

# EVALUATION CAPACITY DEVELOPMENT

## **Mexico's M&E System:** Scaling Up from the Sectoral to the National Level

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Gita Beker Busjeet, and Ximena Fernandez Ordonez

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## **Mexico's M&E System:**

### **Scaling Up from the Sectoral to the National Level**

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Building monitoring and evaluation systems helps strengthen governance in countries—by improving transparency, by strengthening accountability relationships, and by building a performance culture within governments to support better policymaking, budget decision-making, and management. A related area of focus is civil society, which can play a catalytic role through provision of assessments of government performance. IEG aims to identify and help develop good-practice approaches in countries, and to share the growing body of experience with such work.

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## ABBREVIATIONS

ASF	Federal Superior Auditing Office ( <i>Auditoria Superior de la Federación</i> )
CEPAL	Economic Commission for Latin America
CONEVAL	National Council for the Evaluation of Social Policy
CTMP	Technical Committee for Poverty Measurement ( <i>Comité Técnico para la Medición de la Pobreza</i> )
DF	Federal District ( <i>Distrito Federal</i> )
DOF	Official Diary of the Federation
IEG	Independent Evaluation Group
ILPES	Latin America Institute for Economic and Social Planning
M&E	Monitoring and evaluation
MI	Matrix Indicator
MML	Logic Framework Matrix
NDP	National Development Plan
OECD	Organization for Economic Cooperation and Development
OMB	Office of Management and Budget
PAE	Annual Evaluation Program
PART	Program Assessment Rating Tool
PIDER	Public Investment Program for Rural Development
PMG	Management Improvement Program ( <i>Programa de Mejoramiento de la Gestión</i> )
PRI	Institutional Revolutionary Party ( <i>Partido Revolucionario Institucional</i> )
PROMAP	Program for the Modernization of the Public Administration
ROP	Rules of operation
SAGARPA	Secretariat of Agriculture, Livestock, Rural Development, Fish and Food
SECODAM	Secretariat of Control and Administrative Development ( <i>Secretaría de la Contraloría y Desarrollo Administrativo</i> )
SED	Performance Evaluation System ( <i>Sistema de Evaluación del Desempeño</i> )
SEDESOL	Secretariat of Social Development
SEMARNAT	Secretariat of the Environment and Natural Resources
SEP	Secretariat of Education
SFP	Secretariat of Public Administration
SHCP	Secretariat of Finance and Public Credit
TOR	Terms of reference

## FOREWORD

World Bank support to strengthen M&E systems in Latin America and the Caribbean Region has grown substantially in the past decade. There is intense activity on M&E issues in more than 20 countries in the region, and Mexico is one of the leading countries.

This is a joint paper produced by IEG and the Latin America Poverty Reduction Unit (LCSPP) in PREM at the World Bank. The preparation of this paper is based on the technical assistance coordinated by LCSPP and provided by the World Bank to Mexico's National Council for the Evaluation of Social Policy (CONEVAL) in 2007 and 2008. The paper takes stock of the government's efforts to institutionalize evaluation practices, particularly the process by which the results orientation was strengthened in the social sector.

Mexico was a pioneer in Latin America in the use of sound methodologies to evaluate the performance of social policy, especially since 1997 when the *Progresos/Oportunidades* program was evaluated. Within the development community, this evaluation is regarded as one of the most influential. At the same time, the social sector has been a strong champion of using evaluations in Mexico's public administration and has exerted important influence on the M&E and performance-based management reforms at the governmentwide level.

Evaluation is a rich and dynamic activity that enhances innovation and knowledge generation in Mexico's public administration—to such an extent that this country has become a potential source for identifying lessons, best practices, success factors, and obstacles in institutionalizing evaluation in government. Accordingly, it is hoped that disseminating knowledge of Mexico's experience in this area will benefit officials undertaking similar tasks in other countries.

