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STRENGTHENING IFAD'S SUPPORT TO THE DEVELOPMENT OF EFFECTIVE AND EFFICIENT MONITORING AND EVALUATION SYSTEMS METHODOLOGICAL STUDY

A SYNTHESIS OF LESSONS LEARNED AND RECOMMENDATIONS FOR FUTURE ACTION

INTERIM PAPER

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I. INTRODUCTION

1. IFAD's Office of Evaluation and Studies (OE), in consultation with the Project Management Department (PD), has initiated a methodological study on project monitoring and evaluation systems, and more specifically on how to improve its support to the development of efficient and effective monitoring and evaluation systems in IFAD-funded projects.

2. As part of the methodological study, five stocktaking reports have been prepared. Three of these reflect IFAD's experiences with respect to monitoring and evaluation. They are based on evaluation reports and studies produced by OE over the last ten years in English (Zaki 2000), French (Rahojarison-Busson 2000) and Spanish (Ocampo 2000), respectively. The fourth report (Vela 2000) deals with the experiences of monitoring and evaluation (M&E) in selected non-governmental organizations (NGOs) and community-based organizations (CBOs) in the Latin American region. The fifth report (Madsen 2000) deals with the M&E methodologies currently used by some of the major bilateral and multilateral donor organizations.

3. A preliminary synthesis of the findings of these reports was presented in an IFAD workshop[1] organized by OE, and the implication for future work to improve IFAD's support to the development and implementation of efficient and effective M&E systems in IFAD-funded projects was discussed.

4. This report gives a synthesis of the main issues raised in these stocktaking reports, and highlights lessons and recommendations emerging from this synthesis and from the workshop discussions, which may direct future efforts to improve M&E in IFAD-funded projects.

5. After a clarification of some of the central concepts related to monitoring and evaluation systems (Section II), the report discusses (Section III) and makes some general conclusions on the main issues brought forward in the stocktaking reports (Section IV). Drawing upon this analysis, Section V sketches the contours of a new approach to M&E. The final section, Section VI, proposes some practical recommendations for IFAD's support to the development of efficient and effective M&E systems.

II. MONITORING AND EVALUATION – SOME DEFINITIONS

6. The development jargon is full of acronyms, and M&E is one of them. Although practical, such acronyms tend to make us forget what exactly they imply. In the present case, the M&E acronym tends to make us conceive monitoring and evaluation as a single function, whereas, in fact, it covers rather distinct, though related functions (Casley and Kumar 1987).

Monitoring

7. Most definitions agree that the following three features are important in defining monitoring:

- monitoring is a *continuous* activity carried out during project implementation;
- monitoring should be *undertaken by the project*; and

[1] The workshop was held at IFAD on 19 May, 2000. Most of its 33 participants were operations department (PD) and OE staff.

- monitoring should, as a minimum, entail the *collection and processing of information* with respect to the *implementation of project activities* – within the logical framework approach referred to as inputs and outputs.

8. Deciding *what* to monitor is, however, where differences start to emerge. IFAD's *Guiding Principles* on monitoring and evaluation (IFAD 1985) confines the focus of M&E to input and output flows, that can be monitored in physical and financial terms. Casley and Kumar (1987:55) add a third type of monitoring, which they call *beneficiary contact monitoring*. The aim of beneficiary contact monitoring is to obtain information on:

- who has access to project services and inputs;
- how they react to these stimuli; and
- how these stimuli affect their behaviour and performance.

9. They maintain, however, that *the role of monitoring* is to serve as:

> "... a tool for project managers to use in judging and influencing the progress of implementation. Monitoring should provide managers with the information that will maximize their chance of succeeding with the chosen tactics" (ibid.:8).

10. This view of the role of monitoring as being confined to inform implementation fits well within the so-called blueprint approach. Casley and Kumar recommend the latter as the most feasible in the context of developing countries, which, they say, is characterized by a "dearth of qualified and experienced staff" (ibid.:17). Thus, in their view, monitoring becomes an instrument by which to *control* whether implementation proceeds as planned.

11. The project context is, however, not only complex, shaped as it is by various actors who all act out of different and often conflicting logics. It is also dynamic owing both to the combined effects of these complexities and to external factors such as climatic conditions, economic recession, and so forth.

12. Such factors are in a logical framework approach treated as *critical assumptions*. During implementation, this dynamism produces developments that hardly could have been foreseen at the moment of planning, but that may invalidate the assumed logical, cause-effect relationship between inputs through outputs and their effects to impact. Without corrective measures taken to adjust the project and the implementation plan, the likelihood is that the intended goals are never reached.

13. Based on the recognition that the magnitude of this complexity cannot realistically be taken into account in the initial development of the project, combined with the increasing demands on development agencies for evidence of proven impact rather than just proven implementation, the need is emerging to monitor not only implementation but also impact or the validity of the entire project model (Rondinelli 1994; Cummings 1997; Sawadogo and Dunlop 1997).

14. Consequently, organizations such as the Canadian International Development Agency (CIDA) have adopted what is known as a *results-based management approach*, which "shifts the organization's focus from functions and inputs to the consequences of the organization's actions in pursuing and achieving its objectives" (Rondinelli 1994:466). Adopting such a results-based or strategic management approach has implications not only for *what* to monitor (input → ... → impact rather than just input → output), but also for the *role* of monitoring: "Monitoring and supervision", Rondinelli describes, "will have to focus on learning from error rather than on error prevention, on promoting and rewarding innovation and creativity rather than insisting on conformance with predetermined blueprints for action" (ibid.:468).

