

**Preliminary recommendations/advice on ways to incentivise behavioural/policy changes
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members of) the Advisory Group**

According to the Advisory Group work plan, we need to send **preliminary recommendations/advice on ways to incentivise the participation in the monitoring process, behavioural/policy changes and follow-up to the report findings. In particular, strategic feedback that could help set the right tone and ownership during the data gathering, drafting and reporting of findings. At this stage, this is preliminary advice, based on AG members' experience and knowledge of good practices.**

Questions for the AG:

- How to provide a continuous follow-up to an M&E System?
- How to improve an M&E System?
- What incentives do countries have to report quality information to enrich an M&E System?
- What are the requirements for National Statistical Offices (NSOs) to build an efficient and qualified M&E System?
- How to ensure data quality? How to prove the quality and credibility of data? There is need to measure what is meaningful and not simply what is available.
- How to ensure a better outreach if M&E is voluntary?

I. Incentivising the participation of agents in a full monitoring process

For many years several countries have been constructing national Monitoring and Evaluations (M&E) systems in order to improve public policy and also for accountability purposes. Not only developed countries have engaged in this endeavour (Canada, USA, UK, New Zealand, South Korea), several developing countries have also achieved good results in terms of public policy M&E (Chile, Mexico, Colombia, South Africa, among others).

Thus, we can use good examples from diverse countries to construct a monitoring system (or even a full M&E in the future) which can help to incentivise different agents to behave in such

a way to improve the effectiveness of the resources and actions taking place on global development co-operation.

However, we cannot apply directly to the global development co-operation community all the lessons taken from national systems. Unlike a national process, in which generally a strong institution demands information produced in a certain way, the process of the global co-operation works under a different logic; specifically there is no obligation to participate in the monitoring processes and there is a lack of disaggregated information. Global development co-operation needs to be treated in a different political way.

Incentives are still needed for development co-operation in order to promote the behaviour we are seeking to achieve: all (or at least most) countries participating in the monitoring process; all countries producing reliable and comprehensive information about development cooperation; all countries improving the way they deliver, receive and use resources; all countries linking development resources to development outcomes. However, we see important challenges before applying specific suggestions coming from other experiences.

This note will provide some suggestions to incentivise agents involved in the development co-operation community to engage fully in the monitoring processes. However, we first need to underline the most important challenges for these suggestions to be implemented.

II. Specific challenges for the Global Partnership for Effective Development Co-operation Joint Support Team to construct a monitoring process for development co-operation.

In general the best incentive for monitoring is that the indicators that are being monitored are useful and relevant to the main stakeholders. If the indicators are used to inform and improve decision making, and the decision makers recognize the value of those indicators, there is a potential incentive for the decision makers to ensure that the system works and that the indicator is monitored in a credible and valid way.

When the Global Partnership for Effective Development Cooperation asks countries to collaborate in the monitoring of the Busan agreements, the most important incentive for countries to do so would be a monitoring exercise that is useful and informative for their own purposes: for better managing and directing the aid flows that the country receives. Three challenges need to be met.

Firstly, what is relevant globally may not be relevant at the national level. Some of the indicators, or some aspects of the data gathering, may not be relevant to a country participating, which means a country will need to consider whether the expected outcome is sufficiently significant for them to mobilize the resources necessary to participate.

The second challenge is to monitor in a consistent manner over a large number of countries, which will bring technical challenges, focusing on comparability and issues of definition. Countries will consider whether the resulting methodology for the indicators will produce results that are sufficiently representative of their reality when deciding whether to participate in the monitoring exercise. We also need to be aware of the possible risks of using international rankings for accountability purposes.

The third challenge is the most formidable. The Paris Declaration had as its aim to reduce the administrative burden of aid fragmentation and to reduce donor idiosyncrasies, while focusing aid on the priorities of countries. Accra and Busan further confirmed this commitment and added to the mix, but the fundamentals of the agreements remains the need for donors to support countries effectively, not for countries to provide an inviting playground for donors. Countries will want to see change in donor behaviour in this regard. They will make an assessment whether they have seen sufficient change to warrant investment in a global monitoring exercise that will be a burden to them, while at the same time some donors are backtracking on commitments to grow ODA, with dramatic cuts in some OECD countries and modalities like budget support disappearing.