The lead authors of this paper are Manuel Fernando Castro, Gladys Lopez-Acevedo, Gita Beker Busjeet, and Ximena Fernandez Ordonez. The World Bank team that completed the technical assistance also included Alejandro Medina Giopp, Gilberto Moncada Vigo, Jonna Lundwall, Rosa Maria Fernandez-Hernandez, and Lucy Bravo. The editorial contributions of Helen Chin are gratefully acknowledged.

The evidentiary basis of this work was obtained from several Bank missions to Mexico, discussions and interviews with government officials and external evaluators, review of government and World Bank documents on CONEVAL, the Secretariat of Social Development (SEDESOL), the Secretariat of Finance and Public Credit (SHCP), and the Secretariat of Public Administration (SFP). The authors would like to acknowledge and thank all the government officials who provided support, especially the CONEVAL team, including Gonzalo Hernández, Executive Secretary; Edgar Martínez, General Adjunct Director of Coordination; Gabriela Pérez, General Adjunct Director of Evaluation; and Shakirah Cossens, Director of Monitoring of Social Programs.

The views expressed in this document are solely those of the lead authors, and do not necessarily represent the views of the World Bank or of the government of Mexico.

## EXECUTIVE SUMMARY

The enthusiasm for performance management is palpable among stakeholders in the Mexican public administration. This enthusiasm has been fueled by important legislation as well as a number of extremely influential impact evaluations of key social programs in Mexico. The national and international recognition, which the impact evaluations of *Progresas/Oportunidades* have garnered, have played an important role in putting evaluation on the map in Mexico. In terms of the legislative framework, this diagnostic indicates that Mexico has succeeded in creating a solid foundation upon which the ambitious agenda of M&E initiatives can be built. Key legislative initiatives, including the Fiscal Responsibility Law, Management Improvement Program legislation, and the Social Development law have provided frameworks to strengthen preexisting evaluation laws. This is extremely important for the sustainability of the system in the longer term and is a clear strength for Mexico as it moves forward.

This paper provides a brief review of Mexico's progressive movement from a sectoral to a governmentwide M&E system. It highlights the critical institutional reforms introduced, the policy decisions, and the most important operational steps that were taken, offering an account of the political context within which such changes and decisions were possible. The paper emphasizes the specific role of the National Council for the Evaluation of Social Policy (CONEVAL) as an innovative development, which furthered institutionalization of evaluation and a results focus at the federal government level through the implementation of the System for Performance Evaluation (SED). A quick review of the governmentwide system's strengths and main challenges for the future is offered. Some lessons for other countries and conclusions follow.

A conclusion of this paper is that after the 2005 reforms, Mexico entered into an advanced stage of performance-based management that is grounded on strong institutional foundations: legislation has provided a modern budget framework, sound M&E tools and arrangements have been developed, and accountability and transparency conditions have been created to make most of the changes operational. However, the authors also conclude that full institutionalization is not yet complete. Sustainability of the system and the reforms, as much as consolidation of the implementation process, will depend on how the government addresses a number of related challenges ahead including, among others, assimilation of the reforms, greater utilization of performance information, capacity building, increasing knowledge capacity at the subnational level, and harmonization and rationalization of evaluation work among different responsible agencies.

## INTRODUCTION

Mexico's attempts to establish the evaluation of federal programs, as a government practice, dates back to the mid-1970s. However, it was only at the end of the 1990s that monitoring and evaluation (M&E) and performance-based management reforms started to take root in the federal public administration. One of the catalysts of the institutionalization process for evaluation was the creation of the National Council for the Evaluation of Social Policy (CONEVAL). The unique characteristics of CONEVAL—namely its independence, technical capacities, and mandate—allowed it to advance in the construction of the social sector M&E system, while also influencing the development of performance management in the federal government more broadly.