15. In passing, it deserves mention that the emphasis on monitoring as a learning process within a results-based management approach harmonizes well with IFAD Office of Evaluation and Studies' recent proposal for a new evaluation process (IFAD 1999, 2000), which describes evaluation as "*a systematic and operations-oriented learning exercise*".

16. Another issue where diverging opinions exist – and which is again related to the role of monitoring as a learning-process to improve performance versus a control mechanism to ensure implementation – is the issue of monitoring *for whom* and *by whom*. According to the conventional view, monitoring is seen as an instrument for project managers (cf. the quotation in para. 9) and as an activity carried out by project management itself or by a special unit that reports directly to project management.

17. However, this view is challenged by concerns with ownership, partnership and participation, which emerged as issues during the 1990s. Rather than being perceived solely according to their defined roles in relation to the project, i.e., as donors, implementers and beneficiaries, the different actors involved in a project should be perceived as stakeholders with their stake being defined not only by their involvement in the project, but also by the wider set of interests they pursue. Recognizing this implies that project managers, being accountable to donors, no longer are the only ones for whom a monitoring system is needed. Other project stakeholders also have legitimate monitoring needs.

18. To strengthen the sense of ownership and partnership among the project's various stakeholders, there is a growing concern, reflected in the ideas on "participatory monitoring", that monitoring, including both data collection and analysis, should not only take place so as to satisfy the needs of these stakeholders, but should also be performed *by* these stakeholders.

19. As a final point, it should be stressed that proponents of changing the role of monitoring from a control function to a learning process do *not* suggest that input-output monitoring should be abandoned altogether. Rather, they plea for monitoring to provide information that allows both the internal and external assessment of the efficiency and effectiveness of a given project, from the inputs used all the way to the achieved impact.

Evaluation

20. According to IFAD's *Guiding Principles* (1985) and Casley and Kumar (1987), evaluation is "a process for determining systematically and objectively the relevance, efficiency, effectiveness and impact of activities in the light of their objectives." It is possible to distinguish between *internal evaluations*, which are *ongoing*, and *external evaluations*, which can be either *mid-term, interim completion or ex-post* evaluations. External evaluations will not be included in this study, as they have already been dealt within the two recent papers prepared by IFAD (1999, 2000).

21. Internal, ongoing evaluation is the analysis, during the implementation of an activity, of its continuing relevance, efficiency and effectiveness as well as its present and likely future outputs, effects and impact (IFAD 1985). Casley and Kumar specify that the ongoing evaluation should also address the issue of unintended consequences of the project and assess the continued validity of the project model in a changing environment. They also stress that *the internal ongoing evaluation is no substitute for external evaluations* (op.cit.:100).

22. To provide the basis for both internal and external evaluations, it is common to undertake so-called *baseline* studies, in the form of questionnaire surveys administered to a sample of households. Generally, their purpose is to establish a broad socio-economic and often also farming systems overview of the implementation area. This overview should serve both as a source of information for planning and, at a later stage, as a reference point against which to evaluate the project.

The focus on monitoring and evaluation in the present synthesis

23. For the purpose of the present study, a project monitoring system is considered to consist of any combination of the following three elements: (a) the continuous collection and processing of data concerning implementation, reach, effects and impact;[2] (b) occasional and internally commissioned thematic studies; and (c) a regular, internal review process or ongoing evaluation.

III. ISSUES EMERGING FROM THE STOCKTAKING REPORTS

24. This section presents a synthesis of the main issues emerging from the stocktaking reports. Although one of the main lessons from this review is that every aspect of a monitoring system is interconnected, the presentation of the emerging issues is organized according to the following outline:

- the role of the monitoring system within the project, and the problems and opportunities associated with this role;
- what is being monitored (implementation, reach, effect and/or impact);
- monitoring for whom;
- the components of the monitoring system;
- the institutional set-up of the monitoring system; and
- data collection and analysis in project monitoring.

The role of the monitoring system

25. One of the basic issues, which is consistently mentioned in the IFAD-focused stocktaking reports, is the *lack of commitment to monitoring* by project staff in general and project management in particular, which has expressed itself in significant delays in making monitoring systems operational and in project management not making use of insights resulting from monitoring.

26. On the surface, this appears to be a problem of personal attitudes and priorities rather than a structural problem. Yet, there is evidence in the reports that the general lack of commitment and the associated low efficiency and effectiveness of the monitoring systems are related to both the intended and the perceived roles envisaged for the monitoring systems by project designers, management and staff. Rahojarison-Busson (2000) describes that even in projects designed during the 1990s, when the focus on monitoring was greater than during the 1980s, excessive delays in the establishment of functional monitoring systems characterize the majority of the projects. This reflects the lack of priority assigned to monitoring activities by project management. Moreover, it is indicated that the role of monitoring is seldom clear to project management or, at times, even to the M&E unit itself.

