assisted in the establishment of capacity in a number of line agencies and NEDA in the late 1980s and ADB supported an evaluation capacity-building TA in NEDA (but directed also at line agencies) in 1992. Both ADB and World Bank have ongoing capacity-building programs working through NEDA and focusing mainly on project performance monitoring. Under the World Bank program, NEDA is being supported in the establishment of a 'twinning' arrangement with foreign

organisations. Discussions on establishing this relationship with AusAID, the Australian Department of Finance and Administration, and the National Audit Office are well advanced.

A program of devolution of power to the provinces commenced in 1991, and has accelerated in recent years. This is generating a need to improve information flows between the provinces and central agencies.

1.3.2 Vietnam

Vietnam adopted a policy known as *doi moi* (renovation) in the late 1980s. This has resulted in a major restructuring of the economy, from land use and tenancy, to banking and the operation of state enterprises. One of the outcomes of these changes has been a decline in the volume of information flowing from the provinces and enterprises to the centre.

The recent establishment of the Ministry of Planning and Investment (MPI), which took over the responsibilities of the State Planning Commission, has resulted in a need to develop and establish new procedures in project and program monitoring.

1.3.3 PNG

In PNG, the passing of responsibility for M&E to the new Department of Planning & Implementation and devolution of power to the provinces under the new organic law have major implications for monitoring and evaluation. Together with other aspects of management and governance, there are significant needs in the area of M&E.

At the moment, M&E capacity development is already occurring to a limited extent through components of appropriate institutional strengthening projects. Any activities in this area would need to have the explicit objective of strengthening the PNG government's ability to monitor and evaluate its investments across the board, not just donor-funded projects.

1.3.4 Kiribati

National level monitoring in Kiribati is the responsibility of the Ministry of Financial and Economic Planning. A number of technical assistance projects under ADB have supported capacity development in the Ministry, but staff shortages and turnover have limited their impact, with many advisers fulfilling line responsibilities rather than focusing on human resource and systems development. Kiribati adopted output budgeting about three years ago. This has substantial implications for monitoring and reporting by government departments.

The third in a series of ADB-funded technical assistance projects commenced in about April 1997. The 'Strengthening Financial and Economic Management' project will last for three years, addressing weaknesses in the preparation, implementation and monitoring of the government's annual budget. The project is supported by an AusAID component on strengthening planning and accounting.

There is currently no capacity in project post evaluation in Kiribati. However, an AusAID project is assisting the Public Works Division in asset management, which includes some evaluation-related aspects. Given the small size of the public investment program in the country, the development of local post-evaluation capability may be of limited value.

1.3.5 Tuvalu

Tuvalu is in a similar position to Kiribati, although on a smaller scale. With a population of about 10,000 and a land area less than 30 km², the overall public sector investment program is limited. A number of institutional support programs are in place which have monitoring aspects, while the

introduction of output budgeting for the 1998 budget will require upgrading of the monitoring work undertaken by the line agencies.

1.4 RECOMMENDATIONS FOR FOLLOW-UP TO PHASE I

Recommendations are made for a possible follow-up to this study. These recommendations have moved away from the development of a second phase to the study, as originally envisaged in this study's terms of reference. Each country's needs and program should be analysed separately in planning further assistance in this area.

AusAID could provide assistance to strengthen the M&E capacity of its partner governments in a number of ways. At the simplest level, this could involve supporting a number of institutional strengthening projects in one or more countries. In some cases this would mean adding one or more components to existing projects. In others, no change to the project scope may be required.

One step up the complexity (and cost) ladder would be the selection of two or three of the countries reviewed in the current study, or perhaps a country which has not been included to date, for detailed design of a specific M&E capacity-building project. Based on the analysis undertaken, the order of priority and main reasons for undertaking follow-up action in the five countries are:

1. **Vietnam** High need and enthusiastic response to concept.
2. **Philippines** Already strongly supported by multilateral and bilateral agencies but a useful contribution could be made at the provincial and local government level in support of devolution. NEDA forms a suitable counterpart agency.
3. **PNG** Major need, but limited absorptive capacity. Given the constraints of the PNG program, any assistance may serve to support existing activities in this area (strengthening monitoring capacity within institutional strengthening projects). Further activities in this area would need to proceed cautiously, with full support from the AusAID Post.
4. **Tuvalu** Little institutional capacity in relation to project intervention, but a program to support the new output budgeting system may be useful from mid-1998.
5. **Kiribati** Virtually no potential for support in the short to medium term due to the existing Financial and Economic Management project (ADB with one AusAID component).

1.4.1 Country-specific Initiatives

A number of recommendations are made for country-specific initiatives. In summary, the suggestions for the three highest priority countries include:

a. Philippines

- Provision of technical assistance to NEDA and other central agencies as appropriate;
- Conduct of training courses in NEDA by Australian experts/trainers;
- Training of NEDA and other agency staff at Australian institutions;
- Secondment of staff to AusAID, Department of Finance and Administration or the National Audit Office; and
- Development of a pilot program with one region, to assist M&E strengthening at the local level.

b. Vietnam

- Provision of support to the Ministry of Planning and Investment (MPI) in the development of its M&E capacity in relation to both donor assisted and locally-funded programs;
- Training course and systems development with MPI, together with the establishment of necessary computing capacity. The focus would probably be on performance monitoring and ongoing evaluation, though consideration should also be given to assisting in the establishment of post evaluation capability; and
- Assessment of potential to provide support to one or more provinces on a pilot basis.

c. PNG

Given the limited capacity in M&E at present, a long-term program would be required, with the initial focus on the establishment of effective monitoring systems at the project and program level:

- Conduct of a needs assessment in the area of M&E capacity building in key central, line agencies, which could also look at local M&E capacity in a small number of provinces;
- Technical assistance for training and human resources development in the National Monitoring Authority, if it develops into an effective organisation, with continued PNG government support;
- Review of selected AusAID-funded projects with a view to reinforcing existing monitoring and institutional strengthening functions in a number of PNG government agencies;
- Technical assistance at the central level, through (probably) the improvement in the monitoring capability of the Department of Planning and Implementation; and
- Provision of assistance to enable the government to fully participate in collating and monitoring the expected outputs under the joint 'Outputs 2000' exercise agreed at recent High Level Consultations.

1.4.2 General Initiatives

In addition to country-specific M&E systems development, a number of more general initiatives could also be considered with potential for application in several countries. Examples include:

- **Participatory monitoring** development of systems to involve beneficiaries in project monitoring. This would involve assisting project beneficiaries and other stakeholders to monitor and record information on project effects. The system could be trialled in one or two countries (possibly Vietnam and Philippines) and later extended to other AusAID partner countries.
- **Regional monitoring and evaluation training/systems** while the motivation to develop 'pure' evaluation capacity seems to have declined over recent years, substantial benefits can still result through developing evaluation capacity and establishing evaluation training. Consideration could be given to (for example) a Pacific small island states course possibly in Fiji, or (possibly) an Indochina course for Vietnam, Cambodia and Laos. The course could be accompanied by systems analysis and the installation of an evaluation results database to support the project planning process. While it is likely that monitoring courses would be better conducted in-country, there may also be merit in considering (for example) regional courses in participatory monitoring for the small island states.

- **Monitoring systems development** for example taking the new AusAID activity monitoring briefs and assessing how they and other agencies' performance monitoring systems could be developed into a system that would meet the project monitoring needs of implementing agencies, line and central departments. Again, this could be developed and trialled in one country and then extended to other countries depending on the success of the program.
- **AusAID Evaluation Systems** assessing ways to include recipient governments in AusAID evaluations to a greater degree. This involvement could range from the inclusion of one or more local staff on AusAID teams with responsibility for preparing part of the evaluation report up to the full involvement of the recipient government in defining and planning the evaluation program and approach. While counterparts are included on AusAID evaluations already, this involvement is largely restricted to facilitation and translation.
- **Twinning arrangements** such as that currently under development with NEDA from the Philippines offers considerable potential for Australian support to developing country bureaucracies.

1.5 AUSTRALIAN AND NZ M&E SUPPORT CAPACITY

Evaluation culture and accountability are well-entrenched in the public services of Australia and New Zealand. This provides a sound base for assisting the bureaucracies of developing nations to develop their own capacities and to improve the level of governance generally.

Although Australia has not been in the forefront of M&E capacity building, considerable expertise is available in Australia and particularly in the consulting industry. Numerous consultants indicate capability in M&E, though much of this in practice relates more to project physical and financial recording and monitoring, rather than to benefit monitoring and evaluation. Relatively few have undertaken training and human resource development in M&E capacity building.

Australian universities have substantial capacity in relation to M&E capacity building. Notable is the University of Queensland 11-week course on 'Project Sustainability and Performance Evaluation'. Several other universities have relevant short courses or modules that can be taken as short courses.

Much of the M&E capacity development in the region has been undertaken by ADB. Most of these projects have involved Australian consultants, including projects in China, PNG, Philippines, Nepal, Thailand and Sri Lanka. An ongoing major capacity building exercise is being undertaken in Sri Lanka by an Australian firm, while Australian consultants are assisting ADB in the development of its project performance monitoring system. AusAID itself is developing systems which have substantial relevance to line agency monitoring systems through the Activity Management System and particularly the Activity Monitoring Briefs. Such developments underpin the capacity of Australia and AusAID to support M&E capacity building in developing nations.

2. INTRODUCTION

2.1 TERMS OF REFERENCE AND APPROACH

The Monitoring and Evaluation Capacity-Building Study was undertaken as a desk study over the period 15 to 31 October. Meetings were held with AusAID directors and desk officers of the relevant countries, and a questionnaire for the (in-country) posts was developed (Appendix F). This was emailed to the posts early in the period and was followed up by telephone discussions to determine the direction of the study and the consultation process to be undertaken with local government agencies.

At the same time, contact was established with a number of multilateral and bilateral agencies. The objective of this consultation was two-fold: firstly to obtain up-to-date reference material on project monitoring and evaluation methodologies; and secondly to ensure as far as possible that any AusAID assistance in this area would complement initiatives undertaken by other agencies.

The study is intended to set a framework for possible future assistance in this area, and has therefore been primarily an information-gathering exercise. In order to develop recommendations for each country, and to ensure that there is strong partner government support for any assistance, it was intended to be to hold discussions with central, line and provincial agencies. In practice, discussions were limited to central agencies due to communication and other problems.

The findings of the draft report were discussed at a meeting of the study's Advisory Group, together with representatives from each of the country desks. The report was revised as a result of the recommendations of this meeting, before being sent to the relevant posts for comment. The final recommendations were communicated to the members of the Advisory Group, before being submitted to the AusAID Executive for consideration. The terms of reference for the study are in Appendix A.

2.2 COUNTRY SELECTION

Initially the study's Advisory Group developed a list of 16 possible countries for review in Phase I in consultation with the AusAID desks. A series of email discussions ensued with the country posts resulting ultimately in the following five countries being selected: PNG, Philippines, Vietnam, Kiribati and Tuvalu. These included countries with which AusAID has both large and small development cooperation programs.

2.3 RESPONSIBILITIES AND ACKNOWLEDGMENTS

The study was carried out by a team comprising:

Mr Jon Cook	(Sloane Cook & King Pty Ltd)	M&E Consultant
Katherine Ruiz-Avila	(AusAID Evaluation Section)	Task Manager

An Advisory Group of senior AusAID staff was established to oversee the study. Membership of the Advisory Group is given in Appendix A. In particular, the Advisory Group:

- (i) assisted in the design of the project;
- (ii) discussed the draft report and made suggestions for incorporation in the final report of the study; and
- (iii) made recommendations on the usefulness and scope of follow-up action to the study.

Government departments and the AusAID posts and desks provided a high level of support. The posts were particularly helpful, despite in some cases being asked to provide input under difficult

circumstances. Other AusAID officials, for example from the Advisory Service Group and Activity Management System Section, provided useful input. A list of persons and institutions consulted is in Appendix E.

3. BACKGROUND AND DEFINITIONS

3.1 RELATIONSHIP BETWEEN MONITORING AND EVALUATION

Monitoring and evaluation are words that are often linked and termed M&E. This is appropriate particularly in relation to benefit monitoring, where the outputs of the monitoring program are a direct input to post-evaluation. Other aspects of monitoring also link to evaluation, since it is difficult to evaluate projects for which basic monitoring aspects such as input, cost and output recording are inadequate – as has been the case for a number of AusAID projects which have been evaluated recently.

According to UNDP (1997a) “monitoring and evaluation differ yet are closely related. They are mutually supportive and equally important. Monitoring can provide quantitative and qualitative data using selected indicators, data that can serve as inputs to evaluation exercises”. Evaluation also supports monitoring, serving as a source of lessons that can be applied in the development of conceptual or methodological innovations for use in refining the monitoring function, eg, by devising appropriate indicators for future projects. The study highlights the difference between evaluation and audit - the periodic review, verification and reporting on the accounting system, centring on financial management and control.

It is therefore useful to consider both monitoring and evaluation within a single capacity-building program; and yet it must be recognised that the field is so large that it risks diluting the program and rendering it ineffective. “Are monitoring and evaluation such distinctly different functions, serving distinctly different users that they should be considered independently of each other? ... We disapprove of the use of the universal acronym M&E as it implies that we are dealing with a single function” (Casley and Kumar 1987).

It will thus be essential during any future assistance in M&E capacity building to focus on key constraints in that country’s monitoring and/or evaluation processes, and limit assistance to those areas that can most assist local institutions in program management, planning and policy development.

In practice, both monitoring and evaluation cover a range of tasks. Sections 3.7 to 3.9 outline the various levels of M&E at which intervention could be considered. Table 1 outlines the main aspects of M&E in order to place the succeeding sections in context.

Table 1 Main monitoring and evaluation functions

M&E Class	Activity/definition
Input/Output Monitoring	
Within-project monitoring	Recording and reporting inputs, activities, outputs & problems
Monitoring by implementing agency and its line ministry/ department	Summary project information, which is then aggregated to the program or sector level.
Monitoring by central agencies	Local and foreign cost data are required by ministries of finance and general physical information on public investment program accomplishments by the national planners
Monitoring by donor/funding agency	Project, sector and country level information on physical progress of project and costs.
Benefit Monitoring	
Project level	Sometimes termed performance monitoring. Measurement of the extent to which expected project benefits are being achieved.
Program level	Measurement of the effects of a program (eg, the health program), which will usually include a number of projects as well as normal operational activities.
Sustainability monitoring	Measurement of the extent to which project benefits are sustained

	after project completion.
Evaluation	A time-bound assessment that systematically and objectively assesses the relevance, performance and success/effectiveness of ongoing and completed programs and projects.
Ongoing evaluation	Regular review, using the results of performance monitoring of the progress of the project towards meeting its purposes.
Mid-term review	Conducted in order to assess progress and (if necessary) to modify the project scope and activities for the remainder of the project period.
Project completion reporting	Study of project efficiency (and preliminary estimate of effectiveness) undertaken at the end of a project, often by the implementing or funding agency
Post evaluation	Systematic and objective assessment of completed development projects. It is normally undertaken one to two years after project completion, usually independent of the implementing agency.

3.2 THE 'PROBLEM'

Monitoring data is desirable at many levels and is required by many actors in the development process. Insufficient or inaccurate information prevents managers from developing or maintaining a clear picture of the activities and processes for which they are responsible. Data that are at the wrong level of aggregation, poorly presented or in the wrong form, have limited usefulness. Reports are devalued if they are presented late, or distribution limited, the latter often due to prevailing power structures. At one level:

“Monitoring of aid disbursement and utilisation tends to be restricted due to the poor quality of the monitoring carried out by line ministries and other implementing agencies. This severely handicaps the centralised monitoring functions that are normally assumed by the central planning department.

Some improvements are being introduced in many countries. Planning departments have worked out easy-to-use indicators of physical and financial progress and increased the flow of information and reporting to the external resources division. Sometimes, high-level committees are established, chaired by the secretary, ministry of finance, and empowered to review policies in regard to aid coordination and to monitor the utilisation of all aid. Such committees may have sufficient clout to take corrective action in relation to implementing agencies with a poor performance. Much depends on the management information systems being developed as well as upon the willingness and capacities of the line ministries to improve their reporting.