With the creation of CONEVAL in 2005, there has been increasing enthusiasm for results-based management in Mexico. Interest from social sector secretaries, for example, from the Secretariat of Social Development (SEDESOL) and the Secretariat of Education<sup>1</sup> to other key cross-cutting agencies, including the President's Office, Secretariat of Finance, and Secretariat of Public Administration, has grown tremendously. As a result, Mexico has introduced standardized M&E practices and tools at the governmentwide level, as well as mandates to increase the focus on results, particularly in the budget process. Following a constitutional amendment in 2007, subnational governments have followed the federal administration in reforms toward performance budgeting.

Mexico's path to a national M&E system cannot be understood without acknowledging the political changes sweeping the country at the end of the 20th century. Seven decades of one-party rule had steadily been replaced by a functioning democracy and a call for greater accountability of government. Economic and social considerations also played a role. At the beginning of this decade Mexico saw 20 percent of its population living in extreme poverty and still suffering from the impacts of two large-scale financial crises. Questions were voiced about the extent to which social spending was helping to alleviate this problem.

Mexico is one case of a country that was able to change from limited use of evaluation—concentrated in specific pockets of the administration—to greater use of an increasingly sophisticated, whole-of-government evaluation system—with differentiated methodologies, growing capacities, and progressive input into government decision making. The case demonstrates a gradual construction of performance-based management institutions, taking into account the international experience but also introducing a high degree of innovation and country-specific development. For these reasons, the Mexican case holds valuable insights for national and international M&E practitioners.

This document provides a brief overview of Mexico's progressive transition from a sector-based to a governmentwide M&E system. It highlights the critical institutional reforms introduced, the policy decisions, and the most important operational steps taken, thus offering an account of the political context within which such changes and decisions were possible. Special attention is given to the role of CONEVAL in paving the way for these reforms, particularly in the emergence of the Performance Evaluation System (SED) under the leadership of the Ministry of Finance and Public Credit (SHCP). A quick review of the system's strengths and challenges is given, followed by the identification of lessons of potential interest to other countries.

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<sup>1</sup> To a lesser extent, the Secretariat of Agriculture, Livestock, Rural Development, Fish, and Food (SAGARPA) also had an important role in this process.

## 1. MEXICO'S MOVE TO A RESULTS ORIENTATION

Mexico's path to a results-oriented system can be divided into three periods. The first period, from the late 1970s to 1990s, was characterized by *ad hoc* evaluation initiatives in particular sectors, often supported by international agencies. The second period, beginning in the late 1990s and facilitated by the opening-up of the national political system, saw the formalization of accountability mechanisms through a flurry of comprehensive legal initiatives. Formalization plus the implementation of a very successful and influential social program impact evaluation helped to change the federal administration to a performance results orientation and the identification of government entities responsible for conducting evaluations. The progress made during these years allowed Mexico to move to a third, ongoing stage—the institutionalization of evaluation in the social sector under the framework of the CONEVAL and the movement to a governmentwide SED. This system is coordinated by the SHCP and is strongly linked to the implementation of performance budgeting.

### 1.1 Disparate Efforts for M&E from the 1970s to Early 1990s

Pioneering program evaluations were being undertaken in Mexico as early as the 1970s, often supported by international organizations such as the World Bank and the Inter-American Development Bank. One example was the Public Investment Program for Rural Development (PIDER)—one of the first rural poverty-reduction programs in Mexico.<sup>2</sup>

More systematic initiatives were introduced in the fiscal control area during the late 1980s and early 1990s. Integral audits—performed by the then-new Federal Audit Institution (*Contraloría*)—introduced performance measurement concepts. At the beginning of the 1990s there were attempts to create formal evaluation schemes for federally funded programs but various reasons prevented these initiatives from materializing.<sup>3</sup>

By the mid-1990s scattered evaluations—such as those of the Milk Social Supply Program (*Abasto Social de Leche - Liconsá*), the Rural Supply program (*Abasto Rural - Diconsá*), the National Solidarity Program (PRONASOL), and several job training programs were being conducted in the social sector, but they remained isolated and, to a large extent, *ad hoc*. Also, the Program for the Modernization of the Public Administration (PROMAP), created in 1996, introduced performance indicators and internal evaluations. However, it is important to emphasize that these initiatives in the first period focused solely on strengthening internal controls and did not make results publicly available, thus limiting incentives for external accountability.