27. Zaki (2000) also makes the same observation. He describes the lack of commitment to monitoring as a pervasive phenomenon, which is not limited to any particular region, though it tends to be stronger in countries with weak democratic traditions and/or not very transparent bureaucracies. An indication of this lack of commitment is the frequent delays in making the monitoring system functional, in extreme cases almost until the closing date of the project. In some cases, project managers expressed their lack of confidence in monitoring and evaluation, while in other cases the bureaucratic hierarchy did not seem to appreciate what they perceived as the intrusion of M&E staff. The review suggests that part of the explanation for this situation is a fear on the part of project

[2] Impact is here understood as changes (positive as well as negative) in the well-being and actual and potential livelihood strategies employed by or available to different segments of the population in a project area.

management that monitoring represents an internal watchdog on project management, not an aide to it. Another part relates to the lack of relevance and quality of the information produced through monitoring, as will be discussed later.

28. The fear that monitoring represents a "watchdog" is not limited to project management but is also found "down" the project hierarchy line, with field staff feeling that they are being controlled by project management. Thus, the stocktaking report for Latin America (Ocampo 2000) describes how in one project this perceived "watchdog" function of the monitoring system led project staff to discard the entire monitoring system midway through the project. Instead, encouraged by the supervising institution and by external technical assistance provided on a continuous basis, a new monitoring system was developed which encouraged all project staff to participate not only in the collection of information but also in the regular internal review process, thus promoting an *evaluation culture*.

What is being monitored?

29. A second consistent observation that cuts across regions and that is pointed out in the reviews of the IFAD-funded projects is that their monitoring tends to focus on physical and financial aspects, while leaving out aspects related to project reach, effect and impact.

30. The focus on the physical and financial aspects of project implementation in the project monitoring is due partly to this type of monitoring being easier to undertake than, for instance, impact monitoring and partly to its being required by project supervision. Thus, the Mauritania Country Portfolio Evaluation (CPE) from 1998 states that: "The [supervision] reports ... are focused on quantitative aspects and administrative and financial issues. Strategy issues, analysis of the interaction between the projects and their context, and questions concerning impact evaluation are rarely addressed" (Rahojarison-Busson 2000). Ocampo (2000:5, 16-17) describes how, both in project appraisals and in the actual monitoring systems, indicators to be monitored tend to relate exclusively to activities, whereas hardly any indicators are found that relate to project effect or impact. In other words, the focus on physical and financial monitoring is partly due to the lack of *methodologies and skills* among project designers and staff to undertake reach, effect and impact monitoring, and partly due to the *role* of monitoring, which often is perceived to be simply to satisfy funding and supervision requirements.

31. The preoccupation with monitoring implementation easily leads to other types of information being withheld, e.g., information that field staff is likely to possess, although not systematically, on both positive and negative project impacts; this may occur either because such an approach gives the impression that such information is not important – "they didn't ask for it" – or because field staff fear being demoted.

32. The consequences of neglecting impact monitoring are (a) that it becomes difficult, if not impossible, to establish who actually benefited from a given project, thus whether the intended target groups are actually reached; and (b) that there is no systematic mechanism for checking, during implementation, whether the project model is still valid or not. Not only does this decrease the project's ability to adjust to an unpredictable and dynamic environment, as discussed earlier; it also seriously hampers any attempt to undertake meaningful external evaluations of the project.

Monitoring for whom?

33. Following from the focus on monitoring project implementation or activities, the tendency in IFAD-funded projects is for monitoring to be undertaken to satisfy the information needs of project managers who are accountable to donors for how resources are spent. Information on who are where, when, how often and doing what is of little relevance to the field staff and can only marginally help

them improve their performance. They are just obliged to supply this information in detail to project managers so that they can report to donors that the project is being implemented as planned.

34. The review of non-IFAD and predominantly NGO experiences of monitoring and evaluation systems in Latin America (Vela Mantilla 2000) describes that in cases where the monitoring system is designed in detail without the participation of project staff, monitoring is regarded as an obligation imposed from outside. This tends to apply more to international agencies, such as IFAD, which by virtue of not being the implementing institution put relatively more emphasis on design than on implementation support. Lessons currently being learned by IFAD through the directly supervised projects, e.g., the Sahelian Areas Development Fund Programme (FODESA) in Mali, provide useful insights of the opposite, namely on how participation in design of the M&E system creates incentives to use the logical framework approach and related indicators as a management tool.

35. According to the stocktaking reports, hardly any of the IFAD projects analysed considered the monitoring needs of other stakeholders such as the beneficiaries or local cooperating institutions (CIs). However, it has to be kept in mind that the review of project evaluation undertaken in the stocktaking reports refers to projects that were designed roughly between 1985 and 1995. Hence, several of the lessons learned here may have already been incorporated in more recent IFAD-financed projects.

The components of the monitoring systems

36. Ocampo (2000) stresses the point of the widespread lack of internal evaluations in IFAD-funded projects and wonders whether it is possible to talk of a monitoring *system* when components, e.g., ongoing evaluation, are missing, or activities such as the collection of information on implementation, baseline and diagnostic surveys are not well articulated, but rather undertaken in parallel.

37. The other two stocktaking reports are less explicit on this issue. However, according to the report prepared by Zaki (2000), most projects seem to have a system for collecting information on financial and physical progress – a management information system – often based on regular reporting from field staff. The level of sophistication of these systems, however, and the degree to which this reporting and compilation of information actually takes place as intended are different issues.

38. In synthesis, as indicated by Zaki, very few projects appear to undertake internal project reviews, preoccupied as they are with executing implementation plans. The initiative to make adjustments to the project seems almost invariably to come from external evaluations or supervisions.

