

### *Chapter 3.*

## **Monitoring and evaluation as a tool to become result-oriented in Costa Rica**

*This chapter focuses on Costa Rica's national monitoring and evaluation system. Whereas a clear institutional set-up with a definition of roles and responsibilities for different actors has been developed, the country faces important challenges. These include the need to shift towards a result-oriented monitoring and evaluation culture, a lack of using performance information strategically, a weak alignment of the budget and policy cycle, and certain capacity constraints across the public sector. Recommendations are formulated to address these issues, including the promotion of a balanced set of result criteria, a balanced approach between accountability and learning objectives, further capacity strengthening, and promoting a gradual development of the monitoring and evaluation system.*

## The challenge of being result-oriented

Sound monitoring and evaluating of the performance and progress of public interventions implies the capacity to detect policy challenges, define adjustments to facilitate decision-making processes, feed strategic information into the decision-making process, and communicate in a timely manner to decision makers in order to achieve the expected goals of public interventions. In addition, strong monitoring and evaluation can foster transparency and accountability, and provide stakeholders with information regarding progress in the accomplishment of the government's goals and commitments.

However, modern policies are complex (both in design and impact) and strongly interdependent. Evidence, for instance under the format of indicators, is important to examine policy effects, learn from past experiences and inform decision making, though there is always a lurking risk of over-simplifying reality. In addition, the machinery of collecting and analysing evidence through a monitoring and evaluation system is not an end in itself and should not divert one from a strategic focus on the achievement of actual policy results.

As illustrated in Box 3.1, evidence-based decision making – for instance on the basis of monitoring and evaluation information – requires different elements to make sure that the “right evidence” is obtained, and used appropriately. Disposing of a good system of performance information does not yet imply thorough performance management. Performance management requires technical and political leadership, the capacity to feed performance information in the policy cycle and the versatility to adapt policies where needed.

## Legal framework

The National Planning Law No. 5525 of 1974 incorporates the reference to the mandate to evaluate systematically and permanently the results of the execution of plans, policies and programmes, with a pivotal role for the Ministry of National Planning and Economic Policy (*Ministerio de Planificación Nacional y Política Económica*, MIDEPLAN).

Executive Decree No. 23323 of 1994, amended by Executive Decree No. 33206 of 2006, confirms the main role of MIDEPLAN in evaluation, through the area of evaluation and monitoring. MIDEPLAN is responsible for accompanying sectors with the execution of the National Development Programme (NDP) and the fulfilment of the goal and priority actions through the provision of technical support and by strengthening co-ordination and communication among the institutions that are part of a sector, and for proposing evaluation processes and institutional reforms towards increased public efficiency.

Executive Decree No. 23720 of 1994 sets up the National Evaluation System (*Sistema Nacional de Evaluación*, SINE), co-ordinated by MIDEPLAN, as a planning tool to strengthen the managerial capacity of the civil service.

The constitutional reform of 2000 approved in Article 11 that: “The public administration, in the broad sense, shall be subject to a process of evaluation of results and accountability, with the consequent personal liability for officers in the performance of their duties. The law shall specify the means for this control of results and accountability to operate as a system covering all public institutions.” Since 2000, the follow-up of this constitutional reform (i.e. the regulation of SINE by law) has not been addressed.

### Box 3.1. OECD experience regarding evidence-based decision making

Evidence-based policy analysis allows for decisions aimed at implementing and steering strategy to be taken in the country's medium- and long-term interests, based on evidence derived from strategic foresight and environmental scanning that correctly identifies domestic and international short- and long-term challenges and opportunities, on performance assessment that allows for judicious prioritisation of expenditures to achieve the best results with the least resources, and on individual issues being analysed within a broader strategic framework.

Throughout the OECD, good governance practice suggests that policy should be based on sound evidence derived from rigorous analysis of the available facts on the issue the policy is supposed to address. Governance practices determine how evidence contributes to identifying policy options and how rules are made. This evidence needs to be available at the right time and be seen by the right people. OECD practice suggests that the following major ingredients are needed to obtain and use the “right evidence”:

- a sound methodology that allows for proper consideration of the immediate and long-term nature of the issue and of the rationale supporting different options for policy intervention (including doing nothing)
- good data for analysis
- public access to the data, assumptions and methodologies used to frame the issue and identify options to address it, so that scrutiny can be brought to bear and the analysis replicated independently
- time to carry out this analysis properly and to consult the general public on its results
- a capable and skilled public service including people skilled in quantitative methods
- a “receptive policy-making” environment – that is political leaders who are willing and able to decide on the basis of the evidence presented.