These measures may improve aid management considerably within the government system. It should be added, however, that problems occurring because of delayed disbursements of externally provided funds may continue even under the new arrangements, because ministries of finance often have an interest in delaying disbursements as a means to cope with the large budgetary deficits. This is related to the fact that the recent public investment programs in many developing countries have been scaled down considerably after pressure from the IMF and the World Bank.

Most line ministries tend to have insufficient staff and institutional capacities for planning and monitoring. These weaknesses obstruct the flow of accurate information required by the external resources division for purposes of monitoring and negotiating with foreign donors.” (UNDP 1994a)

Beyond this, planning tends to receive far greater attention than monitoring in many institutions. Planning may bring rewards (ie, new projects), while monitoring ongoing projects or programs may be considered a chore or, even worse, a threat (as discussed in Heaver, 1982). Similarly much has been

written about the monitoring and evaluation of capacity building projects (see for example UNDP 1994, p27), but less about capacity building in project monitoring. Curiously, capacity building for evaluation features more strongly than for monitoring in the literature, probably because it is well suited to simple systems development while monitoring tends to be more amorphous.

Problems with current approaches to M&E

In view of the rapid proliferation of M&E systems, it is not surprising that many have had difficulty in living up to the ambitious demands placed on them. Many project M&E systems have been criticised for their inefficiency and limited utility. In some cases the information arrives too late, does not answer the right questions or is too costly to collect. In other cases, the attention is narrowly focused on certain quantitative and financial aspects of the projects and most of the information refers only to the period of physical implementation.

Organisational and Political Problems

- Neglect of political dimensions of evaluation
- Central M&E agencies perceived as a threat
- M&E functions located in an inappropriate agency
- Different requirements of different users, particularly between governments and donors

Managerial Problems

- Lack of clear procedures
- M&E seen as a threat
- Poor quality of much M&E data
- Lack of rewards associated with sponsoring evaluations

Problems of Focus

- Main focus on monitoring of project implementation
- Few studies on how programs operate, how they are sustained or whether they are able to produce intended impacts
- National focus on capital budget rather than recurrent
- M&E units located in agencies created to oversee implementation
- Short planning and budgetary cycles leading to focus on short-term implementation objectives

3.3 BENEFITS OF M&E

3.3.1 Monitoring

Monitoring forms an integral part of all successful economic activity. Monitoring is about information and its aggregation to a level appropriate to all levels of management. Without access to accurate and timely information, it is difficult if not impossible to manage an activity, project or program effectively. According to UNDP (1997a) “monitoring enables management to identify and assess potential problems and success of a program or project. It provides the basis of corrective actions, both substantive and operation to improve the program or project design, manner of implementation and quality of results. In addition it enables the reinforcement of initial positive results.”

3.3.2 Evaluation

The primary purpose of evaluation is to provide lessons which assist in the design of new projects and programs. Without evaluation, any lessons that are learned from project or program experience may remain hidden, or at best only known to those directly concerned with project implementation. Evaluation, necessarily supported by effective feedback mechanisms to disseminate results, can be useful to a wide range of people and institutions involved in project/program design, implementation and management as well as those in the policy and planning areas.

Evaluation is also useful in promoting accountability, on the basis that the possibility that a project will be evaluated may have some influence on management (though admittedly this effect may be minimal).

In the case of the donor/funding agencies, and increasingly in local line agencies, evaluation is also seen as a way of assuring the stakeholders that the program is running well and achieving the desired outcomes.

3.4 GOVERNANCE AND M&E

The governance of public sector organisations in developing countries is attracting increasing attention by both central government institutions and donors. Governance has many facets and at its broadest encompasses the entire management, operating systems and culture of an institution.

In order to manage projects, personnel and budget, good information flows are a prerequisite. Information should therefore flow from the monitoring system at a level and frequency that managers at all levels require in order to discharge their responsibilities effectively.

Evaluation also links to governance, particularly if supported by a strong government auditing system. Evaluation assesses the effectiveness of government projects and programs and highlights areas where inadequate governance adversely affects performance.

Issues of governance are increasingly assuming importance in the development assistance sector. This is evidenced by the major efforts being made by World Bank and ADB among others to promote good governance in their developing member country governments. Institutional strengthening in M&E and the development of an appropriate ‘culture’ in the public service are key aspects of the long-term development prospects of many countries. While a number of SE Asian countries have experienced rapid GDP increases, many of their current fiscal and economic problems have linkage to governance issues.

3.5 M&E IN THE PROJECT CYCLE

The project approach to development is often regarded as a cycle of activities or steps. The four main steps are identification, preparation, implementation and evaluation. These may be broken down into more detailed activities. AusAID recognises 11 stages in the project cycle, as follows, together with the major M&E functions at the different stages:

Table 2 M&E in the AusAID project cycle

Project cycle stage	Possible monitoring functions	Possible evaluation functions
1. Country strategy formulation		Country effectiveness review
2. Country program development		Provide feedback to policy makers
3. Project identification		Provide feedback to project planners
4. Project preparation and design	Design monitoring system	Provide feedback to project designers Review logframe Define evaluation framework
5. Appraisal		Review evaluation lessons
6. Selection, negotiation, approval		
7. Inception or start-up	Baseline survey	
8. Project implementation and monitoring	Input/activity/output monitoring Activity monitoring briefs/ Benefit monitoring Mid-term survey	Mid-term evaluation
9. Project completion		Project completion report

10. Post-evaluation	Impact survey	Post-evaluation Impact evaluation Develop lessons database
11. Follow-up and feed-back to new projects		Disseminate evaluation lessons

Source: Project cycle adjusted from AusAID 1991

3.6 M&E AND THE LOGFRAME

In summary, and placed in the context of the logical framework (logframe), the main components of monitoring and evaluation are as follows:

Table 3 M&E and the Logframe

	INPUT/OUTPUT MONITORING	BENEFIT MONITORING	EVALUATION	
Hierarchy of objectives			Type of evaluation	Time after project completion
Goal		Impact survey Sustainability monitoring	Impact evaluation (project impact)	5 years
Purpose (objective)		Benefit monitoring	Post-evaluation (effectiveness)	1-2 years
Project outputs	Management reports Project reporting Line agency monitoring activities/ achievements	Implementation survey	Project completion report (efficiency) Mid-term review On-going evaluation	At completion
Activities	Activity recording and reporting	Baseline survey (pre-project)		
Inputs	Procurement recording Auditing			

In addition to providing a useful framework for classifying the various aspects of M&E, the logframe has a more direct link to monitoring through the requirement for ‘quantifiable indicators’ and ‘means of verification’. These form the central two columns in a typical logframe and are not always given much attention by project designers. This is unfortunate as they do require thought to be given on what the project is intended to achieve and how these achievements are to be measured i.e, the monitoring requirements.

Monitoring has focused in the past on the efficiency of a project, i.e, in the conversion of inputs into outputs. However, over recent years, greater attention has been paid to benefit monitoring and the initial assessment of project effectiveness. Monitoring is an ongoing activity that may commence prior to the project (with for example a baseline survey) and continue after completion.

Evaluation (or at least post evaluation) relates to project effectiveness – how efficient the project outputs are in leading to the intended development impact. Evaluation is generally a time-specific activity that takes a ‘snapshot’ of a project at a particular time and attempts to improve the design of the remainder of the project period (mid-term evaluation) or draw lessons for other projects or programs (post and impact evaluation).

3.7 PERFORMANCE MONITORING

Monitoring is “a continuing function that aims primarily to provide program or project management and the main stakeholders of an ongoing program or project with early indications of progress or lack thereof in the achievement of program/project input and output objectives” (UNDP 1997a).

The physical and financial performance of projects is normally monitored at four main levels: (i) within project monitoring; (ii) line agency monitoring; (iii) central agency monitoring; and (iv) by the donor or funding agency. Each has different objectives.

3.7.1 Within Project Monitoring

Within a project (or program) the project implementers or managers require information on project progress. This may include the procurement of inputs, the progress of activities or the production of outputs. In the AusAID development assistance program, within project monitoring requirements are described in the Country Programs Operations Guide (AusAID 1991).

3.7.2 Line Agency Monitoring

According to DGIS (1995 p12 quoting IFAD 1984) “monitoring development activities is not limited to the level of project implementation. As an integral component of the management function, and hence as an essential part of good management practice, monitoring needs to be conducted by those responsible for project/program implementation at every level of the management hierarchy. Within donor organisations, management at various levels monitors to gather information on activities in progress. Data generated at project level flow, by means of reporting systems from lower to higher levels in the management hierarchy, becoming increasingly aggregated as they do so”.

Line agencies are required to monitor the activities for which they are responsible. Such requirements are often detailed in national legislation, and often are of a financial nature. However, project physical reporting is also of interest to line agency managers, though at a more aggregated level than the project managers. Line agency reporting requirements would typically be at a similar level to those of the donors, but with greater focus on local funding and resource inputs.

3.7.3 Central Agency Monitoring

The central agencies in most governments (eg, usually the Ministries/Departments of Finance and Planning) also have an interest in project monitoring. Their interests are often at the macro level, and may relate to actual disbursement/expenditure compared to budget, and a very general view of the project’s physical progress.

3.7.4 Donor/Funding Agency Monitoring

AusAID’s project monitoring requirements are changing. However, for the time being they remain defined by the Country Programs Operation Guide (AusAID 1991). This provides a useful summary of monitoring requirements, many of which will remain relevant in any revision to operational systems.

The aggregation of data as they pass ‘up the line’ to both AusAID and line departments has been greatly facilitated by the development of computer systems. AusAID is at present developing two computer-based systems which have major implications for project and program monitoring the activity monitoring briefs (see Appendix D) and activity management system.

The use by AusAID of technical advisory groups (TAGs) has expanded in recent years. Many highly technical projects have TAGs and these may have more or less responsibility in relation to project monitoring.

3.8 BENEFIT MONITORING

The physical and financial recording of project inputs, activities and outputs is generally straightforward. Since the project managers are responsible for all aspects, establishment of a monitoring system that reports on selected indicators of progress on a regular or intermittent basis is simple in theory, though not always carried out effectively. Benefit monitoring is more complex, since it seeks to define the extent to which the project outputs are achieving the expected benefits. Benefit monitoring thus involves the assessment of activities and performance of areas which are by definition outside the project's direct control. Benefit monitoring requires the conduct of surveys and/or the assessment of 'proxy indicators' which provide an indirect measure of project effectiveness.

Traditional benefit monitoring has focused on the collection of sample survey data on the beneficiary (and occasionally on control) populations. While this has been useful in many instances and has provided project managers and evaluators with useful perspectives and data on the 'target population', in practice, it has not lived up to its promise (of providing quantitative information on project effects). In some cases where a major effort has been made and funded by the project, the outcomes have been useful (for example the ADB-funded Palawan Integrated Area Development Project in the Philippines). In other cases, baseline surveys have been conducted late, sample frames and questionnaires have changed between baseline and impact surveys, impact surveys have not been conducted, or if conducted may not have been analysed (eg, the AusAID-funded Nusa Tenggara Timor Integrated Area Development Project). While statistical sample surveys have a role in some cases (and should probably form part of any capacity building activities) other methods including participatory evaluation need to be given more emphasis.

3.8.1 Proxy Indicators

Where project effects or impacts are difficult to measure directly, or where budget is not available for more rigorous assessment, reliance may be placed on proxy indicators. The classic example given of this is the trend in the price of elephants in the local market as a proxy for the success of a project to control illegal logging in Thailand. Information can also be gained from secondary data sources such as national statistics or household income and expenditure surveys.

3.8.2 Participatory Research

Following the success of the rapid appraisal method in the 1960s and 70s, ways have been sought to involve local populations in data collection and assessment. Particularly during the 1990s, the system of participatory appraisal and evaluation has developed (see for example UNDP 1997b). In terms of benefit monitoring, this could involve (for example) a group of stakeholders and/or beneficiaries monitoring agricultural (or health or education) indicators in their community. This is generally assisted by outside experts (eg, from the project monitoring staff) and would ideally be set up during the project design period. This form of benefit monitoring could usefully be explored further.

DAC (1997) notes that there is increasing emphasis on the importance of participation, especially in policy documents; an increase in the use of some participatory techniques (focus groups, key informant interviews, workshops); and the current development by some donors of participation guidelines, procedural notes, 'toolboxes' and resource materials. The report suggests that (i) participation should be mainstreamed by donor agencies into their operations; and (ii) evaluation tools should be further developed at a technical and procedural level, including operational and evaluation guidelines, procedures and indicators that better accommodate participatory processes.

3.8.3 Sustainability Monitoring

Honadle and van Sant (1985) attempted a definition of sustainability: “the percentage of project-initiated goods and services that is still delivered and maintained five years past the termination of donor resources (for foreign-aided projects), the continuation of local action stimulated by the project and the generation of successor services and initiatives as a result of project-built local capacity.”

During the implementation period of a project, monitoring is relatively straight-forward. Staff are on hand (and often highly motivated), budget is usually available for at least some monitoring and the funding agency requires regular reporting on implementation performance. Following completion of the project, the motivation for continued monitoring declines, as any monitoring that is undertaken generally forms part of the normal operation of the implementing or line agency. Given the frequent decline in sustainability of (for example) service provision or asset maintenance following project completion, there is a strong case for at least some ‘sustainability monitoring’ by central and line agencies. In part this may be effected through impact evaluations on a sample of projects, but there is also merit in systematic review of programs from a sustainability perspective.

Bamberger & Cheema (1990) have formulated a series of indicators of project sustainability which could be used for project sustainability monitoring. These are listed in Appendix C.

Ziel-Orientierte Projekt Planung

ZOPP is the official project planning system of GTZ, Germany’s executing agency for official technical assistance. It is a set of procedures and instruments for objectives-oriented project planning. It emphasises active stakeholder participation. It was adopted in order to define realistic and definite objectives and a set of performance indicators within a logical framework, to improve communication and cooperation between people and groups involved in or affected by a project, to clarify the scope of responsibility of the main actors, and to provide indicators for monitoring and evaluation (World Bank 1996b).

Problem analysis: confirms or amends the project concept by identifying the core problem of the target group and depicts the causes and effects of this problem visually in the form of a problem tree.

Objectives analysis: develops specific objectives that related directly to the problems identified. This and the following stages normally involve consultation workshops with intended beneficiary groups

Alternatives analysis: develops and assesses alternative or competing strategies to achieve the agreed objectives in the most efficient and equitable way;

Planning matrix: spells out detailed action plans to achieve the objectives and identifies indicators to measure progress in achieving objectives. (Valadez & Bamberger 1994 p87)

ZOPP’s emphasis on broad stakeholder participation has led to improved ownership, and it has provided a basis for a smoother implementation process. The broad participation of beneficiaries, particularly in social service projects, has improved accountability and transparency at the level of service delivery as beneficiaries have been more aware of expected project outputs. Task managers have found that the extra time that ZOPP requires during project preparation is offset by the implementation problems that it avoids. The ZOPP approach is also being used increasingly in mid-term evaluation, particularly with problem projects.

3.9 EVALUATION

“A time-bound assessment that systematically and objectively assesses the relevance, performance and success/effectiveness of ongoing and completed programs and projects. The main aim of evaluation is

to provide lessons which are incorporated into the decision-making processes of governments and donors” (modified from UNDP 1997a and DAC 1986)

On-going evaluation has the purpose of providing early feed-back to project managers and implementing agencies concerning:

- the policies affecting the project;
- attainment of sectoral goals and objectives;
- adequacy of institutional arrangements; and
- the appropriateness of project design and the level of resources applied.

Mid-term evaluation (often called mid-term review), is a point-of-time assessment of a project or program. It is mainly directed towards improving implementation performance during the remaining project period or, in some cases, determining whether or not the project should continue. Many principles from ‘post’ can be applied to mid-term evaluation though it may not be possible to undertake detailed economic re-evaluation so early in a project’s life.