The institutional set-up of the monitoring system

39. One issue consistently brought forward in the stocktaking reports is the widespread *lack of integration and cooperation between project monitoring and project management*, although there are examples of the opposite, such as the Southwest Region Agricultural Rehabilitation Project (SWRARP) in Uganda. The most common institutional set-up in the IFAD-funded projects is for monitoring to be undertaken either by an M&E unit separate from (though in varying ways reporting to) project management, or to be located even "further" from project management, in the parent ministry's planning and evaluation unit. This institutional separation between project management and monitoring reinforces the view of project management on monitoring as an externally imposed control mechanism, rather than as a tool to be used proactively to improve project performance and ensure project quality and relevance.

40. Anecdotal information claims that in the cases where project monitoring is well integrated into project management, it is because of the existence of close personal relations between the monitoring officer and the project manager and/or the fact that the monitoring officer holds a similar rank in terms of seniority and professional training as the project manager. Although there seem to be no institutional shortcuts to achieving an efficient and effective monitoring system capable of monitoring not only implementation but also impact, the stocktaking reports unanimously recommend that the monitoring function be placed *within* project management rather than with some external institution. To further strengthen this sense of joint responsibility among project management and monitoring, Zaki (2000) recommends that both the project director and the monitoring officer be involved as much as possible in the early stages of the design of the M&E system. This, of course, implies that the design of the monitoring system cannot take place until these positions are filled.

Data collection and analysis in project monitoring

41. As already mentioned, one reason suggested to explain the common focus on financial and physical monitoring is that it is easier to undertake – i.e., that the indicators are more or less already given in quantitative terms, which, in turn, "reduces" monitoring to an issue of collecting and compiling this information. Moving into the socio-economic sphere, which involves issues of reach and (*un*)intended effects and impact, indicators become less obvious. Often this type of monitoring involves a greater amount of interpretation and the use of qualitative and participatory methods. The skills needed to undertake such analysis are often not present among the project monitoring staff, while insufficient efforts are made to build those skills.

42. The stocktaking reports also reveal that *monitoring systems*, particularly when *externally designed*, tend to be *overly ambitious* with respect to what should be monitored and how often, including all-encompassing baseline surveys, predefined formats for collecting information, etc. "At best", these ambitious monitoring plans are not executed. "At worst", and this happens frequently, highly resource-demanding baseline surveys are conducted, asking informants for information of all kinds, and then never analysed or analysed too late. Adding to this, the surveys are often poorly designed. Such baseline surveys not only represent a tremendous waste of resources; they also imply that opportunities for meaningful evaluation and learning are lost. Moreover, as stressed by Rahojarison-Busson (2000), in addition to representing a lost opportunity, poor-quality data can, if used, have fairly serious consequences since it can lead to wrong decisions being made, lack of recognition that intended target groups are never reached, and unnoticed negative effects on both beneficiaries and non-beneficiaries.

43. Very limited use is made of participatory and qualitative methods in IFAD-funded project monitoring. This is partly due to lack of skills and familiarity with such methods among project staff, but it also relates back to the issues of the role of monitoring and what is monitored as part of the project. Participatory and qualitative methods are particularly well suited to understand complex processes such as the relationships between project activities, outcomes and impact. Thus, they represent an important "tool" for coming to grips with the problem of *attribution* in evaluation. However, if such issues are not perceived as part of what should be monitored, then the rationale for employing participatory and qualitative methods is limited.

44. In cases where participatory techniques have been used, a range of conceptual and methodological problems exists, as described in detail by Ocampo (2000). Two of these problems should be mentioned here. First, the actual aim of participation is often unclear. Are participatory techniques simply used to collect information to be analysed and used by project staff, or are they used in an effort to enable stakeholders to analyse the information and suggest improvements to project implementation? This issue relates to the role of monitoring and monitoring for whom. A second problem relates to the apparent "randomness" at which specific participatory techniques and tools are chosen and applied. Probably reflecting the limited capacity with respect to participatory

appraisal and evaluation techniques, Ocampo (2000:19-23) describes how the choice of technique in many projects appears to be the result of which techniques the appraisal or project monitoring staff happen to be familiar with, rather than which techniques would be best suited to do the job.

IV. CONCLUDING OBSERVATIONS

45. The above synthesis of the experiences with monitoring in IFAD-funded projects evaluated during the past decade leads to two general conclusions.

46. The first and most fundamental is that monitoring in projects planned and implemented from a blueprint approach, which is the majority of the IFAD-funded projects included in the reviews (Ocampo 2000; Rahojarison-Busson 2000; Zaki 2000), presents a strong element of control by design – control that physical, financial and human resources are spent according to plans – and invariably creates a reluctant or even hostile attitude towards monitoring. The uncomfortable feeling of being controlled and the lack of commitment that it produces have fatal repercussions for the quality of information provided. Moreover, it seriously hampers the willingness of field staff, if ever asked, to contribute the valuable insights that they are likely to have because of their regular contact with the actual and potential project beneficiaries. Thus, an inherent contradiction emerges between a blueprint approach, on the one hand, and efficient and effective impact-monitoring systems, on the other.

47. The second general conclusion is that there are few projects where monitoring systems have been able to provide timely, relevant and good-quality information on project reach and impact on the well-being and livelihood strategies available to the target group. Even in one of the projects being praised as having a good and well-functioning monitoring and evaluation system, namely SWRARP in Uganda, the completion evaluation report made the following conclusion with respect to the monitoring system:

> "... the M&E Unit has very well served the planning and supervising purposes, useful to management, while missing on its mandate of carrying out objective and random impact evaluation of project benefits on the target group" (IFAD, 1997:67).