*Source:* Banks, G. (2010), “An economy-wide view: Speeches on structural reform”, Australian Government Productivity Commission, Canberra, in: OECD (2013), *Public Governance Review of Poland: Implementing Strategic-State Capability*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264201811-en>.

The Financial Administration and Public Budgets Law No. 8131 of 2001 provides the basic framework regarding planning, financial administration and budgeting, defining relevant accountability and transparency mechanisms, as well as the notion of performance management. According to the law, public resource allocation and implementation shall respect three main principles: economy, efficiency and effectiveness, the three E's. Decision-making processes should be supported by timely and reliable information on the performance and situation of the public finances. The law also defines the NDP as the guiding framework for each institution's operational plans. Budgets shall be allocated based on the NDP, according to the financial situation of the government.

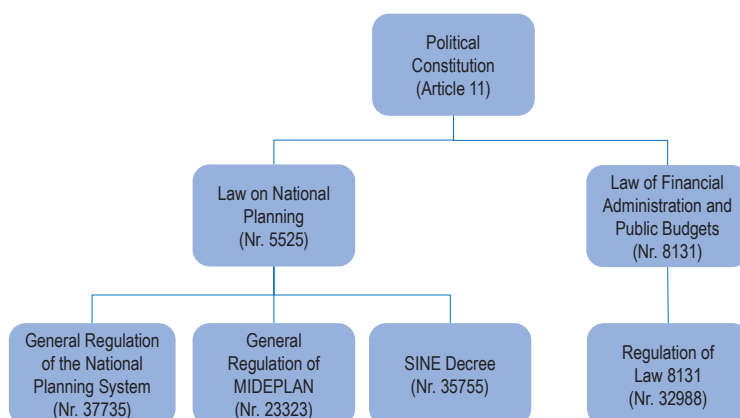
Executive Decree No. 32988 of 2006 regulates the monitoring and evaluation of the NDP in detail, specifying the need to define methodologies and instruments to be used in the process of evaluation. It also specifies the regular reporting on the NDP evaluation results, including addressees and timelines.

Executive Decree No. 35755 of 2010 establishes that MIDEPLAN is responsible for developing the NDP and for its systemic evaluation processes. In this regard, it shall:

- evaluate the progress of, and compliance with, the goals established in the NDP, in order to contribute to the decision-making processes
- perform special evaluations of strategic policies, plans, programmes and projects that are considered a priority
- guide the strategic evaluation through SINE, providing support and advice in the design of methodologies and guidelines
- strengthen the systematisation of information, with the objective of enhancing the credibility and reliability of public data
- disseminate the results of the evaluations in order to increase public transparency and accountability.

Executive Decree No. 37735 of 2013 regulates the planning system, establishing the co-ordination and management of the monitoring and evaluation of the results of the public policies as a function of the National Planning System (NPS). In addition, it creates the monitoring and evaluation sub-system and designates MIDEPLAN as the technical manager of the NPS, with the function of formulating the National Strategic Plan, the National Development Plan and the regional development plans, implementing mechanisms for their monitoring and evaluation. The decree also establishes technical and methodological guidelines aimed at improving the quality of the programming, execution, monitoring and compliance of the NDP's goals and of the national budget. Institutions should benefit from MIDEPLAN's technical and methodological assistance, which allows and promotes better programming, planning and budgeting. At the same time, the decree underlines that a strong link between institutional goals and the NDP strategic framework have to be kept. The decree also states that institutions receive feedback from the Comptroller General's reports on fiscal, financial and management practices that are submitted to the Legislative Assembly. Figure 3.1 synthesises the main legal framework for policy monitoring and evaluation in Costa Rica.

Figure 3.1. Legal framework for policy monitoring and evaluation in Costa Rica



Source: Ministry of National Planning and Economic Policy (2013), “Lineamientos técnicos y metodológicos para la planeación y seguimiento a metas del Plan Nacional de Desarrollo; para la programación presupuestaria y para la evaluación estratégica en el sector público en Costa Rica” (“Technical and methodological guidelines for the planning and monitoring of goals of the National Development Plan; Guidelines for budget planning and strategic evaluation in the public sector in Costa Rica”), Ministry of National Planning and Economic Policy, San José, [www.mag.go.cr/acerca\\_del\\_mag/circulares/planificacion-lineamientos-mideplan-hacienda.pdf](http://www.mag.go.cr/acerca_del_mag/circulares/planificacion-lineamientos-mideplan-hacienda.pdf).