Post-evaluation is the systematic and objective assessment of completed development projects. It is normally undertaken one to two years after project completion. Post-evaluation examines the underlying causes of project outcomes in order to determine project efficiency, effects and impact, including their potential to be sustained in the longer-term.

Impact evaluation is a specific field of post-evaluation which seeks to assess the development impact of a project on intended beneficiaries. Impact studies are undertaken some time (usually 4-10 years) after project completion.

Sectoral evaluations are a further aspect of post-evaluation. These involve evaluation of several projects within a sector (eg, integrated provincial development projects) in order to draw out broad lessons and policy implications.

3.10 PAST ACTIVITY BY DEVELOPMENT ASSISTANCE AGENCIES

In 1995, DANIDA commissioned a survey of evaluation capacity building of 18 bilateral development agencies in DAC countries and 6 multilateral agencies (Schaumberg-Muller 1996). All multilateral banks regarded evaluation capacity building as an integral part of their institution building and public sector reform policies. However, only two of the bilateral donors had explicit policy or strategy references to evaluation capacity building of which that for the Netherlands was the most developed. The Dutch minister for development cooperation stated that it was Netherlands’ policy to maximise recipient country input into evaluations, both for the sake of efficiency and to promote ownership.

The Swedish International Development Agency (SIDA) is developing professional capacity in the field of financial and value for money auditing in five African countries. The support has taken the form of a twinning arrangement between the Australian National Audit Office (ANAO) in the recipient countries and the Swedish National Audit Office with the long-term objective of institutional strengthening and capacity building. The cooperation is regulated by a contract between the twinning partners.

Among the multilateral agencies UNDP, World Bank and ADB have been active in promoting M&E capacity development. UNDP has undertaken a number of initiatives, including a series of baseline studies of M&E status and requirements (for example UNDP 1993a/b). ADB has completed several post-evaluation capacity building technical assistance projects in China, Philippines, PNG, Sri Lanka, Thailand and Nepal, commencing in 1990. These have included hands-on training courses for senior planners and evaluators, systems studies and the installation of computerised post-evaluation information systems. The World Bank has been active in promoting evaluation systems development over the past twenty years in both central and line agencies.

Over the past five years, there has been an accelerating realisation among the multilateral agencies that 'pure' evaluation capacity building in developing countries has not produced the desired outcomes. Some reasons for this were outlined in Section 3.2. The response, particularly for ADB and World Bank, has been to shift the focus towards ongoing performance monitoring, more closely tied to implementation. The reasoning behind this would appear to be that the political support for evaluation per se remains weak and it is considered preferable to develop systems over which the funding agency has greater control, such as the establishment of monitoring indicators and systems within projects.

4. COUNTRY INFORMATION

4.1 PHILIPPINES

4.1.1 Introduction and Country Background

Since 1994, the Philippines has experienced a significant economic recovery. With the exception of agriculture, whose industries remain the most protected in the country, the recovery has been broad-based. A series of structural reforms and adjustments have reduced distortions and the economy has resumed rapid growth of about 5.8 per cent in 1996. Recent problems in Asian financial markets have affected the Philippines less than some regional countries and growth is expected to remain at over 5 per cent in 1997 and 1998. However, in common with its ASEAN neighbours, a major realignment of currencies has led to a decline of around 30 per cent in the value of the peso against the US dollar during 1997. Continuing trade and current account deficits are offset by substantial inflows of private investment which have doubled since 1994.

4.1.2 Institutions and Structure

a. Central Agencies

Three central agencies are primarily involved in M&E in the Philippines: the Philippines National Economic and Development Authority (NEDA) and the Departments of Finance (DOF) and Budget and Management (DBM).

National Economic and Development Authority

NEDA was established in 1973. It was given responsibility for coordinating the formulation of socioeconomic development plans, policies and programs, including: public investment programs; the programming of official development assistance (ODA); and the monitoring and evaluation of plan implementation. It operates under a cabinet-level board chaired by the president. NEDA has national responsibility for program monitoring, and has branches in each province. NEDA is the main counterpart agency of AusAID in the Philippines.

Planning and investment programming procedures have improved in the Philippines in recent years, in part due to the efforts of agencies such as NEDA, and the inter-agency Investment Coordinating Committee and Project Facilitation Committee. However, review of post-evaluations undertaken by multi- and bilateral agencies suggests that the lessons learned during project implementation are not always carried forward to the design of new projects.

Department of Budget and Management

The Department has responsibility for the preparation and monitoring of the national budget. Regional budgeting services are provided by 13 regional offices.

Department of Finance

The Department of Finance (DOF) aims to ensure the sound and efficient generation and management of the fiscal and financial resources of the government. It also reviews, approves and manages all public sector debt and the rationalisation and monitoring of government corporations and financial institutions (UNDP 1993a).

Coordinating Council of the Philippine Assistance Program (CCPAP)

CCPAP was established in 1992 to take over the functions of the Project Facilitation Committee. It comprises the secretaries of most of the line agencies, from political institutions and the private sector. It is responsible for monitoring and facilitating the implementation of foreign-assisted projects, liaising with the donor community, legislative bodies and the private sector and facilitating and coordinating program/project initiatives. It operates a project monitoring system (known as PROMS) which integrates data from the NEDA database on project loans; monthly DBM budget release data and the CCPAP monthly physical accomplishment and fund-disbursement data. (UNDP 1993a)

b. Line Agencies

The devolution of responsibility to the provinces has carried with it responsibility for project and program monitoring. Most of the national line agencies are believed to continue to maintain monitoring sections, but the flow of information to these from the provincial departments is limited.

c. Regional Monitoring

Philippines is one of few countries (Malaysia is another) which has taken definite steps to introduce and strengthen M&E at the sub-national level. Project monitoring councils have been established at provincial/city and municipal levels to monitor local government projects, both nationally and locally funded. In support of these initiatives, a regional project monitoring and evaluation system (RPMES) has been established in NEDA.

Under the local government code (Republic Act 7160), local government units have been provided with more power, authority, resources and autonomy. The Department of Interior and Local Government is responsible for supervising and assisting local government.

d. Present Status of M&E

Mid-term and ongoing evaluation have been assuming increasing importance in NEDA in recent years. A brief description of M&E at different levels is provided by NEDA (1997):

Input/output monitoring in terms of physical and financial achievements at the agency level.

NEDA reports to the president, congress and the NEDA board. An annual ODA portfolio review provides an overall assessment of the ODA portfolio.

At the sub-national level, the regional project monitoring and evaluation system provides for an active forum involving local government units, implementing agencies and NGOs. The system has focused on facilitating project implementation, on reported problems and (sometimes) on suspected irregularities.

At the donor level, monitoring, including review of performance, has been carried out through country portfolio performance reviews (World Bank), country portfolio review missions (ADB), project implementation reviews (OECF) and technical advisory groups (TAGs), high level consultations, reviews, evaluations, and country program effectiveness reviews (AusAID).

NEDA maintains a database of post-evaluation findings which can be accessed by feasibility study and appraisal teams.

Little evaluation is conducted at sub-national levels. The few studies that are done are ad hoc and do not form part of a systematic process of assessing project outcomes.

Benefit monitoring has also been largely ad hoc and project based and has proved to be of limited value for evaluation.

e. Previous/Current Programs

Efforts were also made to promote and institutionalise the concept of impact assessment in 1978 under the USAID funded 'Economic and Social Analysis/Women in Development' project. This promoted a decentralised system of post- and impact evaluation, with a number of agencies developing monitoring and evaluation methods and systems.

A post-evaluation system was established within NEDA in the late-1970s under the locally-funded 'Post Construction Appraisal Project'. A number of post-evaluation reports were prepared. The project however later shifted its emphasis to the preparation of annual reviews of evaluation reports prepared by World Bank and Asian Development Bank and the provision of assistance to agencies preparing project completion reports.

ADB provided technical assistance for monitoring and evaluation capacity building to NEDA in 1992. The TA covered three main activities: (i) developing a project post-evaluation system; (ii) assisting in the implementation of the system; and (iii) training of staff. A total of 18 staff from about 8 line agencies and NEDA were provided with hands on training using two ADB projects.

Recent changes in approach at several multilateral and bilateral agencies towards a greater focus on ongoing performance monitoring have been reflected in Philippines. Several initiatives in this area are currently underway:

Capacity-building for Development Assistance Results Monitoring. The World Bank-funded project aims to strengthen the capacity of oversight and implementing agencies in monitoring and evaluating the impact of ODA-assisted projects and integrating the outputs of M&E into the process of public investment decision-making. Thirty staff will be trained and will then act as the cadre of evaluation practitioners and trainers in their institutions. The project will last for 15 months ending in late 1998, but will support the 'twinning' of NEDA with international institutions over a three-year period. Initial discussions have been held with AusAID, Department of Finance and Administration (DOFA), and ANAO, which appear likely to lead to conclusion of the twinning arrangement.

Department of Agriculture is making efforts to develop its M&E program. The ADB TA: Institutional Capacity Building for Policy Formulation, Planning, Monitoring, and Evaluation for the Agriculture Sector, for \$976,000, was approved in December 1996. The TA includes a component to develop proposals for improving the Department's management information system and to provide supporting computer training.

Pilot implementation of the **Project Performance Management System (PPMS)** is currently being funded by ADB under a TA project. The objective is to help improve the effectiveness of the development expenditures in the Philippines by enhancing the Government's capabilities in monitoring and evaluation through implementation of the system on a pilot basis in NEDA, Department of Agriculture, and Department of Health. The PPMS pilot program focuses on agencies rather than projects, and is intended to integrate M&E activities systematically throughout the project cycle. The TA consists of four components:

- (i) assessment of the capability of the M&E offices of NEDA, Department of Agriculture, and Department of Health in relation to their needs and the requirements of PPMS; identification of organisational changes in M&E units; review of information flow process and content between agencies and within agencies at different administrative levels;

- (ii) introduction of PPMS as a pilot program within NEDA and the selected agencies, creating an understanding of its purpose and methods, and its merits compared to other M&E systems;
- (iii) strengthening the capability of three agencies to operationalise the system; and developing the capability of 30 M&E staff from the central and regional offices of selected organisations through formal and on-the-job training; and
- (iv) preparation of a detailed outline for further development of PPMS and a strategy for its broad-based implementation in the Philippines.

The GTZ-supported **Institutional Strengthening Project** addresses broader institutional strengthening requirements for NEDA's functions relating to development planning, project appraisal and ODA coordination and monitoring and evaluation.

The **Computerised Investment Programming Information System** funded by UNDP aims to link and rationalise all of the existing computer-based applications and systems in NEDA including the medium-term public investment program, fund sources information system, project tracking system and the public investment allocation system.

Strengthening Institutional Mechanisms for Convergence of Poverty Alleviation Efforts is also funded by UNDP. It is being executed by NEDA, the National Statistical Office and provincial governments and has numerous poverty related monitoring aspects.

In addition, NEDA report that various agency-specific institutional strengthening activities on M&E are in different stages of implementation, mainly moving towards a focusing on results rather than outputs.

4.1.3 Options/Needs for Development of Evaluation Capacity

Perhaps because of its long history of involvement in M&E, NEDA is currently well supported in terms of institutional strengthening and systems development. Despite this, the size and complexity of the economy, combined with the devolution of responsibility to the provinces, indicates that further development assistance may be very beneficial. This assistance could focus on the provinces and the link between the provincial organisations and the national line and central agencies.

The various institutional strengthening projects have training components, but none is known to include institutionalised training. This was strongly recommended in the 1992 ADB TA but was not followed through. Since training in M&E is valuable for those involved in all stages of the project cycle (from policy makers and designers through to evaluators) consideration may be given to establishing M&E training in one or more Philippines institutions.

Many Philippines government agencies continue to lack strong governance. This is typified by a lack of accountability and results in a difficult environment for the establishment or strengthening of monitoring and evaluation capacity. In this context, there is a need for a major advocacy effort to promote good governance in general and an evaluation culture in particular. This has the potential to underpin the Philippines democratic system and to promote development and civil order in the long term Programs which promote greater accountability and transparency in government and lead to wider acceptance of M&E would be of major benefit.

There is reported to be some likelihood that the DBM and NEDA may merge. In this case there may be a need for external support with a focus on linking budget management and performance assessment.

4.1.4 Potential for Inclusion in Phase II

Despite the work that is already underway in M&E in the Philippines, with World Bank and ADB assistance, NEDA is keen to cooperate with AusAID, and has proposed a twinning arrangement.

AusAID is considering providing a package of assistance to the Philippines government, which will facilitate the proposed twinning arrangement, as well as including several other possible elements. This package of assistance could include:

- (i) TA to NEDA, and possibly DBM and DOF, which also play a key role in performance measurement and impact assessment of development assistance activities;
- (ii) conduct of training courses in NEDA by Australian experts/trainers. Australia's DOFA has already held discussions with NEDA about providing strategic assistance to NEDA, under the World Bank project twinning arrangement;
- (iii) training of NEDA and other agency staff at Australian institutions, at both short-course and degree level;
- (iv) secondment of staff to AusAID, Australian DOFA, or ANAO; and
- (v) development of a pilot program with one region, to assist M&E strengthening at the local level. Region 10 would be a logical area for initial activities as AusAID has several projects underway or planned in that region. Preliminary discussion with NEDA indicates support for this region for a pilot program. The Philippine government has established a zone of 'peace and development' (ZOPAD) in the southern Philippines as part of the peace process. Region 10 is not included in this zone, and therefore an area covered by ZOPAD might also be considered for a pilot program. This part of the package of assistance could also provide for the conduct of the study (previously suggested as a separate evaluation study) to determine lessons learned from the experience of other donors working in Mindanao.

The optimal line agency(ies) to work with would need to be discussed and agreed with the Philippines government. However, in addition to the regional NEDA offices, the Department of Interior and Local Government may be an appropriate focus. The local government code has been law since 1991 and the department has much more responsibility than in past. In Region 10, the department is reported to be genuinely trying to meet its responsibilities and develop effective regional policies. Linkages to DOF could also be included in an institutional strengthening program.

4.1.5 Potential Benefits from M&E Capacity Development

During the 1970s and much of the 1980s, project performance in the Philippines was often poor, largely due to issues relating to governance. The situation began to improve under the Aquino administration and the process has continued under President Ramos. Although the growth rate of the country has been impressive over the past three years, it has a long way to go before catching up with its wealthier ASEAN neighbours. Good governance, including an effective M&E system at all levels of government is highly desirable if not essential, if the potential is to turn into reality.

For Australia (and other donors), improved M&E should ultimately result in more effective aid, and a better 'return' in a global sense on every development assistance dollar.

4.2 VIETNAM

4.2.1 Introduction and Country Background

Under the *'doi moi'* or economic renovation program, Vietnam is making a steady transition from a centrally planned to a market economy. The economy remains dominated by state enterprises which employ about 5 per cent of the work force and account for 25 per cent of GDP. Aware of the inefficiencies of a state production system, the government has commenced reform of the state-owned enterprise sector. The total number of state-owned firms has been reduced from 12,000 to about 6,500 with capital and asset management largely transferred from line departments to the Ministry of Finance.

Although general economic prospects remain bright, significant reforms will be required if Vietnam is to transform its economy to the degree of its ASEAN partners. Difficult structural reforms are required, including the re-structuring of state enterprises, privatisation of publicly owned entities and further liberalisation of regulatory codes, ownership and market opening rules. In addition, streamlined bureaucratic procedures, better infrastructure and a modern legal system would help ease the transition to a more market-oriented economy. According to UNDP (1996):

“The transition to ‘market socialism’ has required a fundamental reorientation of the roles and responsibilities of public sector institutions. Institutional reform, however, has tended to lag behind policy reform. Even as the government put in place policies appropriate for a market economy, government institutions retained many of the same structures, attitudes, and staff as under the command economy.

