

Is There an Opportunity to Develop a ‘Whole-of-Government’ M&E Framework in India?¹

Monitoring and Evaluation (M&E) is considered to be one of the crucial tools for improving the performance of any organisation, including the government. The underlying idea behind M&E is that if one can monitor, one can measure and if one can measure one can improve. Accordingly, a number of countries are working to ensure results orientation through building or strengthening their M&E systems.

While in some countries M&E is institutionalised by laws or decrees, in some others it is steered by relevant ministries. In the case of India, evaluation of government programmes was umbilically associated with the erstwhile Planning Commission (PC) while monitoring was done by the central ministries. In turn, the PC used to oversee the monitoring of the Ministries.

However, with the creation of National Institution for Transforming India (NITI) Aayog – a body that replaced the PC, a fresh lease of life is expected to be infused into M&E of government programmes. The cabinet resolution on NITI Aayog also clearly states M&E to be one its core objectives. In effect this may imply that government M&E system may need to be reconfigured in accordance with other objectives such as bottom up planning. All in all, there seems to be an opportunity to reinvigorate the M&E framework to improve the performance of the government. One of the ways to achieve this is by reflecting on the issues and problems that have been identified over the years and by learning from international experiences wherever they are applicable.

This Policy Options Note will attempt to throw light on some of these aspects by delving into historical as well as technical aspects of government M&E system in India as it has been practiced over the years. It will also lift out international experiences and identify areas where India can learn from. In the end, it will raise some important questions that must be taken into consideration to have an effective M&E regime.

History of Evaluation in India

Beginning of evaluation in independent India can be linked to Programme Evaluation Organisation (PEO) which was created in 1952 subsequent to the commencement of planning in India. Later in the 1970s, i.e. nearly after two decades, the PEO got merged with the PC. This happened in response to the recommendations of 1st Administrative Reforms Commission which advocated for the reduced role of the plan body in implementation and design of schemes.

Corresponding effect of this step involved reorganisation of PEO as a body which was now headed by a bureaucrat rather than an expert, reduction of field offices from 40 to 27 and doing away with financial and technical independence which the PEO enjoyed.

As a consequence, there was an adverse impact on the capability of PEO to carry out proper evaluations. It may be pertinent to mention here that earlier the reports of PEO were an important agenda item at the annual conference of the then State Development Commissioners and its findings

were considered by the central and state governments too. In addition, it was also a normal practice to send the PEO reports to Members of Parliament for wider publicity.

The resurgence of PEO only happened towards late 1990s when the PC's involvement in designing and implementing of social safety net programmes started growing to counter the adverse effects of economic reforms unleashed in 1991. Subsequently, PEO took the innovative step of seeking the opinion of the concerned divisions of the PC, central ministries, and state governments

on the usefulness of PEO reports to them and follow-up actions taken on its evaluation findings.

Revamping of *Mahila Samridhi Yojana*, Non-Formal Education Programme, mid-term appraisal of 9th Five Year Plan, formulation of 10th Five Year Plan and formulation of National Health Policy, 2002 could be said to be the major outcomes of PEO's evaluation activities.

Next Phase of Evaluation in India

During the Eleventh Plan period (2007-12) India reached a new stage in the evolution of its evaluation capability. Several important developments occurred during this period.

This included building an online MIS system for all flagship programmes of the Central Government, creation of 'Development Monitoring Unit' (DMU) in the Prime Minister's Office in 2009 to ensure effective delivery through regular monitoring of outputs, fast-track implementation and trouble-shooting through periodic reviews.² In the same year 'Performance Management and Evaluation System' was also created and located in the Cabinet Secretariat with the objective to move the emphasis of government from process to results by preparing Results Framework Documents (RFDs).

It may be noted here that back in 2005 the concept of outcome budgeting was also introduced by the government to measure the development outcomes of all government programmes. Amongst other things, it was expected to change the mind-set of government officials to become more result oriented from outlay centric. However, it is ironic and surprising that RFDs came only in 2009, i.e. after five years of introduction of outcome budgeting.³

Further, in light of the fact that PEO had been weakened over the years, the evaluation exercise eventually started getting outsourced mostly to institutions attached to the ministries. This raised several questions on the independence of evaluation. The other pertinent question that emanates is with regards to tools and methods used in M&E and if there was efficient utilisation of the same.

In order to understand this better, it may be pertinent to elaborate on these issues.

Whether Evaluations are Independent?

Under the erstwhile PC, when an evaluation needed to be conducted it was usually announced by PEO or a line ministry, and then bids would be invited from research institutions. Quite often the institutions conducting the evaluation were attached to one or the other ministry of the Central Government. For instance, the National Institute of Rural Development, which often conducted evaluations, was under the Ministry of Rural Development.