The third UN Financing for Development Conference, held recently in Addis Ababa, has confirmed a trend where ODA is considered less and less important despite urgent needs in low-income countries and the impending launch of ambitious Sustainable Development Goals (SDGs). Developed countries are calling for investments, trade in level playing fields, knowledge exchange and policy advice and developed countries wish to leverage diminished ODA resources for private investment. This does not mean that ODA is not relevant, being sometimes the only resource that can be directed in ways that exclusively focus its outcomes on poverty reduction, but we also need to recognise the changes in development co-operation tools. Countries, including governments, civil society organizations, the private sector, may consider that monitoring the behaviour of traditional aid providers is no longer sufficient or relevant: instead they may aim for a wider purview that includes assessment of conditions that make their country ready for increased private sector roles, foreign direct investment, impact investing, trade oriented initiatives to achieve the SDGs.

The Global Partnership on its own cannot address all of these trends – they are playing out in a number of international arenas and UN fora. But to provide incentives for countries to participate in an exercise that they may consider to be of unclear in terms of relevance is a major challenge, which must be faced. It may call for consideration of fundamentally

different approaches, where the Partnership examines its current monitoring framework for commitments related exclusively to ODA and perhaps experiment with new indicators covering new actors and modalities that could potentially be highly useful to countries. If the benefits of these new indicators are demonstrated, particularly in relation to inclusive and equitable development outcomes, a new global monitoring system may gradually appear that would be useful, relevant and supported by many governments, civil society, private sector, parliamentarians and other actors. The workplan of the AG in the coming months will focus on advice how the Global Partnership could work towards an improved monitoring framework and methodology along these lines.

In the case of the specific set of indicators agreed by all members of the Global Partnership, and with which the JST and the Advisory Group must current work, an important problem for applying incentives from other monitoring systems is that there is still ongoing concern about some of the GPEDC indicators and whether the methodology is measuring the right things (e.g. indicators one and three). For indicators 2 and 3 the Advisory Group has in fact concluded that the way forward would be through reviews/assessments rather than monitoring. Some of the older indicators (and perhaps indicator 4) can be considered well established and thus would merit the approach used in several national systems (these general suggestions will come in section III). However, where indicators are not well established or understood, potentially another approach may need to be followed. Even though the call is for a “country heavy, global light” approach, the actual process of data collection and reporting for some indicators is still not seen as useful at the country level, and the commitment of other stakeholder such as aid providers in providing data remains uncertain.

If there is still no fundamental agreement over what we are measuring for aspects of the monitoring framework, or how this should be done, it is an essential first priority is to maximize this agreement, as it is an essential pre-requisite to incentivize country participants. Clearly this agreement should ensure usefulness of the indicator to participants. Countries for example, would be very happy to see improved aid transparency and access to aid data, and could potentially use this information to their benefit. With some of the other indicators it is not so clear, especially indicator one.

III. Suggestions to incentivise global development co-operation agents

III.1 General suggestions

What is crucial when thinking about a monitoring system to improve policy and change behaviour is to create opportunities for policy dialogue between the government and aid providers, along with other relevant stakeholders. The potential for such dialogue could be an important incentive to undertake monitoring if these processes are either built into the

monitoring process or committed as a follow-up, and other partners -- aid providers, CSOs, private sector -- are willing to engage constructively. The best incentive is where these processes with government already exist and the monitoring exercise becomes an agenda within a longer-term institutionalized dialogue.