### 1.2 Establishing a Systemic Role for Evaluation: 1997–2003

In the late 1990s, Mexico underwent an important change in political control and democratization, which consequently affected the character of evaluation reform in the country. Prior to this period there had been little incentive for transparency and accountability in the public sector because the country had been under a single-party regime since the 1920s. However, beginning in the late 1990s, political events led to the institutional strengthening of government accountability.

It was during this period that Mexico implemented its first rigorously planned and conducted program evaluation. This impact evaluation—of the *Progresá/Oportunidades* program in

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<sup>2</sup> See Cardozo 2006, pp. 155–157. See also IEG-World Bank 1983, PIDER I. <http://www-wds.worldbank.org>.

<sup>3</sup> This seems to have been the case with the Secretariat of Budget Programming. See Hernandez 2008.

1997—was innovative and influential and became a successful case study. The evaluation became internationally known as a best practice, and similar programs with corresponding evaluations were implemented in a number of developing countries.<sup>4</sup>

The *Oportunidades* evaluation gained national and international visibility at a critical political moment. Mexico's government took notice of the important role that evaluation could play in public administration, and the experience opened the way for a more systematic evaluation function. SEDESOL pioneered an effort to implement a sectorwide M&E system and progressively used evaluation information in policy decision making. This was an important influence on other cabinet secretaries and the federal government.

In 1998, Congress introduced a requirement that all federal programs providing subsidies had to prepare rules of operation (ROP), with basic information about a program's design, objectives, performance indicators, beneficiary populations, and operations. ROPs greatly improved the availability and quality of performance data as well as the quality and ease of M&E. In 1999, a major milestone for evaluation occurred when Congress mandated that all programs with ROPs had to be evaluated annually by external evaluators. The mandate covered approximately 25–30 percent of the federal budget<sup>5</sup> for programs, and the number of evaluations jumped from single digits to over a hundred in 2001 and in subsequent years.<sup>6</sup>

Additional changes that helped to build a foundation for performance evaluation in government included: the introduction of a “Presidential Goals” system,<sup>7</sup> creation of the *Auditoria Superior de la Federacion* (ASF) (Audit Office),<sup>8</sup> passage of the Transparency and Public Information Access Law,<sup>9</sup> and creation of the Public Administration Secretary (SFP).<sup>10</sup>

### 1.3 Progress toward a Governmentwide M&E System since 2004

Further institutionalization of evaluation began in 2004, when internationally accepted M&E standards and best practices in social policies were introduced through the Social Development Law.<sup>11</sup> This legislation also created CONEVAL, a technically autonomous institution with the mission of measuring national results in poverty reduction and coordinating the evaluation of social programs by the federal government.

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<sup>4</sup> Today, more than 30 countries in the developing world have had similar cash transfer programs with their respective evaluation components. Some examples are Colombia (*Familias en Accion*), Nicaragua (*Red de Proteccion Social*), Jamaica (Advancement through Health and Education), and Honduras (*Asignacion Familiar*).

<sup>5</sup> Interview with Gabriela Perez, Former Adjunct Director for Evaluation in CONEVAL, at World Bank headquarters, Washington, DC, Expert Roundtables on Performance Measurement Tools, February 3, 2009.

<sup>6</sup> As a consequence, evaluation expenditures grew significantly, averaging \$15 million annually, not including multiannual impact evaluations. Taken from Hernández 2007b.

<sup>7</sup> The Presidential Goals system aimed to make explicit the government priorities and to monitor performance. Although the system achieved little, it was a sign of the new role that performance evaluation and management for results were to play in the Mexican administration.