48. Rather than assessing impact, the evaluation report claims, the constant objectives of the surveys and studies undertaken by the monitoring and evaluation unit were "(a) to fulfil the SAR [staff appraisal report] requirements on M&E, and (b) to show that the project was having a positive impact" (ibid.).

49. Assessing impact requires the understanding of processes and causal relationships through which outputs are transformed into effects and subsequently into impact. One of the reasons why assessing impact has been so problematic in most projects is that these processes are poorly understood, not only because they are complex, but also because little effort has been made to understand them all the way from project appraisal and planning through to implementation and evaluation. As an indication of why this is so, such processes and causal relationships are either hypothesized, but rarely actually validated, or treated as assumptions beyond the control of the project and are thus rarely addressed through implementation, including in monitoring. Without at least some understanding of the processes transforming outputs into effects and impact, it is hard to imagine how to identify indicators that can reliably attribute changes in well-being to project outputs.

V. THE CONTOURS OF A NEW APPROACH TO MONITORING

50. This section aims to sketch the contours of a new approach to monitoring, which would:

- fit into a flexible rather than a blueprint approach to planning (IFAD is currently experimenting what is called a flexible lending mechanism);
- help to orient projects towards achieving their intended impact; and
- make it possible for external evaluation teams to assess in a meaningful way the successfulness of the project, including impact.

51. **The role of monitoring**. Rather than being only a mechanism to check that implementation takes place as planned, monitoring should provide information on:

- whether the project is achieving its intended results in terms of reach, effects and impact;
- whether it does so efficiently; and
- whether unintended results are produced along the way (and which ones).

52. As Rondinelli implies (cf. para. 14) that monitoring is not just intended as a tool for project managers or funding agencies, but for all project staff to help each staff member improve his or her own contribution towards achieving project results as well as contribute to ensure the continued relevance of the project model. This in turn requires that monitoring be institutionally integrated into both the initial and the ongoing planning of the project.

53. Such a transition from a control-oriented to a learning-oriented monitoring system requires *proof*, e.g., in terms of recognition and rewards to staff members that the transition is real, and a carefully designed institutional restructuring of the project. Apart from its nominal function of "building capacity", providing training to project staff might prove valuable as a "proof" to project staff that the project invests in them and thus encourages them to participate more freely in project monitoring and planning. The Cuchumatanes Highlands Rural Development Project in Guatemala provides a case in point where capacity-building at all levels contributed to promote a project-wide culture of evaluation. The partial success of SWRARP in Uganda was also to a large extent due to the incentives created by offering capacity-building to project staff. The *rewards and recognition system* that will need to be developed to provide the necessary incentives for a learning-oriented project requires an appropriate budget allocation and a just and impartial mechanism to use it. Practical guidance would have to be provided to projects, e.g., in terms of group development techniques and the role of facilitators.

54. **The role of knowledge**. Knowledge systems are an essential element in the development of IFAD's portfolio, and M&E represents an instrument that has the potential to capture the relevance, efficiency and effectiveness of its portfolio, and thereby of its mandate. To facilitate learning at all levels and to stress that the focus of monitoring is not control, a potentially promising mechanism is to *promote horizontal communication and learning*.

55. The aim is to create opportunities where, for example, field staff working in different areas get together to discuss problems related to implementation, targeting, intended and unintended project effects and impacts. Ways of recording such discussions[3] will have to be sought in order to permit the sharing of these insights and suggestions of possible improvements among other project staff members. Here again, these "horizontal" contacts may be nurtured through a process of group

[3] Report writing is an activity that often seems to prevent the communication of highly relevant but perhaps controversial observations, as it easily recalls the prevalence of the "control function" vis-à-vis the learning one.

discussions and special meetings with facilitators. The partners in this process may involve those directly dealing with the project, but they may also include people and institutions from a wider sphere that are dealing with the same issues.

56. **What should be monitored**. Monitoring should take place to provide information not only on how resources are spent and which outputs are produced, but also on the reach of project activities (in relation to the target group) and the resulting effects and impacts. Attention should also be placed on identifying unintended or negative effects and impact.

57. **Information sharing within the project**. While most conventional monitoring systems have developed ways to ensure that data are flowing from the "bottom" upwards, i.e., from field staff to project management, very few systems have devised ways to ensure that, once processed, this information flows back. This has to do with the perception that field staff does not need this information since their task is to implement plans that are determined by project management. Within a new approach to monitoring and in line with the principle of fostering joint learning and responsibility, the aim would be to ensure a two-way flow of information. One way of doing this is through the elaboration of the annual work plan and budget (AWP&B), if the process is carried out in a participatory manner.