## Institutional framework

### *Key actors*

The National Evaluation System (SINE) is composed of the central government and includes the autonomous and semi-autonomous entities, the state-owned enterprises and the non-state public entities, insofar as they manage public funds. All these institutions, collect, organise and analyse information coming from the implementation of public programmes and projects in a co-ordinated way, to allow their monitoring and post-evaluation. Through the monitoring and evaluation of the NDP performed by MIDEPLAN and the other actors of SINE, progress or deviations from the plans are identified, creating the basis for the adoption of corrective actions when needed. Therefore, the regular, systematic and integral follow-up of the goals of the NDP seeks to provide relevant information for decision making to the authorities. Table 3.1 provides an overview of the main actors involved in the SINE framework.

Table 3.1. **Main actors in the SINE framework**

Actor	Main functions in the SINE framework
President of the Republic	Political decision based on monitoring and evaluation reports on pre-established strategic priorities.
Ministry of National Planning and Economic Policy	SINE co-ordinator, responsible for issuing guidelines and leading the monitoring and evaluation processes.
Public institutions	Implementation, monitoring and evaluation of public policies, plans, programmes and projects, through its planning units.
Ministry of Finance	<ul style="list-style-type: none"> <li>– Allocation of financial resources.</li> <li>– Control over public expenditures (central government).</li> </ul>

*Source:* Ministry of National Planning and Economic Policy (2012a), “Manual gerencial para el diseño y ejecución de evaluaciones estratégicas de gobierno” (“Management manual for the design and execution of strategic evaluations”), Ministry of National Planning and Economic Policy, San José, [http://documentos.mideplan.go.cr/alfresco/d/d/workspace/SpacesStore/9d96f810-3b89-4fd6-8701-d36327f02cc1/Manual\\_Gerencial\\_para\\_Dise%C3%B1o\\_Ejecucion\\_Evaluaciones\\_Estrategicas\\_Gobierno.pdf](http://documentos.mideplan.go.cr/alfresco/d/d/workspace/SpacesStore/9d96f810-3b89-4fd6-8701-d36327f02cc1/Manual_Gerencial_para_Dise%C3%B1o_Ejecucion_Evaluaciones_Estrategicas_Gobierno.pdf).

MIDEPLAN monitors the progress of, and compliance with, the goals established in the NDP in accordance with the National Planning Law, the Financial Administration and Public Budgets Law, and the Executive Decree setting up SINE. The ministry promotes continuous evaluation and modernisation of public services to address the needs of the citizens. In addition, it collaborates making proposals to fix national problems through the planning and performance evaluation in the public institutions. It submits two reports per year to the Comptroller General. The first describes the progress accomplished by each institution and sector until June. The second, “Annual NDP Goals Compliance Report”, is presented by the end of the year.

### *National Evaluation System*

#### *Purpose and mandate*

As previously mentioned, SINE is defined as an instrument of the government to evaluate national development and the social welfare, by means of analysis, monitoring and evaluation of the results of the NDP and other planning instruments, promoting accountability and feedback.

The aim is to facilitate the definition of priorities, fund allocation and follow-up of the policy decisions taken, evaluating the result of strategic programmes and projects and the quality of the public delivery. In order to strengthen management, the executive annually

selects a number of policies and plans with specific impact on the development of the country to be evaluated in detail. These evaluations are performed through SINE in addition to the evaluations of the NDP.

SINE is managed by MIDEPLAN, which co-ordinates the actions of the other ministries and institutions, as well as with sectors. MIDEPLAN elaborates and disseminates strategies, guidelines and methodologies for the monitoring and evaluation that are subsequently used by the various public entities involved (Box 3.2).

### Box 3.2. Examples of SINE guidelines and methodologies

#### Management manual for the design and execution of strategic evaluations

The handbook intends to be a management tool, allowing the institutions to identify the stages in the evaluation process, the approaches and methodological design that suit its implementation, the data analysis and the communication of results, *inter alia*. In addition, it incentivises the evaluation in the public sector, strengthens the technical capacities for strategic evaluation and therefore reinforces the democratic system, through increased transparency and accountability, as it provides timely and valid information.

The main goals of the manual are to:

- promote evaluation in the public entities
- increase the understanding of the evaluation process and the results
- define the conceptual and technical requirements for an evaluation that address the needs of the actors involved.

The manual underlines the importance of planning the evaluation process in an integrated way, involving five stages: programming, design, implementation, communication of the results and follow-up of the recommendations.

Additionally, the manual describes different methodological designs: quantitative approach, qualitative approach and mixed approach, which combines the two former. Finally, it describes the techniques for data collection, presentation of the results and follow-up processes.