As we discussed in our first AG meeting, there is a reduced incentive for country stakeholders when there is no plan for a national report, based on the national GPEDC monitoring process, around which to coalesce follow-up dialogue. Right now the report from the government focal point to the JST is provided through a complex spreadsheet. Perhaps this report to the JST (or at least some key sections) could be reformatted into national monitoring profiles, produced electronically, and made available to all country level stakeholders following its verification and submission to the JST. Having a transparent national report, as soon as is practical following the monitoring, and involving other stakeholders such as relevant CSO platforms at the country level, can also create an environment where issues arising from the monitoring become central to country dialogue with aid providers and others involved in development cooperation. Trying to bring a global report to the national level does not have the same incentive.

It is also true that some indicators lend themselves to more interest in developing countries. It is interesting that a few months ago the JST reported that the government of Burkina Faso in 2014 had undertaken their own national monitoring process, independent of the JST process, based on four country-level GPEDC indicators. This monitoring was limited to Indicators 1, 5, 6 and 9b. The process was said to involve all stakeholders and was to be completed at the end of 2014. (GPEDC Newsletter, December 2014) Here the obvious incentive was to promote through government-led stakeholder dialogue those aspects of the Busan Partnership Agreement that related very directly to aligning development cooperation with Burkina's priorities and channels for cooperation. This Burkina example was only a brief mention in a newsletter, but the JST might profile a number of country examples where governments and other stakeholders have used the monitoring framework to advance a dialogue (and perhaps even change). Hopefully there may be a few of these examples.

But most importantly, these disparate examples suggest that the JST needs to build a short "value proposition" for the monitoring process that appeals to all stakeholders. They have started along these lines with the co-chairs letter seeking early commitment to the monitoring process, also one of our suggestions from our May meeting. A value proposition might also highlight some of the indicators that have obvious appeal to governments, such as the transparency indicator. The incentives in such a values statement should challenge aid providers to directly state their commitment to participate and provide relevant information - the onus is not just on developing country governments to make this commitment to the second monitoring round.

III.2 Specific suggestions based on national experiences.

Developing countries' experiences

For over ten years, Mexico, Chile, Colombia and recently South Africa and Kenya have built a Monitoring and Evaluation System (M&E) for public policy, in which the institutional element has been the most important one: How to incentivise programs, ministries and local governments to participate in M&E and share information regarding the resources they use and apply in order to promote development?

The task has not been easy, since producing information for monitoring (and evaluation) is usually seen as a burden and agents think it will be used for accountability purposes. With these experiences in mind, the AG is suggesting some strategies that may incentivise the GPEDC monitoring framework including: a) Participation in the monitoring process; b) Producing good monitoring information; c) Follow-up mechanisms to change behaviour. Finally, there are some general suggestions on how to create national M&E systems, which would be the best long-term support for linking global development co-operation to national development outcomes.

Warning: as already noted, applying these suggestions to GPEDC would only be possible if an agreement on the basic indicators is in place.

a) Participating in the monitoring process.

There have been some incentives and actions used to incentivise the participation of programs and institutions in the monitoring process, besides the fact that by law all programs should participate (the Mexican case):

1. Convincing first the *low hanging fruit* and then using these examples to encourage the next ones.

There are always programs (countries, governments, institutions) which participate almost automatically in a monitoring process. In some cases there is no need to do anything with them. It is easy then to identify the next ones, which may need only a small degree of convincing. Working on this latter set of programs/countries is important because these will be the examples for the next bunch of less enthusiastic countries or agents. This next step is usually done through a combination of gentle pressure and making public the participants already engaged in the process. Where possible, using peers/champions in the first set of countries to engage with the second set may be an effective strategy for convincing participation as the former can speak

from real experience. We advise not wasting resources to convince countries or governments that are the ones with less enthusiasm to participate.