58. **Ownership and joint responsibility among a wider range of project stakeholders**. Project staff and funding agencies are not the only ones holding stakes in a given project. Although often not recognized, the target and non-target population, as well as CBOs, also do. Resources are spent to improve the level of well-being of the target population, who might, however, not agree to the appropriateness of the activities being conducted. The non-target population might attempt to capture the project to their benefit, while CBOs see projects as an opportunity for furthering their interests. Different ministries or levels within the ministerial hierarchy may see the project as an opportunity to promote specific interests. Projects often constitute an arena where different local, regional and national interests are at play whether recognized as partners or not. Recognizing these interest groups and actors as actual stakeholders and sharing with them information about the project represents a tremendous opportunity for project management to learn about the various known and unknown forces influencing the project. It also helps to understand the processes and causal relationships involved between project activities and impact, and thus to improve project performance. The *sense of ownership* among a wider range of project stakeholders can be enhanced if appropriate *fora* are created in which all partners in development can participate. The design team should identify the various players at the local level who might be interested in issues that are touched on by the project, and identify the means of communicating relevant information to these players.

59. **Accommodating multiple truths**. The fact that there are multiple interests involved in a project also means that there are multiple views upon the successfulness of the project. These different interests and views should be accepted and truly mediated, rather than submerged into an unfounded consensus.

60. **Participatory design of the monitoring system**. To avoid that monitoring is perceived by field staff and by project managers as an obligation imposed from the outside, it is important to ensure wide participation in the design of the monitoring system. This requires a mutual recognition of the data and information needs of other stakeholders, including the types of data and the way they are collected and analysed. Thus, the design of a monitoring system should only include:

- the general principles on which the monitoring system should be based;
- a proposal with respect to the minimum information needs of the funding agency; and
- the outline of a *process* through which to develop the monitoring.

61. A participatory design of the monitoring system should, however, contain guidance on the *process of participation* (stages and techniques) and the *expected results* from the system. Clearly, this is a lengthy process, which will have to be dealt with in the first year of project implementation. If possible, the design team will have identified potential sources of technical assistance to facilitate this process. A budget line should be included in the financial proposal. Once designed, the system should remain open to changes, and a yearly review of its appropriateness could take place.

62. **Subsidiarity in data collection, analysis and decision-making**. The principle of subsidiarity, which implies doing things at lowest possible level, is proposed by Boesen and Lafontaine (1998) as a design principle for the development of indicators and monitoring approaches for capacity development in environment. Project field staff have for long been involved in monitoring solely as data providers; only rarely have they been involved in analysing these data and drawing conclusions on this basis. Seeing monitoring as a learning process implies that monitoring should be undertaken at all levels within the project hierarchy. The principle of subsidiarity qualifies this by suggesting that data collection and analysis should be undertaken by the staff to whom the data, analysis and decisions pertain. The likelihood is that the same data will be analysed at different levels in the project structure. As an example, both project field staff and project management would need to analyse project reach. However, whereas project field staff would be involved in analysing project reach, say, within the administrative division, county or district where they are working, project management would need to undertake this analysis for the whole project area.

63. **Trust and accountability**. While the basic principle of project management should be one of trust, subsidiarity and participation, a monitoring system should entail mechanisms to ensure accountability of all project staff and thus form the basis for continued trust. Accountability would not be limited to a one-way relationship of accountability, e.g., of field staff being accountable to project managers and project managers being accountable to the donors, but of mutual accountability based on the obligations of each staff member or institution. Moreover, accountability does not relate solely to the spending of resources, but also includes demonstrated organized efforts of learning by doing and taking corrective actions, thus contributing to impact achievement. For accountability to become a reality within a project, a mechanism would have to be developed that can satisfy the perceived needs for accountability and trust. One of these mechanisms can be the yearly process of budgeting and planning, if it is carried out in a participatory and decentralized way. This would guarantee that discussions take place among all levels of management. Accountability also requires clear instructions as to the type and content of reporting (frequency and indicators).

64. **Identifying indicators**. Monitoring systems are often equated with sets of indicators. Prompted by the logical framework, project designers often rush to identify verifiable (which often mean *quantifiable*) indicators even before the project has started. The point here is not to question the relevance of indicators within a monitoring system. It is rather to issue a warning against the tendency to think that sets of indicators *are* the monitoring system. Indicators should be identified through a participatory process that, in turn, should:

- contribute to the identification of *valid* indicators, i.e., indicators that actually tell something about what they are assumed to tell something about;
- contribute to the identification of *feasible* indicators, i.e., indicators about which data or information can actually be obtained; and
- make sure that all those who will have to feed the monitoring system understand the importance of the indicators selected.

65. It is important that those who are involved in the process of identification will also be involved in the process of collection, analysis and ultimately the use of the indicators. Although most of this process would take place in the first year, results are to be followed critically during the following years, and changes made accordingly. However, participation alone cannot do the job of ensuring that

indicators identified are both valid and feasible, particularly not when it comes to indicators concerning reach, effects and impact. It requires a process of exploring the *local meanings of concepts*, local preferences and priorities with respect to sources of livelihood, in order to be able to plausibly claim cause-effect relationship between project activities and impact.

66. In addition to the well-known sets of indicators on project activities, which, however, need to be scaled down, sets of indicators will have to be developed to document:

- the learning or capacity-building process taking place as part of the project;
- the project reach, in terms of number of people reached but also the changes in their poverty level as compared to the members of a control group;
- the project effects (intended and unintended) both on the people reached and on those not reached, as well as on the environment; and
- the project impact (intended and unintended) on improving the level (and sense) of well-being on people reached as well an on those not reached.