#### Guide for strategic evaluation of interventions in the public sector

MIDEPLAN has taken its first steps in performing multi-disciplinary evaluations, in co-ordination with external evaluators. The guide was designed by MIDEPLAN for interested institutions to better structure their strategic evaluation proposals, to ease the prioritisation and selection process done by the monitoring and evaluation area. In addition, the manual intends to advise on strategic evaluation and to clarify to the institutions if its interventions might be subject to strategic evaluation, in relation with the information needs required. It also elaborates, *inter alia*, on the planning of the evaluation, the goals, the scope or the participants.

*Sources:* Ministry of National Planning and Economic Policy (2012a), “Manual gerencial para el diseño y ejecución de evaluaciones estratégicas de gobierno” (“Management manual for the design and execution of strategic evaluations”), Ministry of National Planning and Economic Policy, San José, [http://documentos.mideplan.go.cr/alfresco/d/d/workspace/SpacesStore/9d96f810-3b89-4fd6-8701-d36327f02cc1/Manual\\_Gerencial\\_para\\_Dise%C3%B1o\\_Ejecucion\\_Evaluaciones\\_Estrategicas\\_Gobierno.pdf](http://documentos.mideplan.go.cr/alfresco/d/d/workspace/SpacesStore/9d96f810-3b89-4fd6-8701-d36327f02cc1/Manual_Gerencial_para_Dise%C3%B1o_Ejecucion_Evaluaciones_Estrategicas_Gobierno.pdf); Ministry of National Planning and Economic Policy (2012b), “Guía para iniciativas de evaluación estratégica de intervenciones (políticas, planes, programas y proyectos) en el sector público” (“Guide for the strategic evaluation of interventions in the public sector (policies, plans, programmes and projects)”), Ministry of National Planning and Economic Policy, San José, <http://documentos.mideplan.go.cr:8080/alfresco/d/d/workspace/SpacesStore/f6fef999-8dd1-411d-a348-4aef98e2/Guia%20B3%20teoria%20intervencion.pdf>.

SINE works through two transversal modules, which are interconnected and complementary:

- A self-evaluation module, aimed at developing a culture of evaluation at the institutional, sectorial and regional levels, including the follow-up of the priorities of the NDP and other relevant plans.
- A strategic evaluation module, aimed at evaluating policies, plans, programmes and projects of public interest determined in the NDP and other planning instruments, as a means to ensure the efficiency and transparency of public entities. MIDEPLAN advises on the strategies, guidelines and methodologies at its disposal. The public entities shall set up the monitoring and evaluation system according to the guidelines, to enrich strategic management.

So far the work has been focused on the second module, whereas the first one remains an issue to be addressed. In that sense, Costa Rica should continue working in building up a culture of self-evaluation, using the experiences of other countries.

### *Structure*

A co-ordination unit within MIDEPLAN takes care of the following issues:

- provide feedback to line ministries and institutions on the results of the evaluations performed by MIDEPLAN
- provide training to improve the evaluation culture and its importance as a public management and accountability tool
- disseminate the main outcomes of the NDP evaluations
- elaborate methodologies
- disseminate and advise on the strategies, guidelines and methodologies issued by MIDEPLAN
- report on SINE in relation to the accountability of MIDEPLAN towards the executive and legislative branches
- evaluate policies or projects of particular interest for the government, when not included in the NDP.

Sectorial secretaries and institutional planning units act as liaison points within SINE, being partners of MIDEPLAN, under the supervision of the rector of a given sector. Their main activities are:

- put in place mechanisms to ensure the continuous monitoring and periodical assessment of the institutional plans in accordance with the NDP's priorities
- follow the guidelines and methodologies received from MIDEPLAN
- include in the monitoring and evaluation information regarding public investment projects linked to the NDP's goals and the National System of Public Investment (SNIP).

Finally, there are also co-ordination links with the Ministry of Finance, the Budgetary Authority and the Comptroller General.

### *Strategic objective*

SINE aims at ensuring the evaluation and accountability of the public sector towards citizens, in an objective, timely and transparent fashion, promoting:

- continuous improvement of public management, through the identification and programming of strategic actions, follow-up, assessment, feedback and benchmarking of good practices
- a culture of evaluation in the public sector, through the creation of internal evaluation systems within the institutions
- trustworthy and timely information to the authorities for the decision-making process
- the engagement of civil servants on transparency and accountability.

The system is meant to strengthen the managerial capacity in the public sector by the means of:

- measurement and promotion of timely and high-quality results of public actions, generation of quality data to increase the effectiveness and efficiency of public services, to ensure an economic, social and environmentally sustainable development
- information on monitoring and evaluation of the implementation of public policies and plans
- issuance of guidelines and methodologies of public evaluation, and advising.