2. Publish the list of participants early on as part of the formal assessment process. We can say that this action has had a big impact in bringing several programs to participate in producing monitoring information. This strategy works best when the institution making public the list is a reliable one, such as the Steering Committee Co-chairs in the case of the GPEDC.
3. In the case of Mexico, for the following year's budget process, we include the list of participating programs and suggest that a program that is already engaged in M&E activities should be a good candidate to have a better budget. Global institutions might take this into account when discussing and delivering development co-operation assistance to countries or agencies.
4. As for Latin America, development cooperation officials-specifically from Central American countries-have recommended that high-level political meetings be held between Co-Chairs and UNDP and political decision-makers from Planning, Finance and Foreign Affairs Ministries, in order to spark up interest in the GPEDC and also commitment to the monitoring exercise. Most claim the need for Mexico, as one of the Co-Chairs, to position the GPEDC politically among leaders in the region and foster trust and country ownership in the process. Some have also suggested a regional meeting with the AG experts and different ministries involved (Foreign Affairs, Planning and Finance ministries with two or three lead donors per country) in order to introduce them to the GPEDC, set purpose and nurture commitment to the monitoring exercise and ownership. Some have also suggested a regional meeting with the AG experts and different ministries involved (Foreign Affairs, Planning and Finance ministries with two or three lead donors per country) in order to introduce them to the GPEDC, set purpose and nurture commitment and ownership. Many pointed out that there is a chicken-and-egg problem in the region, because lack of information on the *why and what for* of the GPEDC causes lack of understanding and this results in indifference. The way around this conundrum is to try to increase awareness of the GPEDC and potential country-level benefits deriving from the monitoring exercise.

b) Producing good monitoring information

1. The first step for quality information is to have sufficient and effective capacity building. Most programs (countries) do not produce good monitoring data because they sincerely do not know how to do so. Developing countries such as Mexico, Chile, Colombia, South Africa, Uganda, Benin, have invested a great deal of time in capacity building. Sometimes it is done program-by-program, and in other occasions we have many programs and local governments together in which peer exchanges works relatively well. The AG understand the difficulty for JST to invest in capacity building and recognize its commitment to regional pre-monitoring training. But

investing in capacity building for quality data, not just in undertaking this GPEDC monitoring process, will be important in the long run.

2. Convincing stakeholders on the reasons of having good monitoring information. If countries or programs do not see the advantages or need of good information, this will not be important for them (and of course this issue is linked to previously stated concerns about ensuring the relevance of indicators themselves). Linking this information to more resources in the future is always an option.
3. Development cooperation officials have expressed the need to ensure good communication during the monitoring exercise and suggest a first general videoconference among participating countries to review the process and have a useful Questions and Answers session to make sure everyone starts at the same page. They have also suggested a simple, user-friendly manual or even an A-B-C training module written specifically to guide the exercise, with help available from a JST focal point. Basically, reactions point out towards a communication strategy for the monitoring process that must be tailored to suit and cater to country-level needs.
4. Awards. If we can select a single incentive which has been really effective (in Mexico) to convince programs to be engaged in M&E activities and produce good information with enthusiasm, this will be giving high-profile public recognition through awards to programs, institutions or states.

It is amazing how easy and relatively cheap is to incentivise programs through public awards. In the case of Mexico, awards to programs were given for many reasons: the best evaluations, the best log-frames, the best indicators, being on time with the information, having clear reports and even the best use of the information to improve the program.

c) Follow-up mechanisms to change behaviour

Perhaps the most forgotten element of an M&E system is the follow-up process: incentivise the use of information to improve. In many M&E systems the emphasis is on producing technically good data, reports, indicators, but then all this content and process is not used.

There are at least two mechanisms that encourage countries to use the findings: i) compel actions to improve based on all the findings; or ii) allow the stakeholders to decide which elements they should focus on to make improvements. In the first case, the participation of stakeholders is at risk because the recommendations derived from the monitoring and evaluation processes are not always feasible in the short term or simply because they depend

on different stakeholders. For the second case, the stakeholders will agree with an improvement process if they choose what to change and how to make those changes.

1. Develop a specific follow-up mechanism. The Mexican, Chilean and South African M&E systems report that almost all evaluated programs have made changes for improvement using a designated follow-up mechanism. In doing so, it is essential to include all relevant stakeholders, which in the case of the GPEDC, are its multi-stakeholder members at the country level.