Donors have provided substantial support to various aspects of the economic reform program, particularly technical assistance to develop appropriate laws and policies, and to train officials in the analytical and managerial skills necessary to manage a market economy. Donors have also supported government efforts at public administration reform through technical assistance and policy advice.

These reforms have opened the door to substantial flows of development assistance. Donors have been impressed by the government’s commitment to economic reform, and have pledged increasing financial support to the country. Attracting foreign assistance, however, was less difficult than using the funds once received. The rapid inflows of aid initially strained the government’s capacity. Donors have pledged some \$2 billion in each of the past three years, while disbursements have averaged only some \$500 million per annum.

Donors began to voice concerns about the government’s capacity to absorb high volumes of aid as early as the first international donor conference in November 1993. Among the problems encountered were a lack of regulations and procedures for handling aid, weakness of the financial sector, a limited legal structure, continued restrictions on private business, lack of transparency and inadequacies in public administration, and lack of experience handling large inflows of foreign funds. Weaknesses in government management were compounded by the entry or re-entry of numerous donors, each with their own procedures and priorities, and with limited familiarity with the country’s needs and constraints.

Improving aid management and coordination has required action on a number of levels. First, the government has worked to develop national policies and priorities for development. Second, the government has begun to translate those overall priorities into programs and sectoral strategies. Finally, a variety of initiatives and reforms have been targeted at strengthening the implementation capacity of both central and core ministries. To avoid a piecemeal approach, the government and UNDP have also begun to develop comprehensive frameworks for the strengthening of aid management.”

Although some progress has been made in improving the institutional structure for aid management, difficulties still remain. The concerns raised by donors include: (i) continued delays due to multi-

layered and centralised decision-making, and inadequate information sharing and coordination within the government; (ii) increased uncertainty and delays in project implementation due to the erosion of legal agreements between donor organisations and government; and (iii) continued uncertainty among donors regarding the roles of central agencies, line ministries, and provincial and district government bodies in the ODA process.

4.2.2 Institutions and Structure

Information is not always easy to obtain in Vietnam. Despite the preparation of a lengthy report on M&E in Vietnam (UNDP 1993), little information is included on specific monitoring activities. However, much of the reporting function is likely to continue in the highly hierarchical model of the socialist system, but without the focus on production targets which have been abandoned under *doi moi*.

In October 1995, the government announced a major reorganisation and consolidation of key government ministries. Eight cabinet bodies were consolidated into three ministries, including a merger of the former State Planning Commission (SPC) and the State Committee for Cooperation and Investment (SCCI) into a new Ministry of Planning and Investment (MPI). The latter was a major step toward unifying the planning and management of development resources (both domestic and external) into one central agency, and reducing red tape for both donors and investors. Although problems still remain, these reforms have improved the institutional environment for aid.

The new Ministry of Planning and Investment took over the functions of the State Planning Committee in 1995. It is now the peak body with respect to most forms of M&E, though the Ministry of Finance has responsibility for budget and financial monitoring. The General Statistics Office represents a major instrument for M&E of all levels and sectors (UNDP 1993 p39) and has a staff of around 400 in Hanoi.

At the sectoral level, each Ministry has responsibility for monitoring the activities in its area. In the past, this in effect meant the monitoring of state industries, but in most cases this requirement has been taken over by the Ministry of Finance. Even under the previous system, monitoring was generally limited to production volumes and taxes. No concept of project or program performance monitoring is believed to exist in most ministries. However, UNDP (1994) stated that the Ministry of Education and Training used a wide variety of indicators to measure the efficiency of the present system at all levels. However “the Planning Department does not have a properly constituted M&E unit with personnel trained in methodology and the practice of implementation and performance monitoring.”

As in the Philippines, Vietnam is undergoing a process of devolution of power to the provinces. The extent to which the MPI structure is replicated at the provincial level is not known, but the Provincial and District Peoples’ Committees continue to have substantial power, and a major function in local level monitoring.

a. Previous/Current Programs

In 1989, UNDP/World Bank undertook a program to strengthen the M&E Unit of SCCI. The program (VIE/89/010) provided evaluation training, but no information is available on whether evaluation capacity was established. SCCI reported directly to the Council of Ministers and was responsible for licensing foreign investments prior to its incorporation into MPI.

In 1990, the UNDP initiated a project on ‘Monitoring and evaluation of operations and financial activities of state-owned enterprises’. This essentially related to financial reporting to the Ministry of Finance and resulted in changes to the reporting requirements and tax regimes for the state-owned enterprises.

UNDP initiated a technical assistance project in 1993 on 'Strengthening Aid Coordination'. The three-year project provided a long-term adviser, short-term consultants, training, study tours, and some equipment for the SPC. Although based in the SPC, the project established ambitious goals for improving the overall aid management system, including in the line ministries and provinces. It also sought to contribute to a 'process' of improving government aid coordination. The Danish government provided limited co-financing for the development of a government aid information system. Despite considerable donor attention to economic reform, this was the first technical assistance project focused on improving government aid management and coordination.

As far as is known, there has been little direct support to M&E capacity building since that time. However, all UNDP supported projects include monitoring and evaluation systems, and increasingly focus on performance indicator assessment, though some problems are being experienced in monitoring the indicators. For example, the recently commenced Public Administration Reform project includes monitoring system development in one province (Quang Binh).

Several other donors have supported targeted efforts to improve government project implementation capacity, particularly for large infrastructure projects. The World Bank, ADB, and Japanese government continue in helping to strengthen procurement and management procedures, including approval procedures for loans and technical assistance, taxation regulations, special accounts for advancing project funds, and counterpart funds.

An ongoing Japanese project funded through a World Bank trust fund has a component on monitoring. The US\$700,000 Project Implementation Systems Capacity-Building Program has the following components:

- Public investment program
- Project processing and partnership use
- Resettlement action plans
- Implementation monitoring
- Budget, capital flow, on-lending and taxation

The ADB and World Bank also assisted the National Office for Procurement Evaluation in the former SPC to develop new procedures and regulations for international procurement, which is expected to result in an official decree on procurement. This should greatly facilitate the implementation of ODA projects.

Although the core ministries play an important role in overall aid coordination, the sectoral ministries and local committees have primary responsibility for identifying and implementing projects. Planning and management capacity was often even more limited at this level than in the sectoral ministries, although most of the initial donor and government capacity building efforts were focused on core ministries.

Numerous bilateral donors initiated their own capacity building projects in various sectoral ministries, usually in response to management problems encountered during project implementation. These efforts were not initially well coordinated with one another, although they did provide valuable technical assistance, training, and equipment. The UNDP Strengthening Aid Coordination project was initially supposed to focus on sectoral ministries as well as the SPC, but project resources were far too limited for the project to have much impact. The 1995 evaluation of the project expressed regret at this situation, noting that many of the major obstacles to improved management and aid coordination were in the line ministries and provincial committees, and recommended more attention to these agencies in the next phase of the project.

An imaginative program is underway in Ha Tinh province in north-central Vietnam. The program provides support to the continuation and further development of three NGO poverty reduction projects in four districts in the province. The program framework seeks to support increases in benefits to poor people on a sustainable basis, and to draw lessons from project experience which can inform more widespread poverty reduction work in the province as a whole. Evaluation Division of the UK Department For International Development (DFID, previously Overseas Development Administration) has been closely involved in the project design and will assist the NGOs in monitoring and conducting ongoing evaluation.

b. Improving Information Systems

Another major obstacle to effective government coordination was inadequate sharing of information among the various agencies involved in ODA. The problems were due both to lack of an effective information system, and to the institutional culture bred during the post-war years where information was only shared if absolutely necessary. Efforts to improve information within the government have therefore focused both on establishing effective information systems, and trying to establish a new 'culture' with regard to information sharing.

One goal of the Strengthening Aid Coordination Project was to establish an effective aid information system that would be widely accessible to various government ministries and donors. Coupled with efforts by UNDP and other donors to improve information sharing within the donor community, this system is contributing significantly to improved coordination and management within the government and between government and donors.

c. Evaluation

Vietnam has little experience in evaluation, since it was not a technique employed under the previous central planning system. UNDP/World Bank Project VIE/89/010 was intended to strengthen the Project Evaluation Centre of SCCI, but it does not appear that any long-term capacity for evaluation was established.

As bilateral and multilateral agency projects reach completion, an accelerated rate of post evaluation is likely, and will be supported by MPI.

4.2.3 Options/Needs for Development of M&E Capacity

MPI have reviewed the experience of implementing ODA projects over the past five years. One of the key findings of this review is the weakness in the ministry in relation to project management and monitoring. In particular this relates to limited skill levels, inappropriate management structures and poor management techniques. Constraints and problems have not been identified on time. This has led to an inability to recommend measures for the timely solution of the problems and to a low ODA disbursement rate, particularly for larger ODA projects. Senior management in MPI believes that there is a major need for M&E capacity building assistance to improve the quality of aid implementation.

MPI intends to form a working group on monitoring and evaluation within its Foreign Economic Relations Department (FERD). Their immediate stated need is for a consultancy to design a model for a M&E section within FERD. They also wish to establish M&E sections within each provincial Department of Planning and Investment. They are seeking advice on human resources development (training in M&E skills, techniques and methods) together with hardware for data storage, processing and analysis. MPI believes that the primary need is to establish M&E capacity in Head Office and Provincial planning departments, followed by support to line agencies and provincial line departments.

For MPI to 'have something to monitor', the development of monitoring systems in line agencies and establishment of information flows is necessary. Discussion between the AusAID post and MPI suggested that top priority should be afforded to Ministry of Finance, Ministry of Education and Training, Ministry of Transport and Communications, Ministry of Construction and Ministry of Health.

4.2.4 Potential for Further Assistance

MPI is a new department and neither it nor its predecessor SPC have much experience of 'modern' monitoring and evaluation systems. The Ministry is enthusiastic about the prospect of Australian assistance to M&E capacity building. Both MPI and the AusAID post believe that there is a need to establish the necessary capacity quickly. This is confirmed by brief discussions with UNDP and appears to reflect a genuine wish to develop capacity and capability.

Since UNDP has undertaken most of the work on M&E capacity building to date, close coordination with UNDP's Vietnam office would be essential to prevent duplication or conflict. Discussion with World Bank indicated that they have substantial reference material available in relation to M&E capacity development and would be pleased to assist any design team which may visit Hanoi. The concept of AusAID involvement could be raised at the next donor meeting to identify whether multilateral or other bilateral donors have specific plans in the M&E area.

Depending on the response to these inquiries, a program of support to MPI in Hanoi and (possibly) selected provinces could be considered. The objective of such support would be to strengthen MPI's overall M&E capacity, not merely in relation to Australian assistance. This would probably include a training course and systems development, together with the establishment of necessary computing capacity. The focus would probably be on performance monitoring and ongoing evaluation, though consideration should also be given to assisting in the establishment of post-evaluation capability in MPI.

4.2.5 Potential Benefits from M&E Capacity Development

Vietnam is starting from a low base in relation to monitoring. The potential returns to capacity development are consequently high. However, the difficulty of capacity building in Vietnamese institutions needs to be recognised, and substantial emphasis in any program would also need to be given to promoting the concepts of M&E at all levels of government in order to assist the development of an evaluative culture.

Vietnam often follows China's development path with a delay of five to ten years. In China, mandatory post evaluation was introduced for all large projects was established in 1995. It is thus quite likely that a requirement will be introduced in Vietnam at some future date for all projects of a certain size or type to be evaluated. If this eventuates, assistance such as that outlined would be of great assistance in accelerating the establishment of the necessary capacity and capability.

Australia has a major development assistance program in Vietnam and is one of the largest bilateral donors. A number of Australian-assisted and cofinanced projects have experienced problems and improvement of monitoring and information flows should assist Australian-funded projects as well as the Vietnamese government and economy in the long term.

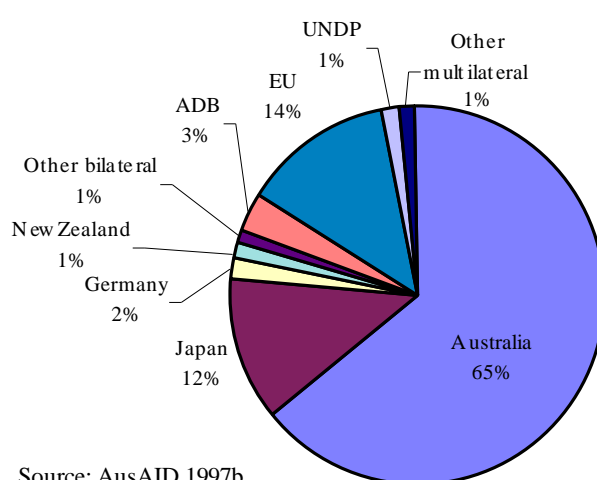
4.3 PAPUA NEW GUINEA

4.3.1 Introduction and Country Background

Since PNG's independence in 1975, Australia has provided budgetary assistance to support the country's economic and social development. Since the mid-1980s, part of this aid has taken the form of specific program and project assistance, reaching almost \$200 million out of the \$300 million PNG program in 1997/98. Direct budget support will be phased out by 2001, when the entire program will comprise program and project support.

PNG is the largest destination of Australian ODA, accounting for around 25 per cent of total Australian spending. At the same time, Australian aid is significant in the PNG economy and accounts for about two-thirds of total aid flows (Figure 1).

Figure 1 ODA flows to PNG, 1995



Source: AusAID 1997b

M&E is consequently of great importance to AusAID and Australia in general, due to the magnitude of the aid budget.

4.3.2 Institutions and Structure

a. Structure

A number of major changes in structure in monitoring and evaluation have occurred over the past few years. Prior to 1994, project monitoring (as well as national budgeting) was undertaken within the Department of Finance and Planning. The Department was responsible for the monitoring and evaluation of projects under the public investment program and for providing feedback to government (ADB 1995). It was also responsible for ensuring adequate allocation of resources and timely implementation of projects, identifying issues/constraints affecting implementation and taking appropriate follow-up actions. The National Planning Office subsequently assumed responsibility for development planning. The Department of Planning and Implementation (DP&I) took over the responsibilities of planning and monitoring following the 1997 elections and change of government.

PNG government agencies have mainly focused on monitoring inputs and internal processes, rather than on the measurement of output and outcomes. However, there is increasing recognition by government agencies that improved monitoring is desirable, to ensure that projects and programs are appropriate and effective. The devolution of responsibility to the provincial governments will require the

development of new systems and information flows to assist the central agencies in their management of the economy and ensure adequate planning and management of development assistance.

National Monitoring Authority

The establishment of the National Monitoring Authority (NMA) marks a shift towards growing recognition of the importance of monitoring. The purpose of the Authority is to:

- (i) coordinate and monitor the implementation of the national policies at the provincial levels;
- (ii) establish minimum development standards and to monitor the maintenance of these standards in the overall development of rural and urban communities;
- (iii) assist the Auditor-General to carry out the performance audit of the provincial and local level governments;
- (iv) develop, coordinate and monitor the training and professional needs of the officers of the National Public Service assigned to the provinces and districts; and
- (v) assess the effectiveness and efficiency of the provincial and local governments (Avei 1997)

Membership of the Authority is drawn from government agencies and the wider community. The actual role to be played by the NMA is uncertain, particularly in the post election period. The NMA acts as a high level inter-departmental committee.

According to Turner (1997), "its functions are ambitious and its processes and powers yet to be tested. It has the potential to contribute to improved public sector performance as it forces organisations to define what they are setting out to achieve and then to measure their achievements. However, it will need the full political support of both elected representatives and public sector managers if it is to be effective. But the Authority's mandate does not include making elected officials fully accountable for their utilisation of state resources and that is an area which seems to require attention. It is also unclear as to what funding the Authority will receive, where it will find its qualified staff, what sort of training they will need, and how long will it take to establish its monitoring activities. While numerous implementation questions are still to be answered, a bigger future issue relates to whether the Authority will have the political power to demand the improvement of performance by government agencies from local-level governments to central departments."

The Provincial Inspectorate within the Department of Provincial and Local Government Affairs will have an important monitoring function, although its exact mandate is yet to be determined.