67. **Some general rules for the choice of methods for data collection, analysis and reporting**. The process of exploring local meanings and understandings of processes leading to changes in perceived (and actual) well-being, in turn, calls for the use of a combination of qualitative, in-depth methods of inquiry with quantitative methods. The use of quantitative methods should always be preceded by qualitative, in-depth analysis to validate the indicators and the contents of questionnaires, as well as of the existence of assumed cause-effect relations and priorities.

68. As for baseline surveys, apart from being preceded by qualitative inquiries, these should be undertaken *and* analysed *prior* to project implementation, so as to provide an input into project planning and into devising appropriate strategies for targeting project activities towards the rural poor.

69. **Tools**. There is a strong demand for valid M&E tools at every level. Governments and IFAD management are interested in assessing the impact and reach at the goal level, while project management units are interested in showing results at the project objective and outputs levels. To respond to these demands, IFAD should develop a *"tool bag"* from which the interested parties can take what they need according to each one's priorities[4]. The following information should be provided regarding each tool:

- the problem(s) that a specific tool would be suited to address;
- the circumstances under which it can be used, and its (wider) applicability;
- a source that can be used to obtain more extensive information about the tool (both practical and theoretical);
- possible software applications available; and
- a list of pros and cons of the tool, together with its likely demand on scarce resources.

70. The issue of tools will be further elaborated as this study unfolds in the coming months.

[4] As an example, see the FAO "tool kit" for the various participatory techniques to be used in social forestry (FAO, 1996).

VI. RECOMMENDATIONS FOR IFAD SUPPORT TO THE DEVELOPMENT AND IMPLEMENTATION OF EFFICIENT AND EFFECTIVE MONITORING AND EVALUATION SYSTEMS

71. This last section of the present report presents six recommendations for IFAD's support to the development of efficient and effective monitoring and evaluations systems in IFAD-funded projects.

> **Recommendation 1. Develop and facilitate a process through which IFAD identifies its information needs in order to guarantee accountability to its mandate and to its donors. Along with the information needs of other project stakeholders, IFAD's information needs should define the tasks to be met through project monitoring and evaluation. IFAD may also consider the establishment of its own system of M&E that could provide the necessary feedback as well as accountability to its mandate and its donors.**

72. Very often the design of monitoring and evaluation systems has focused on the activities to be conducted (e.g., undertake baseline survey in year "x", collect information on "y" at district level every second month, etc.) rather than on the objectives to be met by these activities. This has led to monitoring and evaluation units not having a clear sense of focus or direction to guide their work. To overcome this shortcoming, it is proposed that monitoring and evaluation systems design should be centred around and respond to the information needs of relevant project stakeholders, including IFAD itself. Therefore, as an input to the process of monitoring and evaluation systems design, IFAD has to identify its own information needs, which will have to be met in order for IFAD to stay accountable to its mandate donors. Apart from resource use, these needs could include issues of whether projects reach their target group (the rural poor) and enable them to reduce or even eliminate their poverty.

73. *The role of the various IFAD divisions* in the process of M&E systems design has been minimal in the past. To strengthen the design of M&E systems in accordance with a new and more participatory approach, it will be necessary that the operations department (PD) deal with this thematic area in a more systematic way. As a first step, a common language has to be used. This means that there should be a clear understanding of all the concepts and techniques used in the design and implementation of project M&E systems. With the support of OE, the development of a new basic set of guidelines containing definitions and tools applicable to all geographical regions should be pursued.

> **Recommendation 2. Allow time and provide continuous support, including technical backstopping support to cooperating institutions and possibly special funding to project teams during the initial phase of a project for the design and implementation of a monitoring and evaluation system.**

74. A consistent finding emerging from the stocktaking reports is that successful monitoring and evaluation systems depend on the participation of project management and staff in their design and implementation. Moreover, it is observed that the actual implementation of project activities is often delayed, e.g., due to the time required for setting up the project management structure, frequently up to a year. It is therefore proposed that the design of the project monitoring and evaluation system should be undertaken during an *initial 'process implementation' period* with the participation of project staff and other project partners and the support of technical assistance (TA), under the guidance provided by IFAD on a continuous basis. The Fund should consider using special funding to cover part of the costs for this '*process implementation*' *period* of six months to a year. Moreover,

when baseline surveys are needed, it is recommended that such surveys be conducted *and* analysed during this period[5].

75. **From design to implementation**. IFAD has to ensure the existence of a mechanism to translate "design issues" into "implementation issues". This can be done in several ways, for example:

- in the form of a start-up workshop, where a clear agreement is reached with the implementing partners on their respective roles and responsibilities vis-à-vis M&E;

- in the form of a short consultancy where, with the participation of the main partners, the design document for M&E is translated into an implementation document.

76. **Cooperating institutions**. In accordance with an impact-orientated approach, cooperating institutions will need guidance from IFAD on what is to be expected from a good M&E system. More attention will have to be devoted to this topic during supervision missions, and areas of concern will have to be reported and action taken. Supervising the effectiveness of M&E systems should be part of the CI's core responsibilities. The Country Portfolio Manager (CPM) has an important role in this process, as he or she is the one who should provide the drive towards the commitment of the CI to these issues.

Recommendation 3. (a) Develop a reference manual on qualitative and quantitative methods for data collection and analysis as well as for presentation, including visualization, of findings of potential use in project monitoring and evaluation. (b) Develop a general database on external consultants with experience in monitoring and evaluation systems design and implementation and facilitation skills.