<sup>8</sup> This oversight body was created in 2001 to second the legislative branch in controlling the executive.

<sup>9</sup> The Transparency and Public Information Access Law (DOF 11-06-2002) reemphasized the role of evaluation as a source of performance information. Following this mandate, all completed external evaluations are now publicly available on ministry websites.

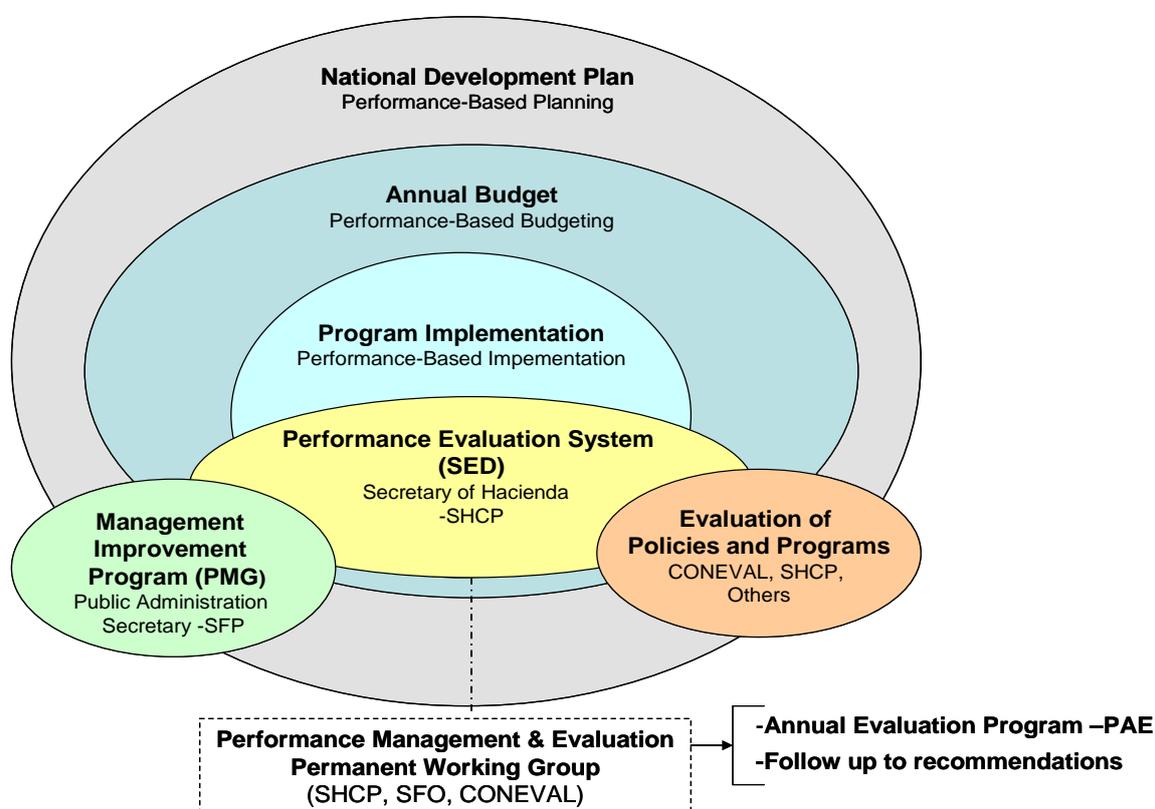
<sup>10</sup> This new body replaced the Control and Administrative Development Secretary (*Secretaria de la Contraloria y Desarrollo Administrativo* –SECODAM) in 2003 and was granted responsibilities in performance auditing.

<sup>11</sup> DOF 2001 of 2004. The leading agency for this legislation was the Secretariat of Social Development (SEDESOL), which through the Under Secretary for Planning, Prospect, and Evaluation had set up a technical team for developing the social sector M&E system since 2001.