Department of Planning and Implementation

Following the 1997 elections, the National Planning Office was subsumed into the new DP&I. Within DP&I, the Resource Programming and Implementation Division is responsible for project and program monitoring and (nominally) for evaluation. This Division needs substantial assistance to develop its monitoring capacity and capability. It is intended to make evaluation a priority from now on and (possibly) to develop evaluation capacity within DP&I's Planning Division.

b. Previous/Current Programs

In 1990, ADB provided technical assistance aimed at establishing post-evaluation capacity in the (then) Department of Finance and Planning. It included the design and conduct of a three-week training course for senior officials from Department of Finance and Planning and line departments including Agriculture, Fisheries, Transport, Forestry, Civil Aviation and Health. While there was a degree of

commitment to the philosophy of evaluation in the Department of Finance and Planning and other agencies, this did not translate as planned into the establishment of a system and structure for evaluation. However in 1994, a Monitoring and Implementation Division was established, responsible for monitoring and evaluation of projects funded by the public investment program and providing feedback to government. It commenced operation in early 1995, with 10 staff and an approved staff ceiling of 15. The Division concentrated initially on general monitoring and reporting and providing general support to other divisions of the department. These functions have since been subsumed into DP&I.

The World Bank is currently also looking at improving monitoring capacity within DP&I, and AusAID will need to work with the Bank to ensure any assistance provided in this area complements the Bank's activities.

AusAID is currently working to strengthen PNG government capacity through a range of interventions. At the central level, AusAID is supporting a number of TA/institutional strengthening type activities.

For example, AusAID is looking at ways to support the NMA. AusAID is currently supporting short-term TA in NMA's secretariat in the Department of Provincial and Local Government Affairs.

AusAID is also looking at ways to strengthen the role of DP&I in two areas: its short term AusAID liaison role, its longer term, provincial liaison role. DP&I's provincial liaison role includes its need to monitor government and donor-funded activities on a geographical and financial basis. AusAID currently provides regular financial reports to DP&I on expenditure by project.

AusAID is supporting the monitoring capacity-building of line agencies through components of larger projects. For example, AusAID is strengthening the capacity of the Facilitating and Monitoring Unit (FMU) and the Measurement Services Unit (MSU) of the Department of Education (DOE) through an institutional strengthening project. The FMU has a critical role in national planning, in facilitating planning and implementation by DOE line and provincial divisions, monitoring progress of reform implementation, and promoting awareness of the reform agenda and timetable. The MSU is responsible for the production and administration of national examinations and a number of associated activities, including monitoring of standards in English and Mathematics at Grade Six. One of the key outcomes of this project to date has been the identification of education indicators which are intended to be used by DOE to monitor education standards.

Through a UNDP project which aims to strengthen national decentralised planning systems, AusAID is addressing some of the significant needs that exist at the provincial level. This project is working within DP&I, but will select three pilot provinces to set up models for provincial planning and implementation. The AusAID-funded Finance Systems Study has recommended most training should be directed at provincial and district administrations in planning and implementing projects - which implicitly includes monitoring.

4.3.3 Options/Needs for Development of M&E Capacity

Despite efforts over many years, improving the overall performance of the bureaucracy in PNG remains an important challenge for the PNG government and donors such as AusAID. Skill levels, operational and financial management, administration and staff turnover are problems in many departments at the national level. While the calibre of the provincial administrations is variable, some remain at a low level. In the absence of an adequate flow of monitoring information, it is difficult for the bureaucracy to keep track of and understand developments in their sectors.

As the head of the Monitoring and Implementation Division of the Department of Finance wrote in (ADB 1995) "Initially the focus was on the identification and planning of development projects. As

many of these projects have not moved ahead as planned, the focus now is on implementation with few new projects being approved for funding. Unless there is a significant improvement in development planning, implementation, monitoring and feedback, mid-term reviews and post evaluation will probably remain a low priority area. Despite this, we do believe that a monitoring and evaluation system should be established now to take on post-evaluation later when more of the projects currently in the public investment program are completed.”

This situation has not changed. Information is not flowing well between institutions and capacity development is an urgent priority. Basic data collection (including financial data) needs improvement. The immediate need is reported to be for improved monitoring and information systems though with a concurrent focus on planning, budgeting and related systems. Any response to these needs will need to take a long-term view over a five or ten year period. The initial focus should be on the establishment of effective monitoring systems at the project and program level. At the same time, the mechanisms to aggregate and disseminate the monitoring data need to be developed in DP&I and NMA.

It is considered that a phased program over a five or ten year period is required, with the initial focus on the establishment of effective monitoring systems at the project and program level. At the same time, the mechanisms to aggregate and disseminate the monitoring data need to be developed in DP&I and NMA.

Little information is available on the operation of the NMA, but it would seem that if it is to operate effectively, substantial resources will need to be provided to it by the government, together with necessary technical assistance for training and human resources development.

Benefit-level monitoring and evaluations, while important, will inevitably be less of a priority than basic data collection and systems development. In addition, the benefit-monitoring and evaluation capacity of the PNG government will first require basic information requirements to be met.

4.3.4 Potential for Further Assistance

The AusAID post in Port Moresby handles Australia’s largest bilateral aid program in a country faced with many social and security problems. While the benefits of improving basic monitoring capacity are likely to be considerable, the relative priority for both PNG and Australian governments of such an intervention will need to be established. The post has suggested that further AusAID assistance in this area should be planned in the context of current and planned activities. This opens a number of avenues through which any further assistance might be provided:

- (i) AusAID may agree on the need to undertake a needs assessment in the area of M&E capacity building in key central and line agencies. This could also look at the M&E capacity in a small number of provinces. This information could be used to guide AusAID decisions about future assistance in this area.
- (ii) Any activities undertaken in M&E could centre on assisting individual AusAID projects in institutional strengthening in a number of sectors and institutions. Review of selected AusAID-funded projects could be undertaken with a view to reinforcing existing monitoring and institutional strengthening functions in a number of line agencies.
- (iii) AusAID is planning to respond to an existing request for short-term TA in developing monitoring systems in DP&I.
- (iv) AusAID could provide assistance at the central level, through (probably) the improvement in the monitoring capability of DP&I. AusAID will consider this as part of a larger institutional strengthening activity in DP&I. In the first instance, assessment should be undertaken of the

monitoring needs and systems of Resource Programming and Implementation Division and improvements recommended. The review could also include the optimal timing and approach to the involvement of Planning Division in project and program post-evaluation. Once the role to be played by the NMA has been established AusAID could assess the priority of assistance to this agency.

- (v) At recent High Level Consultations, AusAID and the PNG government agreed to a joint 'Outputs 2000' exercise. The purpose of this is to attempt to quantify all expected outputs by the year 2000. AusAID may wish to provide assistance to enable the PNG government to fully participate in collating and monitoring the expected outputs.

Whether future assistance is provided in this area in PNG will depend on the outcome of further discussions between AusAID (Canberra and Port Moresby) and the PNG government. Any activities in this area would need to have the explicit objective of strengthening the PNG government's ability to monitor and evaluate its investments across the board, not just donor-funded projects.

The post has suggested that further AusAID assistance in this area should be planned in the context of current and planned activities, including advisory assistance for DP&I to develop an M&E database for donor-funded projects.

Given the major implications of the current process of decentralisation, any future activities would need to carefully consider the potential for working with the provinces, and how this might best be achieved in practice. This could complement activities with either central or line agencies.

4.3.5 Potential Benefits from M&E Capacity Development

In the political, social and cultural context of PNG, improvement in governance is an imperative. The country is well-endowed with natural resources and has quite well developed bureaucratic structures. Making these structures effective is a key requirement for the government and any significant improvement should have far-reaching implications for national development. While information and monitoring is only one element in the governance equation, it is important and to some degree underpins many other elements. The gains to establishing adequate M&E capacity and capability over the next five to ten years are therefore potentially great. From the Australian perspective, improved project, program and budgetary management will have immense benefits through the better planning and management of the aid program and its integration into national programs and priorities.

4.4 KIRIBATI

4.4.1 Introduction and Country Background

Kiribati comprises 32 coral atolls and one uplifted limestone island. Total land area is 823 km². Kiribati is located in the dry belt of the equatorial oceanic zone. Temperature in Kiribati varies little, either geographically or seasonally around a mean daily temperature of 28°C. The lower rainfall in the south limits crop productivity and may explain the generally lower population densities in the southern Gilberts.

The population of Kiribati totals some 76,000 (1992) and is unevenly distributed. One third reside on Tarawa atoll, which is consequently experiencing associated problems of reef degradation and lagoon pollution.

According to the terms of reference for the ADB Financial and Economic Management Project: “Kiribati faces acute development constraints, including

- (i) a small domestic market, high transport costs arising from the dispersed nature of the islands and isolation from major markets;
- (ii) dominance of the government in all spheres of economic activity, and a policy as well as socio-cultural environment which is not conducive to business and private entrepreneurial activity;
- (iii) shortage of technical/professional skills, while the small size and dispersion of the population makes it difficult to achieve a diversified skill base; and
- (iv) institutional weaknesses that limit the government’s ability to deliver basic social services” (ADB 1997).

4.4.2 Institutions and Structure

The primary responsibility for monitoring at the central level rests with the Ministry of Financial and Economic Planning (MFEP). This agency is responsible for financial and economic policy development, strategic planning and budgeting, project planning and aid coordination. In recent years, MFEP has been adversely affected by high staff turnover, especially at senior technical and professional levels. According to ADB (1997) “major outputs have been contingent on the availability of outside consultants on whom MFEP has relied heavily. The consultants often perform line functions rather than concentrate on the transfer of skills and knowledge [for which they were generally recruited].”

a. Present Status of Monitoring and Evaluation

There is no in-country capacity in post evaluation and relatively little in monitoring. A move to output budgeting was introduced following an ADB TA (1976-KIR) during 1994. The TA provided assistance in the areas of macroeconomic policy and public finance, investment management and budgeting. “The overall assessment upon completion of this TA was that during implementation, substantial contributions were made. However, the processes set in place to strengthen the role of MFEP have been at a standstill since November 1995. Staff turnover in MFEP has been high, trained staff have left the Ministry or moved to unrelated areas; and vacancies in key areas in the Ministry remain unfilled” (ADB 1997).

According to an economic review conducted in 1992 “While efforts are being made to create plans and budgets, the [various] parts of the present budgeting and planning system need to be placed in a framework to use staff resources more efficiently, prioritise recurrent and development costs, and

related financial needs, and to communicate a development picture to the donor community that will allow more value from development efforts. The main recommendations are:

- (i) develop a three-year rolling system that would consist of developing objectives, policies, strategies, certain specific sector programs, and a realistic public sector investment program that ties recurrent and development budgeting together;
- (ii) develop capabilities and mechanisms for development management and implementation, and monitoring and evaluation;
- (iii) keep planning at the national level with local government and private sector inputs;
- (iv) improve statistical compilation, utilisation (including interpretation) and access; and
- (v) develop investment project prioritisation, formulation and costing capabilities.

To assist these efforts it is recommended that the MFEP be provided with long term and short term technical adviser assistance; a donor coordination round table meeting take place in 1993 (after the government has a clear development focus and investment program) with subsequent meetings on a 2 year cycle; and an emphasis placed on integration with other Pacific island countries on planning and development efforts." (ADB 1992) Many of the recommendations have now been adopted.

Problems at the moment include a lack of focus on the long term. The useful outcome from any intervention would be improving forward planning, and developing a work culture that aims to anticipate and prevent problems developing, rather than being reactive and taking steps only after events have reached or almost reached, a crisis point.

b. Previous/Current Programs

An ongoing ADB TA 'Strengthening Financial and Economic Management' addresses weaknesses in the preparation, implementation and monitoring of the government's annual budget. Implementation of the three-year project commenced in April 1997, though the implementation of the programs in the second and third years will depend on a review of first year activities. It has three interrelated components:

- **Strengthening policy analysis and planning** to establish a strategic development planning framework and institutionalise it throughout the government;
- **Improving budget formulation, execution and monitoring:** focusing on performance budgeting and training; integrating the recurrent and development budgets; and establishing, managing and monitoring an integrated budget process. The capacity for identifying, formulating and appraising projects at both central and line agency levels will be strengthened, and systems and procedures for monitoring projects established.
- **Improving management information systems and economic statistics:** comprising Phase II of the \$1.8 million AusAID-funded Strengthening of Planning and Accounting Project. This commenced in October 1996, with a design mission for a project to support national and sector planning using enhanced accounting and computer systems.

The AusAID-funded Institutional Strengthening Project is strengthening the capacity of the Public Works Division of the Ministry of Works and Energy to maintain capital assets; in particular causeways, roads and bridges. This may include monitoring systems.

The British are working with MFEP on accounting activities that may cover some M&E components.

The UNDP is also funding an external adviser in MFEP who is assisting the Ministry in project monitoring.

In early 1997, an AusAID-funded training course on Project Planning and Management was run by Project Development and Management Pty Ltd within MFEP (Hampshire 1997). It was attended by 19 mainly senior staff from 9 ministries/government agencies and one non-government organisation. While it had no direct focus on project monitoring, several aspects of the course touched on this subject, in particular the logical framework and progress reporting modules.

Little information is available on earlier programs undertaken in Kiribati. ADB assisted MFEP with its planning and budgetary systems in the early 1990s.

4.4.3 Options/Needs for Development of M&E Capacity

There is considered to be no possibility of establishing post-evaluation capability in the Kiribati government. Other priorities are dominant, staff and skills shortages are almost universal and the number of projects for evaluation limited. Nonetheless, it will be appropriate for MFEP staff to participate in evaluations conducted by donor and funding agencies as full team members wherever possible. In order to develop this capability, it will be highly desirable if up to four staff could participate in any possible regional training initiative in project and program post-evaluation.

In relation to monitoring, it would appear that the absorptive capacity of the government will be fully extended by the ADB/AusAID, project and that there is little prospect for further technical assistance in the next two or three years. If any support is to be provided, the AusAID post considers that in principle support is best provided to the MFEP. Most officials gain experience there, and in many cases move on to line ministries once they have become competent.

4.4.4 Potential for Further Assistance

No potential is seen at this stage for inclusion of Kiribati in short to medium-term-country M&E capacity-building activities. However, as mentioned in the previous section, participation by Kiribati (and Tuvalu) in any regional activities in M&E capacity building would be highly desirable.

While post evaluation is a low priority for most of the smaller Pacific island states, there may be merit in establishing a Pacific evaluation information system in the national planning departments of a number of governments, and in providing evaluation training to senior staff, possibly in a regional course. The first step in such an activity would be to define the extent of interest in training in post-evaluation by the governments of the region.

In-country training specifically on project monitoring could be considered as a follow-up to the project planning and management course undertaken in April/May 1997. This could be added as a new component under the AusAID Strengthening of Planning and Accounting project.

4.5 TUVALU

4.5.1 Introduction and Country Background

Tuvalu comprises nine coral atolls with a total land area of 26 km² divided among nine atolls. Tuvalu's population at the time of the November 1991 census was 9,043. Communications between the islands are limited. There are no serviceable airstrips on the outer islands. External communications are similarly limited, with three scheduled turbo-prop flights per week both south-bound and north-bound.

Government employment, subsistence agriculture and fisheries dominate the economy with wage labour mainly restricted to Government and limited private sector employment in Funafuti. Tuvaluans are in demand as seamen on foreign vessels. Remittances from seamen and those employed on the Nauru phosphate mines contribute most foreign earnings. Tuvalu has depended on foreign aid for most capital works and public sector expenditure, and runs a balance of payments deficit of about \$6 million annually. However, official aid flows have been sufficient to maintain a positive current account balance in most years.

The economy has shown strong growth over the past few years after a period of decline prior to 1985. Most gains have come from the productive sectors such as transport, agriculture and fisheries. GDP is estimated at about \$1,400 per capita.