77. A common observation in the stocktaking reports was the limited knowledge and thus (inappropriate) use of qualitative and quantitative methods of data collection and analysis. Also, the reports consistently flagged a limited ability to present findings from monitoring and evaluation activities in a way that is useful to the various project stakeholders (presentation formats). If IFAD wants to improve impact assessment and accountability, more resources will have to be devoted to this issue. Project management has to learn how to use M&E, and field staff has to know how to apply the various techniques.

78. IFAD's Office of Evaluation and Studies has already initiated a process of reviewing qualitative and quantitative evaluation methods. Moreover, important lessons with respect to M&E methodologies are being learned through the Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty Alleviation Projects in Latin America and the Caribbean (PREVAL). It is recommended that this work be consolidated by producing a *"reference manual"* to be used by project staff as a sourcebook when choosing which method would be best suited for a particular monitoring and evaluation task. An important element of the reference manual would be to clearly present the conditions, limitations and types of results to be expected from the use of particular data collection and analytical methods. Such a reference manual could form the basis of training courses to be offered to project staff on monitoring and evaluation during the initial phase of a project.

79. An important feature for this process is to provide skills (and technical assistance) in *facilitation*, since the ultimate aim is to design a monitoring and evaluation system that stimulates

[5] Baseline surveys are needed not only to provide the information basis for evaluations, but also to develop district-based poverty profiles, and thus provide the basis for geographical (or other) targeting of the poor as well as phasing of project implementation.

learning, reflection and the taking of corrective action within the project. Moreover, it is important that IFAD and/or the CI provide the TA and backstopping to the projects on a continuous basis throughout project design and implementation, so that knowledge and mutual confidence are built between project staff and the consultant(s). It is therefore recommended that IFAD establish a general *database on external consultant*s with experience in monitoring and evaluation systems design and implementation and facilitation skills. The database should include a cross reference to their specific profile and tasks they are competent to perform, as the field of M&E is a composite one.

Recommendation 4. Separate the resource-use, control-oriented monitoring and evaluation functions from the reach, effect and impact-oriented monitoring and evaluation functions.

80. As the stocktaking reports show, the predominant focus in monitoring and evaluation on controlling the use of financial, physical and human resources has not only drawn the attention of M&E away from issues of project outreach, effect and impact. It has also generated resistance to the monitoring and evaluation function as such. Notwithstanding these negative effects, projects will always need to be accountable for their use of financial, physical and human resources. Thus, to meet both these needs, a recommended option is to separate the function of accounting for project resource use from the project monitoring and evaluation unit, and instead make it an integral function of project management. In turn, the project monitoring and evaluation unit should be responsible for stimulating and facilitating a *learning process*. Through such a process, project staff (along with other project partners) regularly make observations and collect information, undertake (or commission the undertaking of) baseline, diagnostic, thematic or benchmark studies, in order to enable the ongoing evaluation of project reach, effects and impact.

Recommendation 5. Wherever possible, IFAD should support government structures in their efforts to develop (a) central M&E units and (b) decentralized M&E systems, including human capacity-building.

81. Many governments at the central and local levels are taking an increasingly active interest in projects, hence in the system that can deliver them information on progress made by the projects. There are now central units within many governments that follow donor-financed projects and can provide actual monitoring services. What is often lacking is the coordination between these units and the requirements of projects in terms of M&E functions. IFAD could be more active in promoting such a coordination and in providing support for government units and systems. Furthermore, the design process of project M&E systems should not ignore the capacities of these units (where they exist) and the procedures they use.

82. Wherever possible, IFAD should also support the development of decentralized M&E systems. This devolution of M&E (and other management issues) gets local authorities involved and committed to the type of development that IFAD is promoting, which is one of the critical factors of successful M&E. In those countries where central administrations have few mechanisms to collect and/or use information at the local level, it would be essential to support a process for strengthening local M&E capacities.

83. Until now, there have only been a few cases where a long history of IFAD involvement in a country has led a government to adopt some of IFAD's (or other donors') views on monitoring and evaluation. However, this should not prevent IFAD *a priori* from starting a dialogue on this issue, especially in those countries where an interest for such a dialogue exists.

Recommendation 6. Develop guidelines for the design and implementation of monitoring and evaluation systems to supplement the existing M&E *Guiding Principles.*

84. One of the strong limitations of the existing *Guiding Principles* on monitoring and evaluation is that their focus is overwhelmingly technical. Only limited attention is paid to the *process* of design and implementation of monitoring and evaluation systems. Moreover, dating back to 1985, they make no mention of the need to involve stakeholders other than IFAD and project staff in this process.

85. The IFAD interdepartmental workshop held in May 2000 as part of the Methodological Study on Monitoring and Evaluation Systems Support strongly pointed to the need for developing a revised set of M&E guidelines. However, such guidelines were to be oriented more towards the *process* of design and implementation of monitoring and evaluation systems than towards the technical tools and indicators to be used as part of project monitoring.

86. It is therefore recommended that *IFAD develop a set of guidelines or steps to follow for the design and implementation process of project monitoring and evaluation systems*. As part of the basis for developing these guidelines, important lessons can be drawn, *inter alia*, from ongoing projects implemented under direct IFAD supervision and projects financed through a flexible lending mechanism. It is also recommended that:

- such guidelines receive strong support from IFAD management (to encourage their use in all IFAD-financed projects);
- project design documents are verified/checked against these guidelines; and
- the guidelines become available to the general public through the IFAD website.

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