Similarly, the Ministry of Human Resource Development has under its wings the National University of Educational Planning and Administration and the National Council of Educational Research and Training.

It was, therefore, alleged that research institutions that are largely dependent on government project funding were not overly critical of a large project of the parent ministry.

Is There Efficient Utilisation of M&E Tools and Methods?

Although today around 80 departments of the government have adopted RFD based Performance Management

System, there are limitations to its effective working. These limitations are because of challenges that Indian experience has revealed with the Performance Management System. Some of these challenges typically include misalignment between Central Government's vision and ability of states to implement it, absence of guidelines for subnational governments to follow on M&E, lack of inter-ministerial support for achieving results outlined in RFD, lack of political will, misalignment between RFD and annual performance appraisal of senior officers, misalignment of RFD priorities and objectives of the plan, lack of incentives linked to RFD and the fact that assumptions of the theory of change underlying outcome budgeting have not been satisfied.⁴

In addition, monitoring systems in India can only generate a limited amount of information on inputs (for example, financial resources released and spent) or processes whereas they should actually produce output and intermediate results based on performance indicators.

Independent Evaluation Office – Was IEO an Answer to Better Evaluation Regime in India?

In 2013, the Independent Evaluation Office or IEO became functional. Although, there was no legislation underpinning the creation of IEO, theoretically it was a superior alternative to the existing PEO for several reasons. For instance, it existed at arm's length from the PC, a position that PEO had lost. The IEO was intended to exercise influence over the line ministries, which were not always willing to respond to independent evaluations that were critical of design features of programmes they ran.

In addition, two features built into the IEO's structure could have given it more influence than PEO had. First, the head of IEO was an *ex-officio* member of the PC, and because the latter was the funding body for the ministries' programmes, it could influence the ministries through the PC. Second, the head of IEO also held the rank of Minister of State and thus was one level above the line Ministry's civil service head.

These two features could have potentially improved the use of evaluation findings or MIS information in a way that the PEO could not provided the old system had continued.

An Opportunity to Usher in Whole-of-Government M&E Regime in India

Thus far we have seen that evaluation system in India was primarily led by PEO (a body attached to PC) and since 2007 there have been new tools and methods that have been widely used. For instance, Central Government initiatives like MGNREGA have mandated, under law, regular conduct of social audits of the scheme in all states in the country. Further, some states like Andhra Pradesh have gone a step ahead and established the Society for Social Audit, Accountability and Transparency (SSAAT) for third party monitoring. The society is tasked with doing social audits of welfare schemes of Government of the Andhra Pradesh. Elsewhere, tools like community monitoring form an integral part of the schemes like NRHM, PMSGY, ICDS etc. In addition, almost 13 states have adopted RFD framework on their own volition.

Clearly, this suggests a surge in demand for evaluations both at national and subnational level. This also coincides with pressures

from media and civil society on greater accountability. Now with the creation of NITI *Aayog* there is an opportunity to re-institutionalise the M&E framework for better performance management in India both at the state and central level. This requires learning from past experiences and experiences other than ours but at the outset it also requires an appreciation of some of the limiting factors that have traditionally impeded a robust government M&E system from blossoming.

Constraining factors for Whole-of-Government M&E Framework in India

To begin with, the existing Centre-States fiscal relations in the country are the biggest hurdle towards forming a whole-of-government M&E framework. India's inter-governmental fiscal system has an in-built imbalance between revenue-raising powers and expenditure responsibilities of states, due to which the states are dependent on fiscal transfers and loans from the Central Government. This has a direct impact on the accountability and often leads to a sub-optimal achievement of national goals as states are the ultimate implementing parties.

Further, decentralisation is left to the discretion of individual states, and state governments do not appear willing to transfer funds and functions to local governments either. Hence, despite the 73rd and 74th constitutional amendments giving constitutional status to rural and urban elected local bodies, very few states have actually transferred responsibilities to local governments. In many places, the status of urban local bodies (ULBs) is worse than PRIs as they have not even been constituted in many cities. Thus, ensuring

adequate resources for performance and local accountability is limited.

In addition, since 2007-08, the Central Government expanded public spending on welfare schemes and the money was given in form of grants to NGOs and district bodies rather than to the state administration. Such modes of transfers, as pointed out by several CAG reports, have little monitoring by the centre. Further, in the current system central ministries are concerned about avoiding the lapse of budgets rather than efficient utilisation by implementing agencies.