It works as follows. The evaluating institution (CONEVAL, in the case of Mexico) establishes an agreement for the tracking of recommendations derived from the M&E process. The program identifies the priorities (among all findings from the M&E information) and makes an improvement plan, which is public. CONEVAL track the changes made over a number of specified periods. More than 80 percent of Mexico's recommendations are dealt by decision-makers.

2. Another mechanism to incentivize the use of findings is, again, to create an award. For example, CONEVAL grants an award for good M&E practices to programs, federal institutions and states.
3. Still, another incentive is ensuring a report that can trigger dialogue among stakeholders at the country level-to this end, the resilience of the indicators and their ability to depict national-level situations is key. Development cooperation officials suggest preparing a brochure recommending what to do to foster dialogue among stakeholders after the evaluation, and disseminating it between governments, CSOs and aid funders. To this end, they have also recommended preparing a summary briefer with global results disaggregated by region, which may capture conclusions and provide recommendations in a reader-friendly format with infographics and no more than 500 words. These officials also recommend going back to basic Paris Survey practices, such as the Country Reports that were made available. Perhaps a format for a Country Profile may be designed to meet this purpose, in order to provide a taste of the Global-Light/Country-Heavy approach and promote a dialogue that helps government officials underpin mutual accountability with development partners.
4. Choosing a suitable improvement indicator for the second monitoring report. Usually the main goal of producing monitoring information is only to be published and delivered to countries and institutions. This assumes that agents will address the issues and improve automatically.

If we would like to have improvements on the second monitoring round, then GPEDC should have a specific improvements indicator in which it tracks how many

changes/improvements in development cooperation were achieved in countries and institutions that participated in the first monitoring round. If the GPEDC is tracking changes to feed this indicator, then there are incentives to have creative ways to convince countries and institutions to make improvements.

This idea has worked very well for M&E institutions. In the case of CONEVAL, the main indicator is: How many changes are done in public policy in relation to the recommendations and findings we make through the M&E system. If this indicator is to show improvement, CONEVAL needs to develop creative ways to convince programs and ministries that our findings are important and need to be implemented.

The JST might consider including this type of information in the spread-sheet for countries that participated in the first round (additional information):

To what extent were changes in development cooperation since the first round the result of the country process for this first monitoring round (could be as a result of the data collection process or the publication of results)? The focus should be on both the national coordination mechanisms and the relationships with aid providers.

To what extent did the data collection process for the monitoring rounds improved dialogue and collaboration with other stakeholders?

What challenges did stakeholders face during the monitoring process?

5. It is also important to draw on lessons learned from the first and previous exercise. When asked for reactions to the first monitoring exercise, government officials highlight some issues which must be resolved before the second round: time was too short; indicators must be well-defined, with baselines and a goal framework; questions are vague or too general and lead to more questions; most countries had problems with indicators 3 and 4 because there is uncertainty as to how to measure them; there is no feedback from the JST during the exercise and all agree that indicators must be brought to the national level. One colleague gave an example: a donor has 100% in the transparency indicator at the global level because of the information provided under IATI, but, this same donor does not provide information to the ministry in charge of reporting at the country level. Once again, there is an unfortunate disconnect between development partner HQs and offices at the country level-and this is an issue that donors themselves must solve, not partner country governments.

6. Finally, the last incentive in national monitoring processes is to link improvements to a budget process. This approach is applied in Chile, Colombia, and somewhat in Mexico. The ministry of finance receives the report of programs that have made improvements and it is one of the elements of the budget decisions. This element is certainly difficult for global development co-operation. But again, it would be interesting that countries and governments would be aware that transparency might be taken into account when global resources are distributed around the world.

IV. Institutionalization of national M&E systems

Countries willing to participate in the monitoring of development co-operation should be encouraged to create national Monitoring and Evaluation (M&E) Systems in order to generate information, which enables appropriate follow-up for continuous improvements of national and eventually global indicators. These systems, particularly if they are inclusive of all relevant country actors, will strengthen country ownership of the country indicators and the national statistical capacities of each country. The development of an M&E System within countries will link clearer the resources coming from development co-operation to development outcomes. In this context, an internal M&E contributes to strengthen social participation and a better use of resources from aid providers.