### *Commitment to results*

SINE has put in place instruments to define the commitments of the institutions, such as the “commitment of results”, which is an annual agreement for the institutional management, signed by the President of the Republic, the relevant authority and the Ministers of Planning and Finance, following a process of negotiation and ensuring a tight and permanent co-ordination between the various actors involved in the programming, management and resource allocation.

During the year, a follow-up of the “commitment of results” is carried out, as an important support for the institutions, facilitating the achievement of the goals at the end of the period. Specifically, every quarter institutions issue a follow-up report on the development of their actions, which contains data of the progress for each evaluation criteria, the difficulties encountered, the co-ordination or organisational problems, and other key elements. These reports are submitted to SINE, which elaborates an executive summary for the President and the concerned authorities, reflecting the situation and highlighting the actions that have been delayed, as well as those which have already been successfully achieved. Limitations and recommendations are also included. Each institution submits an annual evaluation report to SINE. SINE then elaborates a final report for the President and the authorities on the “commitments of results”. This report includes a ranking of institutions, an analysis of the success factors and the difficulties of the process, as well as a detailed annex of achievements. Finally, the President publicly recognises the institutional and sectorial performance, summarising the main results of the evaluation for the citizens.



### ***FOCEVAL\****

In 2009, the government of Costa Rica, in co-ordination with the academic sector, presented a proposal for international technical co-operation to improve evaluation capacities in the public sector, starting with MIDEPLAN. This initiative resulted in the programme FOCEVAL, in co-operation with the German government. FOCEVAL is a strategic partnership with a focus on raising awareness and promoting a culture of evaluation and transparency as a basis for public policy decision making. Promotion and training activities have been conducted at all levels as part of the programme, including for the central government, Congress, civil society representatives, programme and project directors, and public institutions that directly execute planning and monitoring and evaluation.

In the framework of FOCEVAL, pilot evaluations have been promoted. The entities proposed their own initiatives, thereby promoting a culture of learning and improvement. Four evaluations have been completed so far:

- evaluation of the methodological design of the NDP (MIDEPLAN)
- evaluation of the support to pedagogical management of schools with inclusive programmes (*Apoyo a la gestión pedagógica a centros educativos de calidad con orientación inclusiva*) (Ministry of Public Education)
- evaluation of the project Germinadora (Mixed Institute for Social Aid)
- evaluation of the Irrigation District Arenal-Tempisque.

### ***Current monitoring and evaluation initiatives***

The government is currently reviewing its monitoring and evaluation activities, with the aim of strengthening the strategic added value of both activities.

#### ***Monitoring***

In order to foster strategic monitoring, a quarterly reporting mechanism is planned to be introduced for those NDP projects considered strategic in terms of their structural importance. A proposal has been formulated by MIDEPLAN, and presidential approval is pending. The reporting mechanism will focus on the accomplishments in relation to the annual target, the obstacles found and the risks foreseen to reach the proposed objective and how these are proposed to be managed, as well as the identification of specific support required from other sectors or institutions to accomplish the target. The report will have a qualitative approach and an emphasis on generating inputs for strategic decision making at the level of the Council of Ministers.

Semi-annual and annual monitoring will be oriented towards the accomplishments of quantitative targets and produced effects associated to planned results. The latter will be assessed according to qualitative criteria related to human development (gender gap reduction, transparency, poverty reduction, economic growth, labour market access and territorial gap decrease). As for the quarterly reporting, results should be presented to the President of the Republic in a Council of Ministers.

A workgroup has been formed including MIDEPLAN, the Minister of Finance and the Central Bank with the main objective to monitor 40 key projects that aim to improve competitiveness, close the infrastructure gap and boost the economy.

\* See: [www.foceval.org/](http://www.foceval.org/).

The officials of the Sectorial Analysis Unit of the Development Planning Area of MIDEPLAN will give support to the meetings of the sectorial committees and shall promote an adequate articulation of the institutions forming the sector and the elaboration of the action plans. Furthermore, a programme is being created for strengthening the capacities of those officials in negotiation, political incidence, assertive communication and their respective areas of expertise. It is also intended to be a space to share good practices of the most successful sectors: environment and social development.

MIDEPLAN has drafted a decree, approved by the President, which prohibits the modification of goals in the NDP. In previous years, the goals were easily modified not only in the national targets but also in the specific programmes and projects. The decree states that only in cases of emergency or due to a direct impact from the global economy can the goals be modified. However, the decree also allows the institutions to justify non-compliance with the goals, giving the appropriate reasons.