The first articulated vision for a governmentwide performance management system was in the 2006 Federal Budget and Fiscal Responsibility Law,<sup>12</sup> particularly with the creation of the Performance Evaluation System (SED). Unlike previous efforts,<sup>13</sup> this reform was driven and led by high-level officials seeking to modernize the budget and to facilitate evaluation of public expenditures, among other things. Important parts of this reform were: (i) institutionalizing the links between strategic planning and the budget process, (ii) the launch of a performance-based budgeting initiative, and (iii) the introduction of planning and evaluation tools at the program level.

Instrumental to the reform was that the SED (led by the Ministry of Finance) was to be integrated with two existing activities—the Management Improvement Program (PMG), under the Secretariat of Public Administration (SFP); and the Social Program Evaluations, coordinated and conducted by CONEVAL. Evaluations of other sectors were to be undertaken by the SHCP and other agencies (see figure 1). Implementation of the integrated SED started in 2007 with the launch of the National Evaluation Guidelines.<sup>14</sup> It was actually a first step toward harmonizing and unifying evaluation practices across all federal agencies. Another important step was the setting of performance budgeting guidelines (prepared by SHCP) for all federal agencies in 2008.

**Figure 1: Mexico’s Whole-of-Government Performance-based Management System**



<sup>12</sup> DOF 30-03-2006.

<sup>13</sup> Similar endeavors had been tried before, in 1995, in the so-called Budget System Reform, which attempted to introduce program budgeting as well as the Performance Evaluation System (SED). The initiative was implemented with little practical success but it did manage to introduce the seeds of the discourse on managerial and transparency in public expenditure as well as greater clarity on the concept of performance management. See Cardozo 2006, p. 121.

<sup>14</sup> General Guidelines for the Evaluation of Federal Programs in the Federal Public Administration (Audit Office), DOF 30-3-07.

## **2. CONEVAL AND THE INSTITUTIONALIZATION OF EVALUATION**

The transition to democracy, which took place in Mexico at the end of the 1990s, brought about important changes in the political environment and these changes helped the development of new evaluation and results-based management institutions. The emergence of CONEVAL was a landmark response to those changes from both a political and administrative standpoint. Politically, the end of the single-party regime prompted Congress to find different ways to exert control over the executive branch and so to ensure greater political accountability over social spending. The opposition's mistrust of the official use of performance information (e.g., the measurement of poverty, the selection of social programs beneficiaries) was therefore an important driver. Administratively, Mexico had a long history of many good government programs being halted when new administrations came into office because the new politically appointed officials wanted to implement their own programs, without much evidence on the benefits and costs of such decisions.<sup>15</sup> Introducing evaluations was therefore an opportunity for the professional administrators to strengthen and modernize government decision-making processes, and the creation of CONEVAL was an institutional solution that aligned both political and administrative incentives.

### **2.1 Objectives**

The Social Development Law of 2004 and the statute that supports the creation of CONEVAL state the objectives of the council as follows: (i). Regulate, conduct, and coordinate the evaluation of social development policies at the national level, as well as the programs, funds, and actions executed by public agencies; and (ii) Set up the guidelines and criteria for identifying and measuring poverty at the national, state, and municipal levels of government, ensuring the transparency, objectivity, and technical rigor that such activity requires.

This very unique combination of objectives explicitly makes poverty reduction the main performance indicator of social development policy; all social interventions should therefore contribute to this outcome. In addition, the law also clearly points out that poverty measurement needs to be treated as an evaluation itself, making use of independent analyses as well as technically robust and credible methodologies. The strategic rationale behind these objectives was to contribute—throughout the production and progressive utilization of M&E information—toward increasing the efficiency, effectiveness, and accountability of social development policies and poverty reduction strategies.