There are several ways for each country and government to build an M&E system, according to its own history and institutionalization process. However it might be useful to have in mind a few suggestions, coming from international literature. In fact, JST could explore means of assisting countries with existing Aid Coordination Mechanisms and Groups to take on much broader M&E tasks in the context of development effectiveness or cooperation. Encouraging countries to have frameworks like Joint Assistance Strategy could help in monitoring and evaluation.

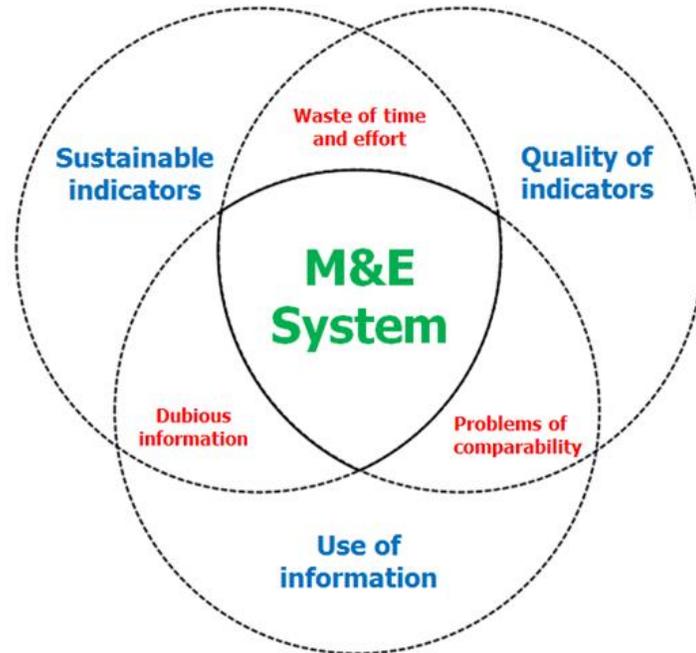
According to Mackay (2007), for example, a successful M&E system should include three dimensions: Utilization of M&E information, good quality of M&E information, and sustainability (See figure 1). As the AG highlights above, problems such as dubious information, waste of time and effort, and problems of comparability would reduce the strength of the M&E system. It is essential to keep in mind these elements when thinking about the monitoring system and incentives for development co-operation.

Robert Lahey (2005) suggests that in order to create a sustainable and useful M&E, four building blocks are needed: Vision; Enabling Environment; Technical Capacity and Infrastructure to Supply M&E Information; and Infrastructure to Demand and Use M&E Information. These blocks are part of two fundamental principles all M&E systems need: political will for change and the development of M&E infrastructure.

According to Gonzalo Hernández Licona (2010), the main challenge remains on how to build an M&E system and keep a balance between information that describes with clarity the problems of the process, and being useful to agents to improve and change policy. M&E systems on one side or the other of this balance will not be sustainable.

Finally, sustainability reinforces the likelihood that M&E indicators will prevail. It is crucial to eventually create conditions for an institutionalization of the indicators in order to have a comparable parameter that endures and demonstrates improvements over time. We insist: it would be difficult to have in place a strong Monitoring system for global development co-operation, if we don't agree on strong, credible and useful indicators.

Figure 1. Desirable dimensions of an M&E System



Source: Mackay, K. (2007). *How to Build M&E: Systems to Support Better Government*. Washington, D.C.: The World Bank.

Suggested readings:

CONEVAL (2013), Manual para el diseño y la construcción de indicadores. Instrumentos principales para el monitoreo de programas sociales en México. México, D.F. (Spanish)
http://www.coneval.gob.mx/Informes/Coordinacion/Publicaciones%20oficiales/MANUAL_PARA_EL_DISENO_Y_CONTRUCCION_DE_INDICADORES.pdf

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http://www.coneval.gob.mx/coordinacion/Documents/monitoreo/informes/Diagnostico_de_Monitoreo_2015.pdf

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