The establishment of the Tuvalu Trust Fund in 1986 has allowed the Government greater stability and independence in financial management. With an initial capital of \$27 million, the fund had increased to \$50 million by March 1994 through internal growth and limited new capital injection despite drawdowns totalling \$9 million in 1992 and 1993. The trust fund is intended to substitute for a proportion of project aid (previously provided by the major donors) and to contribute to recurrent budget when required. However, economic sector capital investments are possible and recommended by an economic review undertaken by the Asian Development Bank (ADB 1992).

4.5.2 Institutions and Structure

a. Present Status of Monitoring and Evaluation

Central planning and monitoring is the responsibility of the Ministry of Finance and Economic Planning (MFEP). Budget formulation and monitoring are the responsibility of the newly-established Budget Division. Monitoring responsibilities include development project financial and performance monitoring. Following the change of Government in 1996, the responsibilities of MFEP and the line departments changed. In particular, line ministries now take responsibility for planning, and the previous planning division of the Ministry of Finance has been replaced by the Economic Research and Policy Division responsible for appraising/vetting project proposals for ultimate decision by Cabinet and for macroeconomic and policy matters.

The government is introducing an output budgeting system for the 1998 budget. This is supported by ADB which has been funding a planning adviser position in MFEP since 1996.

b. Previous/Current Programs

In the past, training has been provided to central and line agencies in project planning. The course outlines have not been reviewed, but it is likely that they would have had at least some modules on monitoring.

A parallel project to that in Kiribati, the 'Assets Management, Maintenance and Statistics' project, is commencing, and the design document is being reviewed in Tuvalu. It is intended to assist the government to protect the nation's capital assets, particularly those provided as aid. It will catalogue and evaluate the assets and make recommendations on their maintenance or replacement.

Other TA institutional strengthening projects include:

- ADB Financial and Economic Management. Appointment of an expert to MFEP's Economic Policy Division for three years initially from 1996;
- UNDP Finance and Public Sector Reform program focusing on corporatisation and privatisation, with appointment of an expert for two years from 1997;
- UNDP Aid Coordination Project – funding for one local expert working to Budget Division of MFEP; and
- European Union provision of assistance to Secretary of Finance, focusing on the implementation of EU-funded projects.

4.5.3 Options/Needs for Development of M&E Capacity

According to the planning adviser, there is a need to develop M&E at the operational level, particularly in support of the output budgeting process. Support will be needed to assist the line department managers in developing the monitoring systems needed for the budget reporting process and in the central agencies (particularly by the Budget Department and the Secretary to Government) who are charged with reporting on performance against budget to the parliament. Key performance indicators are currently being defined for all ministries.

Training needs assessment is currently underway, to be followed by formulation of a training program. Tuvalu may seek financial assistance for the training program, but wishes to maximise training by Tuvaluans as far as possible, since this has proved more effective in the past.

No potential is seen for the development of post evaluation capacity in Tuvalu, due to the small size of the country and limited public investment program. However, there is a need for the central agencies to evaluate/interpret the information that should flow from the line agencies, and to use that to assess and if necessary modify national policies. There may also be benefit in establishing an evaluation database in-country, which contains the results and lessons from regional projects.

4.5.4 Potential for Further Assistance

As in the case of Kiribati, limited potential is seen for AusAID to contribute to M&E capacity building in Tuvalu. MFEP have a reasonably clear perspective of their future needs, and there may be a requirement for some training support in relation to the output budgeting process in about mid-1998. A training needs analysis is currently underway covering both central and line agencies.

5. CAPACITY-BUILDING EXPERTISE IN AUSTRALIA/NZ

In the past, Australia has not been among the leading countries in the field of M&E capacity development. In fact, apart from some inputs by the Netherlands, the field has been almost entirely the preserve of UNDP, the World Bank and ADB. However, there is increasing interest among bilateral donors in institutional strengthening in general, and monitoring and evaluation in particular.

Australia and New Zealand have well-developed public sectors. Over the past 30 years these have developed into efficient, performance-oriented organisations with substantial accountability and transparency. They now have many of the features that bureaucracies in many developing countries aspire to. This provides a sound basis for Australian assistance to its partner governments in the developing world. Additional factors which provide Australia with comparative advantage in this area are geographic proximity and language.

The ability to support M&E capacity development takes two forms. First, the experience and capability of individual experts, consultants and consultant firms; and second, the ability to provide appropriate education and training at Australian tertiary institutions.

5.1.1 Individual Consultant Capacity

The consulting industry in Australia and New Zealand has developed substantial capability in M&E. At one level, virtually every large implementation project has a monitoring component, and many consultants and advisers have now filled that role. All of the databases of consultants that have been reviewed during the study contain substantial numbers of people who indicate expertise in project monitoring and evaluation. However, it is likely that, in most cases, this expertise is primarily in the physical and financial monitoring of projects rather than in benefit monitoring and/or evaluation:

- A total of 47 experts are registered as M&E specialists on the main AusAID Consultants Register database, and a total of 100 on the Evaluation Section register.
- The Sloane Cook & King database of associate consultants includes 28 people (out of 500 in total) who claim expertise in monitoring and/or evaluation, of whom 24 are Australians and 4 are from New Zealand. All except one have international experience.
- The database of the Institute of Management Consultants has 67 people with monitoring and 11 with evaluation expertise on its register of whom about 20 per cent indicate international experience.
- Of the 125 people in the Australian Accredited Agricultural Consultants 1996 register, 35 indicated expertise in project monitoring and evaluation.

Among the consultants registered on the databases of consulting expertise are several with substantial experience in M&E and related capacity building. For example, most of the capacity-building work that has been undertaken regionally has been undertaken by Australian consultants, including ongoing projects in Sri Lanka, and the current PPMS development within ADB. Australian consultants have assisted in a number of major regional workshops on 'Project Quality Improvement' and 'Post-evaluation and feedback' held by ADB in 1995. An Australian consultant has undertaken most of UNDP's 'studies of government monitoring and evaluation systems' over the past five or six years. Australian experience and capability is probably greatest in the Asia/Pacific region.

5.1.2 Tertiary Training Courses

In addition to individual expertise, Australia has substantial expertise in education for monitoring and evaluation. Only one specialist course is known, the short course at University of Queensland on 'Project Sustainability and Performance Evaluation' has been held for the past three years and is expected to continue. It caters for a maximum of 20 participants and costs US\$14,000 for the 11-week course. Modules include:

- Development planning and project planning;
- Sustainability concepts and planning for project sustainability;
- Concepts, definitions and tools of performance evaluation;
- Methods for and management of social research;
- Report writing and presentation skills; and
- Case studies.

Many other institutions have courses with M&E components. For example, the National Centre for Development Studies at ANU has four-week modules with a substantial M&E component in two courses, with a third (on Complex Emergencies and Evaluation of Emergency Relief) due to start in 1998. The modules are compulsory within the post-graduate program (masters and diploma level) in Development Administration, and can also be taken as short courses by outside students.

6. OPTIONS FOR FOLLOW-UP TO PHASE I

6.1 PHASE II

The terms of reference for the present study envisage a second, follow-up phase. Phase II was intended to “look in detail at a possible two of the six countries and recommend specific strategies for AusAID to strengthen M&E capacity in these countries” (Appendix A). Terms of Reference for Phase II were to be developed after the report of Phase I had been considered by AusAID’s Executive. However, the country-specific recommendations in this report recognise that both the need and demand for assistance varies significantly between countries.

The idea of a discrete Phase II of the study, which is managed by AusAID’s Evaluation Section, may be less appropriate and effective than follow-up action which is managed within the context of normal country programming processes. This would ensure that any future activities reflect the priorities of the desk and post, and that strategies developed are relevant to the country strategy and likely to be funded.

6.2 COUNTRY-SPECIFIC PROGRAMS

Each country considered in this report has different priorities and needs regarding M&E capacity-building, as indicated in Chapter 4. In three countries, suggestions are made for possible follow-up assistance in designing M&E strengthening projects. Suggestions are also made regarding modifications to existing or planned AusAID projects to meet the needs defined and agreed with central and line agencies in the partner governments. These suggestions are detailed in Chapter 4.

6.3 GENERAL ACTIVITIES

In addition to the country-specific activities that may be considered, there are a number of more general approaches to M&E capacity building that could be considered. These approaches are noted below. Some options, such as the development of a regional training program, should be considered in close consultation with the relevant desks and posts. The feasibility of other options, such as the shift to participatory evaluation, could be examined by AusAID’s Evaluation Section.

6.3.1 Regional Monitoring and Evaluation Training/Systems

A number of evaluation capacity development initiatives over recent years have highlighted the value of evaluation and evaluation training to project planners and policy makers. The inclusion of senior planners on evaluation training courses provides them with perspectives on the project cycle that they are unable to acquire in their day-to-day work – eg, on the factors affecting project success or failure. Training is best carried out concurrently with the establishment of systems to ensure, as far as possible, that the lessons from evaluation are translated into action at the planning and policy level. This requires that systems are developed to allow policy makers and planners easy access to evaluation findings and lessons.

While the motivation to develop ‘pure’ evaluation capacity seems to have declined over recent years, there is considered to remain substantial benefit to developing evaluation capacity and establishing evaluation training. Consideration could be given to (for example) a Pacific small island states course possibly in Fiji, or (possibly) an Indochina course for Vietnam, Cambodia and Laos. The course could be accompanied by systems analysis and the installation of an evaluation results database to support the project planning process.

While it is likely that monitoring courses would be better conducted in-country, there may also be merit in considering (for example) regional courses in participatory monitoring for the small island states. Such a course could include senior planners/administrators from four or five small island states and could be considered as a preparatory step for the subsequent introduction of participatory monitoring in

key line agencies in each country. The course itself could be participatory and focus largely on the development of systems which participants feel would be most likely to work effectively in their countries.

6.3.2 Participatory Monitoring

The participation of stakeholders in project activities and their ownership of the project are increasingly being seen as key criteria in successful project design. While this may be more true of, for example, rural development projects than large-scale infrastructure projects, some elements of participation are desirable in most project interventions.

The concept of participatory appraisal has been developed (particularly by the Institute of Development Studies at Sussex University) over a number of years. It is suggested that consideration could be given to the development of systems to involve beneficiaries in project monitoring. This would involve assisting project beneficiaries and other stakeholders to monitor and record information on project effects. The system could be trialled in one or two countries and later extended to other AusAID partner countries.

6.3.3 AusAID Evaluation Systems

A number of capacity-building activities over recent years have echoed the recommendations of the Netherlands Aid Agency that more extensive and effective participation by local staff in evaluations should be attempted. It is therefore suggested that ways to include recipient governments in AusAID evaluations to a greater degree should be assessed.

This involvement could range from the inclusion of one or more local staff on AusAID teams with responsibility for preparing part of the evaluation report, up to the full involvement of the recipient government in defining and planning the evaluation program and approach. It is recognised that the latter approach is sometimes difficult for both multilateral and bilateral agencies to accept, given the independence required of the evaluation program. However, it is an effort worth making if ownership of evaluation findings can be engendered and local capacity enhanced.

In concept, the system would involve both AusAID and the local evaluation agency drawing up a draft evaluation program based on the projects completed during a given period. Where the lists are different, discussion would be required to define a 'common' program. In order to facilitate the selection process, each party would need to give the reasons why a particular project is considered for evaluation. Once the program has been defined, it is desirable that the local evaluation agency is fully involved in evaluation planning.

Apart from assisting in mission logistics, it is desirable that local participants are given responsibility for preparation of part of the evaluation report. This may require the evaluation mission to stay longer in the field – to prepare the full draft report together with the local evaluators and/or for the local team members to accompany the team back to Australia for draft report preparation. The extent to which the costs of such an exercise would be offset by its benefits needs to be assessed.

6.3.4 Monitoring Systems Development

Many agencies, including AusAID, are developing performance monitoring systems. ADB, for example, is making a major effort to introduce its project performance monitoring system in a number of projects, prior to more widespread implementation over the next few years. These activities recognise that traditional benefit monitoring and evaluation efforts have seldom achieved their objectives.

The concept behind this potential component is that substantial project information is already being recorded. However, this usually reflects the requirements of the donor/funding agency, and, if it is provided to the line agency, is often in a form which makes further processing and aggregation difficult. It would thus be useful to review the monitoring systems already used by projects, line agencies and donors in order to make optimal use of existing efforts before introducing new systems. Mechanisms could be developed to take this information and translate it into a form which meets line and central agency monitoring needs. The system could be developed and trialled in one or two countries and extended to other countries, depending on the success of the program.

6.3.5 Twinning Arrangements

In the light of the focus given by many agencies, including AusAID, to governance, twinning arrangements with local M&E agencies is an attractive option. This is currently under consideration for NEDA in the Philippines and AusAID/DOFA/ANAO in Canberra, and is used by SIDA in its capacity-building activities in Africa. Aspects for consideration in twinning arrangements should include the main activities to be covered and, particularly, whether the multi-agency arrangement currently being discussed for NEDA is practical, or whether a one-on-one arrangement is preferable.

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APPENDIXES

Appendix A. Terms of Reference

Appendix B. World Bank Perspectives on TA Problems and Remedies

Appendix C. Sustainability Monitoring Indicators

Appendix D. AusAID Project Preparation and Management

Appendix E. Persons and Institutions Consulted

Appendix F. Questionnaire Sent to AusAID Posts

Appendix G. Public Sector Management: Evaluation Capacity Building

Appendix H. M&E Systems in Vietnam

APPENDIX A. TERMS OF REFERENCE

Objectives

The study will be undertaken in two phases. Phase I, which will be limited to approximately six countries, has three objectives:

- (i) to examine the extent to which M&E capacity-building is a need and a priority of AusAID's partner governments;
- (ii) to examine what benefits would accrue to donor and partner governments from an improvement in M&E capacities; and
- (iii) to suggest broad mechanisms by which AusAID might provide assistance in this area.

The objective of Phase II is to look in detail at a possible two of the Phase I countries and recommend specific strategies for AusAID to strengthen M&E capacity in these countries. These countries would be selected as the possible starting countries for assistance if AusAID and the partner governments agree to proceed with implementing the strategy.

Scope

Phase I of the study will be limited to approximately six countries with which AusAID has a development cooperation program. These countries have been selected to include those with whom Australia has both large and small development cooperation programs. The list includes:

- Papua New Guinea
- Philippines
- Vietnam
- Kiribati
- Tuvalu

The study will look at the overall capacity of partner governments in monitoring and evaluation. This may involve looking at both implementing agencies, as well as national, coordinating bodies. In addition, any recommendations made by the study should aim for a consistency with existing activities of the partner government and other donors.

An Advisory Group has been established to provide advice throughout the duration of the study. The members are listed in Annex B. The Advisory Group will meet four times during the study in order to provide guidance at key decision-making points:

- to discuss an issues paper and agree on the overall objectives, scope and methods of the study;
- to discuss and agree on terms of reference for the study, including the six countries to be examined during the first phase;
- to discuss the draft report and make suggestions for incorporation in the final report of Phase I, as well as make recommendations on the usefulness and scope of a second phase; and
- to discuss the report of Phase II and recommend future action by AusAID regarding the findings and suggestions of the report.
- An independent consultant will be engaged to undertake the study. An Evaluation Section member will manage the overall progress of the study.

In Phase I the consultant will:

- (i) conduct a review of the relevant literature available from the multilateral development banks and UNDP in general, and in particular, of literature specific to the selected countries;
- (ii) consult with relevant AusAID officials (including desks, ASG, PRT, PSS) to determine the success of existing and past AusAID activities in this area, the benefits to AusAID of such assistance, possible areas for future assistance, and their awareness of Australian consultants with expertise in this area;

- (iii) consult with relevant AusAID posted officials in the selected countries to determine:
- the role of M&E in government decision-making and the existing institutional arrangements;
 - the extent of the activities of other donors, the multilateral development banks and UNDP, as appropriate, and the lessons learned from their experience;
 - possible areas for future assistance; and
 - views of relevant partner government officials.
- (iv) prepare a draft report, for consideration by the Advisory Group, which addresses:
- current needs of the six selected countries in the area of M&E capacity-building, as defined by the governments (coordinating and/or implementing agencies), AusAID, and other donors/multilateral organisations;
 - past and current activities of other donors/multilateral organisations in the six countries, and the lessons which are apparent from these experiences;
 - past and current activities of AusAID in the six countries, and the lessons which are apparent from these experiences;
 - benefits (and any disadvantages) to partner governments, AusAID and other donors of increasing Australian assistance in this area;
 - expertise of Australian/NZ consulting industry in this area; and
 - recommendations about possible mechanisms by which AusAID might increase its assistance in this area, and an analysis of particular advantages and disadvantages of each mechanism.
- (v) present the preliminary findings of the study to a meeting of the Advisory Group, together with the draft report; and
- (vi) provide AusAID with a final report which incorporates suggestions made by the Advisory Group.