### *Evaluation*

The National Evaluation Agenda is formed by 13 projects, 7 of them corresponding to policies linked to poverty eradication and equity promotion. Evaluations of design, process, product and impact are planned. The evaluations on the Child Care Network (*Red de Cuido*), the National Directorate for Education and Nutrition Centres and Child Centres for Integrated Care (*Dirección Nacional de Centros de Educación y Nutrición y de Centros Infantiles de Atención Integral*, CENCINAI), the National Support Programme for Micro and Small Enterprises (*Programa Nacional de Apoyo a la Micro y Pequeña Empresa*, PRONAMYPE) and AVANCEMOS (Student Scholarships) have already started.

## **Challenges for the monitoring and evaluation system**

### *Addressing the missing links*

Whereas substantial efforts have been – and are being – made in strengthening the monitoring and evaluation system, it is essential to address some of the missing links in the system, in order to get the most out of the efforts made. These missing links start on the planning system side (e.g. about 60% of the ministries do not have a strategic plan according to information provided by MIDEPLAN, which weakens the adherence to strategic goal setting and adherence at the level of individual institutions) and culminate at the very end of the monitoring and evaluation cycle (e.g. lack of feedback mechanisms based on monitoring and evaluation information provided by public institutions).

### *Strategic use of performance information*

Although MIDEPLAN is entrusted with co-ordinating SINE and providing technical guidance on monitoring and evaluation procedures, past governments did not always rely on MIDEPLAN as a technical information repository; nor did they strengthen SINE as an institutional support network for research and strategic analysis. National monitoring and evaluation served basic accountability requirements, but were rarely used as input for the design and development of new policies. Whereas the current government displays an interest to do things differently, such an approach has not yet been rolled out, let alone institutionalised. Box 3.3 provides an example of a comprehensive approach to the strategic use of performance data for decision making from the United States and Box 3.4 focuses on communicating progress with an example from the Netherlands.

### Box 3.3. Performance dialogue in the US federal government

The Government Performance and Results Act (GPRA) was introduced in 1993 with the aim to foster the use of performance information among federal managers. However, its success remained limited. While it succeeded in introducing a stable performance planning and reporting framework, and putting performance centre stage, it did not succeed sufficiently enough in involving leadership and focusing on prioritisation or management. Consequently, the Bush administration introduced the Performance Assessment Rating Tool (PART; 2003-08), hoping to be able to overcome the shortcomings of the GPRA. Nevertheless, although PART focused more on programmes, and more data and information have been produced in the scope of these programmes, the use of the produced information remained limited.

The GPRA Modernisation Act was adopted in 2010 (enacted in 2011). It established performance improvement roles and responsibilities across all levels of government, a goal framework and performance reviews, and modernised performance reporting.

Regarding the performance responsibilities, a major innovation has been the establishment of a full-time Performance Improvement Council, which advances and expands the practice of performance management and improvement, by supporting the achievement of cross-agency and agency priority goals, as well as by creating opportunities for best practice exchange and capacity building.

The established goal framework consists of three groups of goals:

- The federal cross-agency priority goals (15 in total, at the time of writing), which are set by the President every 4 years, and reviewed quarterly by the Director of the Office of Management and Budget (OMB) and by the Performance Improvement Council. These goals are meant to increase the co-ordination on outcomes that cut across multiple agencies and focus on the impact through improved implementation.
- The agency priority goals (96 in total, at the time of writing), set by the agency heads every 2 years and reviewed quarterly by the respective agency's chief operating officer and the performance improvement officer, drive progress on near-term, implementation-focused priorities. They do not reflect every priority, but complement the broader set of goals included in the agency's strategic plan.
- The strategic goals and objectives (303 in total, at the time of writing), set every 4 years and reviewed strategically on an annual basis by agencies and the OMB, are supported by multiple strategies, programmes and performance indicators. The strategic objectives break down the broad strategic goals of an agency. There are about 10-30 strategic objectives for each major agency.

Performance assessment and reporting are essential for improving the usefulness of performance and programme information. The OMB states in its analytical perspectives for the fiscal year 2011: "The ultimate test of an effective performance management system is whether it is used, not the number of goals and measures produced" (OMB, 2010: 73) Thus, in the scope of the GPRA Modernisation Act, the performance information of agencies is put on a central website<sup>1</sup> with quarterly updates on priority goals, and annual updates on all goals. Furthermore, a government-wide list of programmes is set up, which is updated annually.