In this context, a relevant recommendation of Rangarajan Committee (2011) needs to be implemented. The committee recommended treasury mode of fund transfer. Under this system expenditure incurred will be voucher based, audited by CAG and will allow tracking, cash management and bank reconciliation.

Lessons from Other Countries on Developing Whole-of-Government M&E Framework

Creating a whole-of-government M&E system is not a minor effort. India has several lessons from its own experience. As discussed above, these experiences along with international experiences must be carefully evaluated to implement a robust whole of government M&E regime.

In this regard, a recent paper by the Independent Evaluation Group of the World Bank may be referred to.⁵ This paper presents lessons from experience and success factors for building government M&E systems in other countries. In the Table on page 4, it has been analysed if these can be made applicable in Indian scenario.

| S No. | International Lessons from Building Country M&E systems | How India can adopt these lessons |
|-------|---|---|
| 1 | Substantive government demand is a prerequisite for successful institutionalisation of M&E | Already 80 central government departments and 800 responsibility centres (subordinate officers, attached offices and autonomous organisations) are covered by the RFD policy. In addition, there is an increasing subnational demand as 13 states have adopted RFD framework on their own volition. This shows that there is an increasing demand already. However, this can be improved by creating better synergy between the centre and the states. Mexico achieved this by amending its Constitution to mandate states to move towards better performance management and evaluation while Australia created a performance agreements with states |
| 2 | Role of incentives: There needs to be strong incentives for M&E to be done well and in particular for findings to be actually used | This can be improved by aligning departmental RFDs and annual performance appraisal of senior officers |
| 3 | Key role of powerful champion: A powerful minister or senior official who is able to lead the push to institutionalise M&E, to persuade colleagues about its priority, and about the need to devote significant resources to create a whole-of-government M&E system is needed. Government champions have played important roles in the creation of some of the more successful government M&E systems, such as those of Chile, Australia and Colombia | In India, the rejuvenated PMO and the Prime Minister himself can be the champion of the cause by directing relevant ministry/or institution to play a proactive role. For example in the case of Chile, it is the Finance Ministry which is credited for creating an effective whole of the government M&E framework. A recently-completed World Bank evaluation of Chile's M&E system found that the government's evaluations (which are outsourced to consultants and to academia) are used by the Finance Ministry for its resource allocation decisions within the budget process, and to impose management and efficiency improvements on sector ministries in the programmes for which they are responsible (World Bank, 2005). The Finance Ministry also ensures that this M&E information is reported fully to the Congress |
| 4 | Start with a diagnosis of existing M&E | A detailed exercise of diagnosis of M&E could be taken up to identify intervention areas and training needs. There is an opportunity to diagnose existing M&E as the PC to which the main evaluation function was attached has been replaced by NITI Aayog. Further, the newly established NITI Aayog now plans to embark upon both monitoring and evaluation functions for programmes and initiatives |
| 5 | Centrally-driven, by capable ministry: In some countries, capable sector ministries have set up strong M&E systems. Perhaps the most notable example is in Mexico, where the Secretariat for Social Development (SEDESOL), a capable and respected ministry, manages the M&E system which emphasises qualitative impact evaluations. The ministry is also working to strengthen its system of performance indicators to better support | Discussed under point 3 above |

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| | <p>the evaluations it conducts. The genesis for this sector ministry's effort was a law passed by the Congress, mandating the evaluation of social programmes.</p> <p>In addition, Mexico also has CONEVAL, the national council for evaluation of social development policy. It is a governmental body that has the mandate to independently evaluate government programmes and policies. Based on evaluations, programmes are scaled up, closed down or modified</p> | |
| 6 | Build reliable ministry data systems | The system already exists in India with respect to flagship schemes and Delivery Monitoring Unit at PMO. This can be improved further by cross validating the data – a practice currently missing ⁶ |
| 7 | <p>Danger of over-engineering the system: A common mistake is to over-engineer the M&E system. This is more readily evident with performance indicators – for example, Colombia's M&E system, SINERGIA, had accumulated 940 performance indicators by 2002. For Colombia, this number was viewed as unwieldy for its accountability uses of the information. Having learnt from this experience, Colombia subsequently reduced the number to around 300</p> | This lesson would be useful. Recently, the government merged many centrally sponsored schemes and also created cognate ministries. It is planning to reconsider merging more centrally-sponsored schemes. A relook at indicators of schemes run by ministries could be a useful exercise to reduce the number of indicators |
| 8 | Utilisation is the measure of 'success': Utilisation is the yardstick of 'success' of an M&E system | Lessons from how PEO created ownership of line ministries and departments could be referred to for utilisation of evaluations |
| 9 | <p>Limitations of relying on government laws, decrees and regulations: In some countries like Colombia, there are laws mandating the evaluation but law or decree on its own does not ensure that the considerable efforts required to build an M&E system will be undertaken</p> | India is well placed to create a whole of government M&E system as there is an increasing demand from subnational actors. However, M&E needs to be integrated at the level of local bodies which requires enough devolution by states to local bodies which the Budget 2015-16 promises |
| 10 | <p>Role of structural arrangements to ensure M&E objectivity and quality: On the evaluation side, issues of objectivity and credibility are particularly important</p> <p>Chile deals with this by contracting out evaluations to external bodies such as academic institutions and consulting firms. Evaluations are commissioned and managed by the finance ministry rather than by sector ministries, and the process of seeking bids and awarding contracts to conduct the evaluations is entirely transparent. In the US, the Office of Management and Budget (the finance ministry) rates the performance of government programmes</p> | In India, objectivity of evaluation can be exercised by not relying on institutions that are attached to the ministries but to assign the tasks to external bodies |
| 11 | A long-haul effort, requiring patience: Australia and Chile were able to create a well-functioning evaluation system (in terms of the quality, number and utilisation of the evaluations) within four or five years; but in Colombia's case, it has taken a decade | In India, M&E has been evolving for past six decades. It is time that India incorporates lessons and strengthens it further |