The details of the work to be undertaken in Phase II will be decided upon by the Advisory Group after consideration of the Phase I draft report. It is expected that two countries will be selected for consideration. The Phase II report will recommend strategies which might be undertaken to strengthen M&E capacity in the two partner governments. These strategies may include support which is phased in over a period of time. The report will be provided to the Advisory Group and the involved partner governments.

Advisory Group Membership

John Bailey, Evaluation Section

Robert Panfil, Senior Project Adviser

Geoff Miller, Advisory Services Group

Andrew Alwast, Pacific Regional Team

Ian Millar, Transport & Communication Section

Louise Marchand, Private Sector and Economic Analysis Section

Robert Glasser, Vietnam Section

APPENDIX B. WORLD BANK PERSPECTIVES ON TA PROBLEMS AND REMEDIES

Problems	Remedies
Unfavourable governance conditions Unhelpful institutional environment	Determine minimally adequate governance conditions; under difficult governance conditions, limit TA to piloting and demonstration.
Systemic problems (eg, inadequate incentives and structures) underlying poor morale and low productivity in the civil service not addressed	Credible civil service reform to solve systemic problems should be underway.
Sustainability issues not addressed	Identify and address sustainability issues up-front.
Lack of ownership Supplier-driven objectives	Do not proceed without felt need by client(s).
TA seen as a free good	Integrate TA into budget and 'marketise' it when possible.
Inadequate participation by stakeholders/beneficiaries in project design	Establish credibility of commitment.
Lack of a champion	Approaches directed at individuals are sometimes justified.
Dependency syndrome	Seek to minimise dependency effects.
Lack of Institutional Development strategy Poor diagnosis of institutional environment	Assess institutional environment.
Lack of shared vision of institutional development directions and priorities	Through diagnosis and dialogue on institutional development, seek shared vision and agreed strategy.
Shortcomings of the project model	Adopt a program approach to institutional development TA.
Too little focus on capacity use vs. capacity building	Give capacity use as much attention as capacity building.
Too many unprioritised objectives and components	Prioritise goals
Absence of appropriate performance indicators	Focus monitoring and evaluation on a core set of performance indicators that consider quality as well as quantity of outputs/outcomes.
Too much—or too little—design flexibility	Use well defined, realistic annual work programs.
Weak borrower management Shortage of skilled TA project managers	Improve absorptive capacity for TA.
Rent-seeking permitted	Exert strong discipline to discouragerent-seeking.
Unsuitable expatriate experts; underuse or overuse of local consultants	Strengthen selection process for expatriate experts and local consultants.
Inadequate monitoring, evaluation, and accountability	Strengthen monitoring, evaluation, and accountability.
Inadequate change/closure of non-performing components; slow response to new opportunities	Ensure incentives reward project redesign or closure when appropriate.
Supplier shortcomings Insufficiently experienced staff	Provide exceptionally able and experienced staff.
Inadequate supervision and management oversight	Provide attention from managers at all levels
Inadequate monitoring and evaluation (M&E) and accountability	Give more attention to M&E in assistance agencies and in client governments.
Supplier tying of TA and poor donor coordination	Untie TA and improve TA coordination.

Source: World Bank 1996a

Conclusions of World Bank Task Force on Evaluation Capacity Development (World Bank 1994b)

Evaluation capacity development is a long-term, difficult, and complex proposition. The main problem is lack of genuine demand and ownership within countries for honest evaluation of (and feedback on) the effectiveness of public actions. Lack of financial information and weak accounting systems hinder transparency. In-country demand and ownership are essential prerequisites for effective evaluation, and the slow emergence of genuine demand and ownership is likely to remain the binding constraint in most countries.

Rather than as a distinct objective, ECD must be treated as an integral part of efforts to improve public sector reform and capacity-building both within countries and the Bank.

While in principle the evaluation of country policies and programs promises the highest payoff, such evaluation is also politically and bureaucratically more sensitive and methodologically more demanding, and it takes longer to establish itself. Demand for sectoral and project-level evaluation, which is more prevalent, may often provide an easier starting point for example, through operational and performance audits. The focus of ECD interventions should depend on the conditions in the country in question.

Information must be adequate for effective evaluation and, just as important, it must be accessible to those with a need to know. Financial and accounting information is crucial for transparency. In many developing countries, modern accounting and auditing standards have yet to be introduced - and, if introduced, enforced - while the professional bodies and supervisory institutions that underpin such standards still need to be fully developed.

Where past evaluation capacity development efforts have not yielded satisfactory results, the most common reasons were that they were seen as externally driven, with limited domestic participation, were too modest to have minimum critical mass, and were carried out in isolation from mainstream Bank activities.

The demand for, and country ownership of, evaluation can be best developed if evaluation is seen by all concerned as a vehicle for learning and improving future performance. This calls for a broader concept of evaluation than the ex post reviews traditionally required for externally funded projects. It also calls for adding a deliberate capacity-building dimension to efforts to improve monitoring and evaluation at the project level.

A more proactive approach is both necessary and worthwhile. Such an approach would be more risky - indeed, it may not yield visible results in the short term - and it would add another dimension to the Bank's public sector management and capacity-building efforts. Improved financial reporting and auditing forms part of this approach. Especially developing evaluation capacity is crucial for the success of overall efforts to improve the performance of the public sector and enhance development effectiveness. Over time, it is likely to produce high payoff at limited cost.

The World Bank's approach to ECD will be guided by the following principles:

- Integrate ECD into institutional development and capacity building. Evaluation capacity development belongs to and should be incorporated into the long-term development agenda of member countries and therefore of the Bank. It should be planned and implemented as an integral part of broader institutional development and capacity-building efforts within countries.
- Develop demand, supply, information infrastructure. Effective ECD requires sustained, complementary efforts within countries in three distinct areas: to develop and nurture genuine demand and political support for evaluation; to improve supply capacity by building relevant skills and institutions; and to build financial and accounting information and dissemination infrastructure. Priorities vary according to country characteristics.

- Tailor to country circumstances. Specific ECD interventions must be tailored to country needs and circumstances. In many countries it may be prudent to start modestly with simple mechanisms that can be implemented immediately. The Bank's support for ECD would need to be selective, and 'graduated' according to country capacity. · Take a long-term view. As in the case of broader public sector reform and capacity-building efforts, countries and the Bank must accept that progress is likely to be gradual and successes may be offset by occasional setbacks.
- 'Mainstream' ECD. To be successful, ECD needs to be 'mainstreamed' both within countries and the Bank. Links to the Bank's own mainstream operational activities in public sector management reform, improved financial reporting and auditing and country portfolio management work should be strengthened.
- Encourage growth of demand. The strategy should develop and reinforce the demand for and use of evaluation within borrowing countries. Governments and leaders need to be convinced that the country will benefit from evaluation. This should be encouraged through realistic presentations of the potential and constraints of evaluation. In addition, the Bank should seize opportunities that will demonstrate the practical utility of evaluation to front-line decision-makers. ECD is among the strategic issues that should feature in the Bank's dialogues with country leaders on the long-term development agenda. As such, it should feature, where appropriate, in briefs for management discussions with senior government officials.
- Integrate ECD into country portfolio management. The Bank should integrate both concurrent and ex post evaluation into its country portfolio management work, to focus evaluation on priority issues and to show the utility of evaluation in country and Bank decision making.
- Incorporate ECD into programs for reform of public sector management. Strengthening in-country monitoring and evaluation capabilities should become a core component of Bank-supported public sector management reform programs. The locus and type of ECD will vary by country. The measures proposed must recognise relevant capacity constraints within countries and be kept simple to encourage their use. Simplicity and selectivity should take precedence over comprehensiveness .
- Strengthen infrastructure for ECD. The Bank can and should do more in its operations to strengthen the informational and financial management infrastructure on which evaluation and good governance depends. Examples include support for development of transparent accounting standards and systems, encouragement of information-rich budgetary classifications and procedures, improvements in auditing systems and standards, and, more generally, strengthening of data systems. Private sector agencies, blue ribbon commissions and universities provide useful vehicles for evaluation.

APPENDIX C. SUSTAINABILITY MONITORING INDICATORS

The following series of indicators of project sustainability was developed by Bamberger & Cheema (1990):

Continued Delivery of Services and Production of Benefits

- Comparison of actual and intended benefits and services and their stability over time
- Efficiency of service delivery
- Quality of services (benefits)
- Satisfaction of beneficiaries
- Distribution of benefits among different economic and social groups

Maintenance of Physical Infrastructure

- Condition of physical infrastructure
- Condition of plant and equipment
- Adequacy of maintenance procedures and resource
- Efficiency of cost-recovery and adequacy of operating budget
- Beneficiary involvement in maintenance procedures

Long-term Institutional Capacity

- Technical capacity and appropriate mandate of the principal operating agencies
- Stability of staff and budget of operating agencies
- Adequacy of inter-agency coordination
- Adequacy of coordination with community organisations and beneficiaries
- Flexibility and capacity to adapt the project design and operation to changing circumstances

Support from Key Stakeholders

- Strength and stability of support from international agencies
- Strength and stability of support from national government
- Strength and stability of support from provincial and local government agencies
- Strength and stability of support at the community level
- Extent to which the project has been able to build a broad base of support and to avoid becoming politically controversial.

APPENDIX D. AUSAID PROJECT PREPARATION AND MANAGEMENT

During 1996, AusAID introduced new initiatives in project preparation and management. These have substantial implications for project monitoring and evaluation and a summary is consequently presented in this Appendix.

The AusAID Activity Management System (AMS) has a number of components relevant to project monitoring.

ACTIVITY PREPARATION BRIEFS (APBs)

APBs are prepared for all new pipeline activities at the identification stage and for existing pipeline activities, prior to taking any decisions on further processing. The current outline for APBs include: (Section 2) Description of objectives; and (Section 5) Justification and indicators, which are relevant to project monitoring. More detailed description of monitoring requirements should be included in the project design document.

ACTIVITY MONITORING BRIEFS (AMBs)

AMBs provide the basis of a standardised monitoring/reporting system during activity implementation. They focus on the activity's development objectives, performance indicators and major issues and associated risks. They are intended to provide for improved review by management of portfolio status and trends.

Development Impacts the achievement of the project objectives, which usually corresponds to the purpose in the logframe, involves a joint effort between the contractor and the recipient government. The individual objectives should be clearly indicated in the APB and or the PDD/PID. Also ideally, there should be quantitative indicators to measure impacts. The objectives should be filled in when the AMB is prepared and should remain unchanged throughout the implementation of the activity. In most cases 3 – 5 key objectives would be sufficient.

In some cases the development objectives may not be measured until after the completion of the activity. For instance, the construction of a bridge has to be completed before the traffic volume and regional impacts can be known. However in most cases some discrete training or improvements have been completed during the life of an activity which allows an assessment to be made of its likely impact.

ACTIVITY MONITORING BRIEF FORM

Project Name

(Internal Working Document Only)

1. Title and Background Data

Country:
Activity Name:
Activity Id:
Program:
Managing Section:
Activity Manager:
Monitoring Officer:
Current Contractor(s):

This AMB is:

Dates: This AMB: ; Previous AMB: ;
Last Progress Report : .

Description:

2. Development Impacts Related to Objectives

Description Of Development Objectives

Development Objectives

Previous AMB Current AMB

Impact = Objective(s) likely to be: 5 fully met (100%); 4 mostly met (99-80%); 3 partially met (79-50%); 2 mostly not met (<50% ;
97 not applicable; 98 no outcomes available; 99 dropped.

3. Overall Brief Comments on Development Impacts (include detailed comments on ratings 2, 3 and 99.)

4. Implementation Performance

Description Of Major Components

Major Components

Previous AMB

Current AMB

Performance Criteria Comments

Other Indicators	Previous AMB	Current AMB
Government Management Performance		
Contractor Management Performance		
Counterpart Inputs		
Financial Sustainability		
Institutional Sustainability		
Procurement Progress		
Technical Aspects		
Environmental Aspects		
Social Aspects		
Gender		
Population		
Other (specify)		

Rating = 5 no significant problems; 4 moderate problems; 3 major problems, adequately addressed; 2 major problems not adequately addressed; 97 not applicable; 98 no outcomes available; 99 dropped.

Financial Data	Original AMB Estimates	Previous AMB Estimates	Current AMB Estimates
Estimated End Date			
Final APB AusAID Estimate			
Total Current Estimate			
Total Expenditure to Date			
Expenditure/Current Estimate Ratio			
CFY Approved			
CFY Expenditure			
CFY Expenditure/Approved Ratio			

5. Overall Brief Comments on Components and Other Indicators (include detailed comments on ratings 2, 3 and 99)

6. Major Issues and Risks and Actions Taken or to be Taken

7. Other Recommended Actions

Proposed next field visit:
Proposed next Coordination Meeting:

Prepared by: _____ Signed by: _____
Reviewed by: _____ Signed by: _____
Authorised by: _____ Signed by: _____

APPENDIX E. PERSONS AND INSTITUTIONS CONSULTED

Persons not contacted are marked with an asterisk, but are left in the list in order to facilitate contact in Phase II if required.

Country/Institution	Organisation	Person
Country-related		
Kiribati/Tuvalu	AusAID	Rob Stuart
	AusAID	Janine Constantine
	AusAID Fiji	John Davidson
Tuvalu	AusAID PRT	Gary Wiseman
	AusAID	Des Doyle
	Planning adviser	John Howe
	UNDP Coordinator	Elisala Pita
	Secretary Government	Sofata Sopoaga*
	Secretary Health/Education	Taukelino Finecaso*
Kiribati	AusAID	Ray Marsden
	AusAID Post	Craig Gallagher
	Chief Planning Officer	Reina Timau
	FEM Project Adviser	Geoff Nicholl
	Min of Natural Resources	Willi Tokataka*
PNG	AusAID Desk	Louise Marchand
	AusAID Desk	Nic Notarpietro
	AusAID Desk	Julia Newton-Howes
	AusAID Desk	Ian Millar
	AusAID Desk	Peter Charlton
	AusAID Desk	Sam Zappia
	AusAID Desk	Bernadette Mihaljevic
	AusAID Post	Robin Scott-Charlton
	AusAID Post	Fleur Davies
		David Swan
Philippines	AusAID Manila	Lynn Pieper
	NEDA	Roly Tungpalen
	WB Manila	Jayshree Balachander
Vietnam	AusAID	Dr Robert Glasser
	AusAID	Richard Harman
	World Bank	Paul Stott
	UNDP	Edouard Wattez, Res Rep
Other		
ASG	AusAID	David Barber
CIDA	Performance Review Branch	Bernice Vincent
DFID/UK	Evaluation Department	Catherine Cameron
OECD	DAC	Katja Michaelowa
		Hans Lundgren (Director)
World Bank	OED	Pablo Guerrero

APPENDIX F. QUESTIONNAIRE SENT TO AusAID POSTS

1. To what extent is M&E capacity building a need and/or priority of the government?
Is the government (central/line agencies) serious about M&E capacity-building?
2. Has AusAID supported Capacity building in project/program monitoring?
project/program evaluation
Please describe (year, implementing agency, activities, cost etc)
(attach files to email if required)
3. What activities are you aware of by other **bilateral** donors supporting M&E capacity?
4. What activities are you aware of by **multilateral** donors supporting M&E capacity?
5. Which agencies have the best developed capability in project/program M&E?
6. Would it be better in principle to consider support to central, line or provincial agencies?
7. Which agency(ies) would it be best to consider for possible AusAID support?
For monitoring
For evaluation
Please provide contact names, phone and fax numbers and email contacts if possible for all nominees from the agencies suggested.
Please also if possible identify availability in general or specific terms of each nominee.
8. Can you identify any specific benefits would accrue to the government/AusAID/other donors from improvement in M&E capacity/capability?
9. What would be the best way for AusAID to provide assistance?
eg, staffing support to [] agency
training courses
study tours
systems development
others (please specify)

APPENDIX G. PUBLIC SECTOR MANAGEMENT: EVALUATION CAPACITY BUILDING

Abridged from DAC/DANIDA 1996

A report on *Evaluation capacity building - donor support and experiences* (DAC/DANIDA 1996) was prepared by Danish International Development Assistance (DANIDA), Ministry of Foreign Affairs, for the DAC Expert Group on Aid Evaluation. It reviews donor experiences with evaluation capacity-building (ECB). Specifically, improving capacity to monitor and evaluate programs is viewed as an important aspect of strengthening public sector management and accountability. The study is based on responses to a survey of donor agencies' ECB activities, supplementary documentation, and lessons emerging from a full day of discussions between benefit monitoring (EGE) members and developing country participants at the informal seminar held in Canberra, in February 1996 (DAC/AusAID 1996).