In addition, the review of the strategic goals and objectives synthesises available performance information and evidence to inform budget, legislative and management decisions. They are conducted by the agencies for each "strategic objective" in an agency's strategic plan. The reviews are designed to help meet the needs of leadership in identifying opportunities for reform proposals, executive actions, communication opportunities, etc. Furthermore, they synthesise a broad evidence and information base (indicators, evaluations, risk management, partner contributions, external factors, research, etc.) and prioritise findings for decision making. In addition, they make meaningful distinctions in performance, such as identifying areas of noteworthy progress and significant challenges. Finally, they incentivise organisations to develop a culture focused on learning and improving performance. Thus, they are both backward-looking, insofar as they evaluate, measure and report, which allows for learning and innovation, and forward-looking, insofar as they address improvement areas, risks and opportunities. Detailed agency guidance on the process is made available through [www.whitehouse.gov/omb/circulars\\_all\\_current\\_year\\_all\\_toc](http://www.whitehouse.gov/omb/circulars_all_current_year_all_toc) (Part 6).

### Box 3.3. Performance dialogue in the US federal government (cont.)

These systematic and strategic goal-setting, reviewing and reporting mechanisms thus allow for better informed decision making and learning, which ultimately will improve outcomes and productivity. In more practical terms, some general lessons agencies have already learnt from this approach are:

- Breaking down silos: many agencies reported that the strategic review was the first time certain programmes met to discuss cross-cutting, strategic issues.
- Identifying evidence gaps: agencies were able to identify strategic objectives with relatively weak evidence and thus identify areas for improving metrics.
- Aligning activities to the strategic plan: agencies were able to begin aligning activities directly with strategic goals and objectives.
- Engagement: most agencies' performance staff were interested and engaged in finding value from strategic reviews. For instance, over 100 agency staff attended a strategic planning summit in March 2013, over 100 agency staff attended strategic review summits in both February and July 2014, and one performance improvement officer stated "it was the first time in 20 years that their programme staff had asked to participate in a performance management effort at the agency".

Note: 1. [www.performance.gov](http://www.performance.gov).

Sources: Moynihan, D.P. and S. Lavertu (2012), "Does involvement in performance reforms encourage performance information use? Evaluating GPRA and PART", *Public Administration Review*, Vol. 72, No. 4, pp. 592-602; Mirza, A. (2014), "Improving government performance in the US", presentation made at Portugal-OECD seminar on "Strengthening ESIF Policy Indicators", Lisbon, 27-28 October.

### Box 3.4. Monitoring and communicating progress: "The Progress Overview" in the Netherlands

In order to show end-users how far measurable and tangible progress has been achieved, the Netherlands has developed a visible, at-a-glance overview of progress towards achieving 14 key quantitative and qualitative indicators linked to quantitative targets to reduce regulatory burdens on businesses. It uses the idea of dashboard dials to clearly present the targets and to what extent they have been achieved. Progress is measured against the three core aims of "less", "simpler" and "tangible":

- "less" includes targets about administrative burdens, substantive compliance costs, inspection burdens and subsidies
- "simpler" measures more reliable, transparent and faster results
- "tangible" tracks perceptions around the issues that business views as key irritants, linked to quantitative targets as well.

Additional information can be obtained in the Netherlands' progress report on regulatory burdens at: [www.mg.gov.pl/NR/rdonlyres/D17C9179-B4B9-4DFE-B197-DCCBEFEE50D1/56432/Progress\\_Report\\_RB09.pdf](http://www.mg.gov.pl/NR/rdonlyres/D17C9179-B4B9-4DFE-B197-DCCBEFEE50D1/56432/Progress_Report_RB09.pdf).

Source: Ministry for Economic and Business Affairs (Denmark), Regulatory Reform Group (the Netherlands) and Department for Business, Innovation and Skills (United Kingdom) (2010), *Smart Regulation: A Cleaner, Fairer and More Competitive EU*, Copenhagen, The Hague and London.

### *Fine-tuning budget and policy monitoring*

There remain challenges in the field of the co-ordination of oversight bodies, stemming from the search for compatibility between the SINE methodologies and the more traditional budget monitoring. These include:

- time gap between the budget formulation process and the definition of strategic actions to be evaluated by SINE at the beginning of the year, once the budget has already been approved
- the variety of evaluation and control tools used by the oversight bodies
- the different reporting timing of the oversight bodies
- the limited feedback among the involved bodies
- the variety of methodological guidelines designed by different monitoring institutions, making it necessary to harmonise them, including agreements regarding project design, programming and performance evaluation.

There have been efforts to improve the situation, for instance, by creating the Technical Inter-institutional Commission of Planning, Programming and Evaluation of the Executive Branch (Ministry of Finance and MIDEPLAN) that in May 2014 issued “Technical guidelines for planning and monitoring” to orient the institutions on the different evaluation mechanisms. However, the two ministries collect information separately and for different purposes, which creates additional transaction costs, both between MIDEPLAN and the Ministry of Finance, and for the interaction between these two institutions and the sector institutions.