Conclusion

In the above backdrop, it is clear that effective evaluation systems require independence and regular improvisation.

None of these two essentials can be compromised in order to build an effective M&E regime. At the same time evaluation studies need to be suitable for their utilisation by the government. This may be a tricky proposition as governments at times may be inclined to reject over critical evaluations. Therefore, there are some additional questions that merit consideration:

- Should evaluation system be mandated by legislation to ensure its independence?⁷
- Should evaluation system be merged or co-located within the CAG or be adjunct to the planning exercise?⁸
- If evaluation system is to become a part of CAG, would it not dilute the importance of socially relevant but financially less important activities and outcomes?
- Should the independent evaluation agency report to Prime Minister or the Parliament (say to the parliamentary standing committee on finance) to wield necessary clout?
- Should India consider an evaluation agency for every state and every ministry which is linked to the independent central evaluation so that there is validation of their evaluation reports and systems?⁹
- Should the evaluation studies of various think tanks, NGOs, universities and research institutes be considered as Meta evaluation studies? If yes, how to ensure their quality and independence?

Endnotes

- 1 References for this paper includes
 - https://ieg.worldbankgroup.org/Data/reports/ecd_wp28_india_me_0.pdf
 - http://ieg.worldbankgroup.org/Data/reports/monitoring_evaluation_psm.pdf
- 2 <http://www.thehindu.com/news/national/delivery-monitoring-unit-set-up-in-pmo/article15860.ece>
- 3 http://articles.economictimes.indiatimes.com/2005-08-22/news/27483290_1_outcome-budget-expenditure-government-employees
- 4 Gupta, Anand P (2010), 'Evaluation of Governance: A Study of the Government of India's Outcome Budget' Journal of Development Effectiveness, Volume 2, Issue 4, December 2010, 566-573, Routledge. <http://www.tandfonline.com/doi/abs/10.1080/19439342.2010.532928?journalCode=rjde20#.VRjnF20fq1s>
...First, the Government of India (GoI) assumed that issuing guidelines via its Ministry of Finance's Department of Expenditure will be enough to create the requisite incentives for its various ministries/departments to prepare the OB along the intended lines. Second, the GoI assumed that its ministries/departments had the requisite knowledge and skills to define the intended outcomes of their various interventions and to articulate the production functions for these outcomes. And in case the ministries/departments did not have the requisite knowledge and skills, they would seek the assistance of outsiders for these tasks. The guidelines clearly provided for this. Third, the GoI assumed that its ministries/departments had the requisite incentives and skills to generate credible data required to prepare OB on their own, to validate the data available from other sources, and to seek, if necessary, the assistance of outsiders for generation/validation of the required data. Finally, the GoI assumed that its ministries/departments will somehow be able to deliver the intended outcomes despite the serious problems that they may face with ensuring the flow of right amount of money at the right time to the right level, and with preventing misuse/diversion of money to unrelated activities.
- 5 Evaluation Capacity Development – Institutionalisation of Monitoring and Evaluation Systems to improve Public Sector Management
- 6 https://ieg.worldbankgroup.org/Data/reports/ecd_wp28_india_me_0.pdf
None of the flagship programmes validate or authenticate the data by conducting a random check
- 7 Mexico, Brazil and South Africa have legislated their evaluation system to ensure their independence
- 8 The US GAO combines both audit and evaluation in one organisation and reports to Congress
- 9 Brazil has a similar system

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