Conclusions and Lessons

The World Bank and the regional development banks have been the most active in supporting national evaluation systems and stimulating demand for evaluation in the context of public sector reforms and good governance initiatives. The United Nations Development Program (UNDP) has contributed to understanding of ECB by producing a series of country monographs on monitoring and evaluation.

ECB support provided by bilateral donors is concentrated in a few agencies, including the US (USAID), Canada (CIDA), Sweden (Sida), and the Netherlands (DGIS). The DGIS is one of a very few bilateral agencies that has formulated a policy in support of ECB. Most bilateral ECB assistance is provided as a component of a project or program containing a more comprehensive package of development interventions. Whereas multilateral donors have tended to focus their ECB efforts at the national level supporting overall evaluation systems, bilateral donors have typically concentrated their ECB activities at the department or project/program level, sometimes with the added motive of having their own assistance activities monitored and evaluated. While some donors limit their ECB support to training, others have also used joint evaluations as a means to support capacity building.

Despite more than two decades of ECB support, there has been limited systematic assessment of the effectiveness and sustainability of these activities. Drawing conclusions and lessons is thus difficult and preliminary.

It appears that establishing a useable evaluation function, at both national and sub-sectoral levels, is a long-term process involving donor support activities including consultancies, staff training and equipment. However, host country commitment and a sense of ownership at the senior management and policy level, as well as the legal foundation of the evaluation function, is probably more important for its success than the supply of donor inputs.

In summary, progress has been made in achieving ECB but more work is needed in the areas of political advocacy, local level commitment, and commitment of donors to support a long-term strategy of ECB. Key lessons learned are summarised below:

Approaches to strengthen evaluation functions

- Sustainable evaluation institutions need political commitment and support at the highest policy and management levels, and should be able to demonstrate their usefulness to these levels. The design of evaluation systems also needs to take into account the specific government and administrative culture in the host country/organisation.
- Political commitment and senior management demand should be preconditions for ECB supply activities, and have to be linked to the good governance issue. A long-term strategy is needed for effective interventions.

- The scope of national level performance evaluation and performance auditing systems are moving closer to each other. The former is likely to be more closely integrated in the planning process. The latter system tends to focus more on accountability at the policy level. The choice of approach may, however, depend on other factors such as political commitment, legal framework and institutional capabilities.
- Development policy and aid tend to shift from a project/program to a sector/policy focus setting new demands for host country evaluation institutions.
- Sustainable and effective evaluation systems must have a legal foundation or a firm statutory organisational regulation.
- An evaluation unit's independence from line management is important as well as the security of career possibilities for evaluation staff and managers.
- Regional, sectoral and program/project evaluations become more useful if they are based on a coordinated approach linked to a national evaluation system particularly, with respect to methodologies and data needs.

ii) Elements of donor support strategies

- Duration and scope of support should be flexible and balanced between needs for long-term relations and ownership by host institutions.
- Consideration of support to either a national level evaluation or a performance auditing system should include policy demand for its use and legislative backing of the system.
- Efforts to institutionalise training in evaluation (including training of trainers) particularly on methodological aspects of evaluation.
- Long-term twinning arrangements will support professionalism. Increased use of the evaluation tool in developed country governments increase the possibilities for making long-term twinning arrangements with specialised evaluation institutions in donor countries.
- Support to training institutions and curriculum development which on a broad base can strengthen evaluation capabilities in government and civil society.

iii) Role of donor evaluation units and the DAC Expert Group

Areas where donor evaluation units may play an active role include:

- Promoting an agency ECB support policy or strategy particularly in view of new aid forms being introduced including program support to institution and capacity building as part of good governance initiatives at national and sectoral levels.
- Advocating and stimulating interest in evaluation in country dialogues and sector program assistance.
- Providing technical advice to operational units responsible for ECB support activities.
- Supporting the establishment of twinning arrangements between other domestic evaluation institutions and host country institutions.
- Arranging joint-evaluations with a true participatory approach where the needs of both parties are incorporated from the start, and where the capacity building element is considered specifically.
- Coordinating their evaluation programs with host countries and other donors in order to optimise use of resources and constrained capacity of recipient countries' evaluation systems.
- Assisting in securing consistent evaluation methodologies and terminologies in the ECB support activities of the agency.
- Advising on training facilities and materials on evaluation.

APPENDIX H. M&E SYSTEMS IN VIETNAM

SUMMARY OF STRENGTHS AND WEAKNESSES OF M&E PRACTICES

The following sections are taken from UNDP (1993 pages 57-62)

Central Level

Strengths:

- Strong commitment by the Prime Minister and the Council of Ministers for market mechanisms for finance and physical monitoring which will lead to economic renewal and a strengthened political system;
- Regular meetings of the Council of Ministers and the State Planning Committee and Professional Committees of the National Assembly and the Central Committee of the Communist Party to review development programs;
- An established system of appraisal inherited from the centrally planned economy system, including the use of appraisal committees and management boards which now must be transformed to conform to a market-based economic focus;
- Ongoing refinement of the management of the national budgeting system.

Weaknesses

- The inheritance of an appraisal methodology from the central planned economy system which places heavy emphasis on inputs but not on outputs which are often unrealistic 'targets';
- The lack of an integrated reporting system which will standardise finance and physical implementation and performance monitoring;
- A weak system of auditing;
- The absence of any M&E units in ministries, committees and departments of the central government and a related lack of personnel trained in M&E methodology and procedures for its practical application;
- There is little emphasis on establishing an evaluation system for outputs of the government except in the case of ODA projects and programs;
- At present, the management system does not issue formal project completion reports which could provide the required information for published reports by ministries and committees. Exceptions include a survey report (1945-1991) by the Ministry of Education and Training which represents a useful model for other ministries to consider adopting for annual reports;
- The strong decentralisation of provinces and large municipalities impedes the implementation of national development policies;
- The lack of an information-gathering system to deal with the growing private sector;
- The mission found no examples of any impact evaluations having been conducted in Vietnam;
- A lack of project formulation procedures and methodology and no system for feasibility studies;
- A need to monitor private sector constraints.

Provincial People's Committee level

Strengths:

- A well-organised decentralised system consisting of provincial, district and people's commune committees with a regular system of meeting leading to execution of activities;

- An established tradition of appraisal inherited from the centrally planned economy system, including the use of formally constituted appraisal committees and management boards, which now must be transformed to conform to a market-based economic focus;
- Considerable interaction with ministries/state committees at the central level;
- A strong desire evident in the people's committee management to use market mechanisms for the planning system and related M&E activities.

Weaknesses:

- The lack of proper information systems to collect data for the decision-making process especially in the area of local, regional and national market surveys for the enterprise sector;
- The absence of a well-developed information network which ensures a free flow of information between the provinces and the centre;
- The lack of an information-gathering system with respect to the fast growing private enterprise sector;
- An acute lack of qualified and experienced personnel when compared to the central level. Also, there is a great shortage of funds to train personnel to make the transition from a centrally planned economy with major emphasis on inputs only, to a market-based economy model and its emphasis on efficient, measurable outputs. In short, personnel require considerable training to acquire skills and experience in M&E;
- A lack of funds to finance the physical and technical requirements of carrying out M&E, including a need for basic office equipment such as typewriters and supplies, micro computers, local transportation and money to pay for outside consultants;
- In some cases, it was noted that projects may be implemented by the central level which avoid a review by the provincial appraisal committee system.

Impact Evaluations

The mission did not find any examples of impact evaluations having been conducted in Vietnam in the past few years and this is understandable given the nature of the centrally planned economy system which is now being reformed along market economy lines.

It is clear that ongoing and end-of-project evaluations should be carried out by all Ministries of the Government but this is not being done at the present time in Vietnam.

However, in line with the mission's recommendation to set up an M&E Unit in the SPC, it may be possible for the SPC to begin the establishment of the impact evaluation tradition with a few model cases in selected Ministries.

As noted earlier, there are at present a number of constraints to setting up evaluation systems at all government levels in Vietnam and this is probably inevitable, until the country switches from a centrally planned to market-based economy.

The country lacks a properly organised system to collect data in the provinces for a number of Ministries although the government is trying hard with some UNDP assistance to rectify this situation.

Government Ministries in Vietnam do not have the tradition of issuing published annual reports, and without this it is impossible for other outside bodies such as the National Assembly and its Professional Committees to fully measure their performance. Furthermore, reports cannot be produced because in most cases Ministries do not follow a project completion reporting system.

In conclusion, it must be repeated that there is a great lack of trained staff as well as facilities and operating funds to make the system function smoothly. Changes in the approach to current appraisal

systems and the systemic adoption of M&E methodology and practices will not occur unless there is a strong political commitment by the Council of Ministers, the National Assembly, the Central Committee, the State Planning Committee and Provincial People's 11 Committees.

STRENGTHENING MANAGEMENT AND M&E IN VIETNAM: NEW INITIATIVES

Establishing M&E units/cells

The process of monitoring and ongoing evaluation are essentially analytical processes with the objective of bringing together and analysing all relevant information and data in order to carry out effective and efficient management.

The current exercise by the Government and the SPC to consolidate all receipt of foreign technical assistance under the umbrella of the SPC provides an excellent opportunity to set up a new M&E unit or cell. This will assist with the overall management of ODA as well as other functions of various government levels.

The SPC may wish to consider the establishment of an M&E cell at the central planning agency level that coordinates all ODA with individual Ministries and Committees. The M&E process is meant to include implementation and performance monitoring, end-of-project completion reports and impact evaluations which are normally conducted three to five years following completion of a project/program. A single tiered approach is perhaps the most logical choice for Vietnam at its current stage of ODA management, and taking into consideration manpower, funding and other resource constraints. At a later stage the SPC may wish to launch initiatives to establish a M&E system in sectoral departments/Ministries and Committees.

The mission also feels that there is great merit in setting up an M&E Unit in the National Assembly of Vietnam given its supreme role in the overall legislative process in the country.

Finally, it would be useful to set up an M&E Unit in one of the provinces, and the mission feels that the qualifications, desire and enthusiasm found in the People's Committee of Hai Phong would make it a very suitable test case.

The mission makes the cautionary note that all bodies who wish to set up M&E Units should integrate M&E procedures and methodology into the overall management structure. Otherwise there is the risk that M&E will be seen as something carried out by only the 'Special M&E Unit' or staff person and as such M&E does not become an integral part of a management. To avoid this pitfall, all middle level and senior managements should receive training on the important benefits to their division's/department's management efficiency and effectiveness by always making reference and applying M&E procedures and methodology to project design, implementation, and, of course, to the ongoing actual M&E activities. By doing this, management avoids the problem of thinking that M&E is something done by another group such as a designated M&E Unit. To repeat, everybody must think and practice M&E.

Guidelines for setting up an M&E cell

In designing an M&E system for the SPC it is important to ensure that this task begins at the stage of appraisal and preparation of requests for ODA and not when the technical assistance has already been approved and the project and program are ready to be implemented. There are good reasons for taking this approach including:

1. The M&E methodology approach fosters clear thinking on specific aims and objectives and final goals for a particular activity;
2. It permits the estimating of the M&E costs for a project or program;
3. The overall M&E exercise promotes cost effectiveness and a higher quality of project management for incoming ODA.

M&E management cycle

The following is a list of sequential steps in the actual application of M&E by managers to particular activities.

1. The establishment of project/program objectives and prioritising key activities and overall inputs and outputs;
2. Assessing all information requirements and selection of appropriate indicators;
3. Determine the state of the information system available in terms of information gathering and reporting system adequacies;
4. Ongoing collection of primary data;
5. Analysis of primary data;
6. Communication system for reporting findings and recommendations.

It should also be stressed that written guidelines for the SPC M&E are very necessary for the successful operation of a unit and for its management relationship with Committee managers and planners. This may take the form of a small manual or handbook on M&E terminology, methodology and particular system tailor-made for SPC needs.

SPC/NA/Provincial Staff Training Program

The planning and implementation of an M&E training program should be done at two levels. In the first case, education and training workshops with participants being drawn from SPC/NA/Province planners and managers, and secondly for the member or members of the proposed M&E unit or cell. It is vitally important that management have a good understanding of the major objectives, tasks and outputs of an M&E system and have a practical understanding of how to make use of it as a management tool.

If this is not done at the outset in setting up an M&E cell, the risk is that the whole exercise may be viewed as something imposed from outside an organisation such as the SPC or from other levels of government or from foreign agencies. In short, an education and training program on the benefits and the actual methodology of M&E will strengthen the process of acceptance and use by planners and managers.

Major objectives of a management training program (short-term seminars and workshops) are:

1. To provide a thorough foundation for understanding the nature and role of M&E and to demonstrate how it can contribute and enhance effective coordination and implementation of ODA and for future long-term planning.
2. To outline the specific methodology of M&E techniques to provide an appreciation of information systems that will be required in the collection and analysis of field data.
3. A more intensive training program can be designed for the proposed cell/unit and the members thereof which will be far more comprehensive than the program for planners and managers.

It may be appropriate to design a series of workshops using a modular course structure. The exact content of the course should be based on a survey of needs and contain a good mix of classroom lectures and interactive workshop sessions and some actual field experiences.

Consideration should be given to involving appropriate colleges and university staff in the training programs outlined below. This will facilitate the setting up of M&E training programs at the post-secondary level. At present, the mission found no evidence of any M&E courses being taught in colleges and universities.

Financing M&E training programs and establishing an M&E unit/cell

The cost of developing training programs and a unit/cell is obviously dependent on the scope of the initiative decided upon by the SPC. Costs for Vietnam include:

1. The staff of an M&E unit/cell (including support of specialists and consultants as required);
2. Equipment for the office, including typewriters, microcomputers, calculators and office supplies;
3. Transportation expenses for all required transport modes;
4. Contracts for required surveys with groups such as General Statistics Office to collect required data;
5. The direct costs for conducting socioeconomic surveys by the M&E unit or another ministry. Costs may include the hiring of additional temporary staff for collecting and analysing information, as well as transport, computer costs and the printing of formal reports.
6. The cost of ongoing M&E training programs related to major new ODA initiatives with various ministries.

Costs with respect to foreign exchange:

1. Salaries and expenses for foreign experts for training programs offered to M&E staff and for setting up an M&E unit/cell;
2. Overseas training programs for personnel;
3. The importing of any required microcomputers and office equipment and supplies;
4. Transportation vehicles.

The SPC may wish to select a number of planners/managers in addition to the proposed cell/unit members for training purposes with the resulting cost implications for staff replacement. This will ensure continuity in the event the M&E unit needs to be expanded to meet increasing demands and to cover possible vacancies that occur from time to time.