### *Capacity development*

Historically, MIDEPLAN has had an agenda for training and skills development. The ministry is currently undertaking a series of initiatives to strengthen this component of the evaluation and monitoring system, which needs further reinforcement across government.

Recently, and in order to consolidate the process of strategic evaluation, some short courses have been imparted to the personnel from the Evaluation and Monitoring Area of MIDEPLAN. Also, staff has worked closely with external evaluators performing particular evaluations and learning-by-doing. The ministry is defining occupational profiles that correspond to its activities and duties; additionally, it is identifying training needs and designing a training programme for MIDEPLAN’s staff, as well as other institutions of SINE. These institutions have received training in the use of the “Management manual for the design and execution of strategic evaluations”, as well as on information systems used to monitor the progress of the NDP goals.

Finally, the Ministry of Finance has imparted courses to the institutions under its influence in areas such as results/performance-based budgeting, programmatic structures and indicators, among others. However, and in line with MIDEPLAN’s experience, there is a need for permanent training and skills development and for embedding the acquired skills in daily management practices.

## **Recommendations**

Costa Rica could further strengthen its efforts to shift from a process-oriented towards a result-oriented monitoring and evaluation culture. Such a shift implies a focus on results

rather than on (reporting) compliance. It is important to underline that a “performance” orientation of an evaluation culture should not only focus on quantitative targets to achieve and performance criteria like economy or efficiency, but also incorporate criteria like quality, effectiveness, equal access (*cf.* for instance regional disparities) and responsiveness.

A shift towards a result-oriented monitoring and evaluation culture requires particular attention for the development of a balanced approach between “accountability” and “learning” objectives. A bigger emphasis on, and higher visibility of, result achievements can provoke counterproductive incentives to overrate performance/or and to focus on targets which are easy to achieve (i.e. lack of ambitious goal setting). Moreover, it risks suppressing the opportunity to learn from occasional weak performance and policy failures, if no room is left to make mistakes and learn from them. The monitoring and evaluation system should strike a balance between a focus on goal achievement on the one hand, and on understanding the “why” of good or bad performance on the other.

While expanding the monitoring and evaluation system, it is essential to keep a focus on strengthening capacity of all actors who are part of the monitoring and evaluation chain. This implies, amongst others, a strategic approach (across government) to capacity development for data collection, data analysis, reporting and communication, and use of data. It is important to acknowledge, for instance, that the supply of performance data does not imply that people know how to analyse and interpret the data and, subsequently, how to use the data. In addition, clear roles and responsibilities have to be assigned to different actors (i.e. suppliers and users of performance information). In order to ensure strategic resource allocation, it is important to develop a clear view of the hierarchy of goals, and appropriate timing and frequency for data collection and analysis.

Given the substantial investment of both financial and human resources in the process of strengthening the country’s monitoring and evaluation system, it is important to provide incentives to all actors involved to use the data generated through the monitoring and evaluation system, i.e. empowerment to act on performance information. Such empowerment could be linked to the ability to revise (update) policy priorities and performance goals, identify corrective actions to address observed problems (including budgetary reallocation where needed), reward goal achievement, etc. Whereas roping in the institutionally decentralised sector is important to ensure achievement of strategic goals across government, it probably requires a different – and complementary – strategy to empower both the central government and institutionally decentralised actors.

Taking into account the country’s ambitious goals to strengthen its monitoring and evaluation framework, it is important to allow for a gradual development of the system. Getting the system “up and running” (i.e. design the process, define the goals, identify the available monitoring and evaluation tools, detect capacity development needs, etc.) is a first step. Subsequently, it is possible to explore different “systemic goals” of the monitoring and evaluation system, which could gradually become more ambitious, e.g. measure performance, identify corrective measures, inform the budgetary process, incorporate risk assessments, etc. Each of these goals requires substantial resources and time to achieve. A particular point of attention is the development of a strategy on how to address cross-institutional goals. Such cross-institutional policy objectives tend to be numerous, whereas strengthening monitoring and evaluation objectives for individual institutions risks reinforcing a silo-based approach to policy making (i.e. focus on policy goals which can be achieved by an individual institution).

Citizen and stakeholder participation in the evaluation process could be promoted, through polls or focus groups carried out periodically, to explore the public's perception of the government's achievements.

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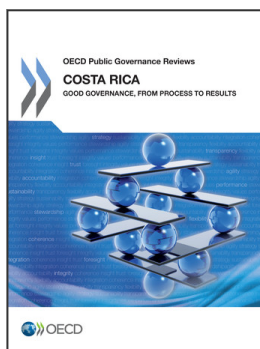
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### *Further reading*

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