### **2.2 Organizational Structure, Roles, and Responsibilities of Key Stakeholders**

CONEVAL is the lynchpin of the social sector M&E system in Mexico. In this capacity, it acts as one of the leading agencies in the implementation of results-based management in the public sector more broadly. CONEVAL coordinates cross-sectoral evaluation activities, sets out standards and methodologies for the evaluation of social programs, provides technical assistance to ministries and agencies,<sup>16</sup> and undertakes or manages some specific evaluations. It also concurs with development organizations to plan and undertake evaluation work and to advise national entities and subnational governments in

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<sup>15</sup> See Levy, 2007.

<sup>16</sup> Advice is regularly provided to cross agencies such as the President's Office, the Ministry of Housing and the Public Administration Secretariat, as much as to a number of line secretariats from social and other sectors.

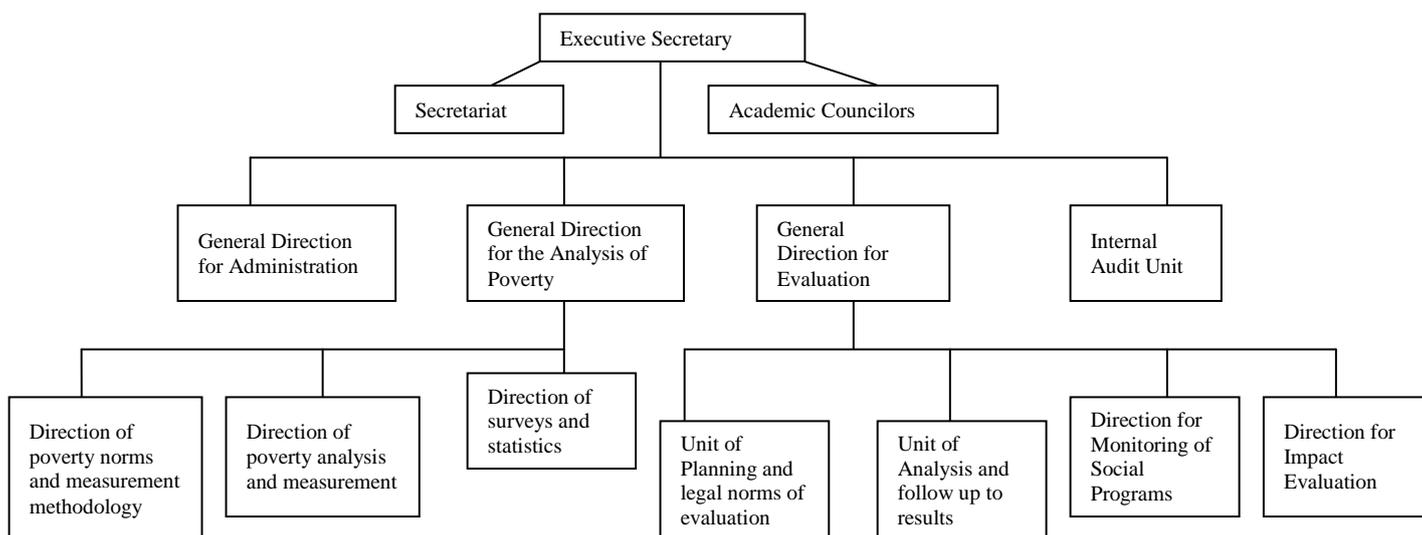
the implementation of their M&E systems, as well as on how to conduct good-quality program evaluations.

In addition, CONEVAL prepares and consolidates evaluation reports and disseminates the evaluation findings among Congress, government agencies, and civil society. To accomplish these tasks, CONEVAL has a staff of 70 professionals, including administrative personnel, and in 2008 it had an annual budget of about 120 million Mexican pesos (US\$9.2 million).<sup>17</sup> The institutional structure is shown in figure 2.<sup>18</sup>

One particular feature that deserves attention is the mixed nature of CONEVAL as a relatively independent government agency with a unique governance structure. Although it is located within the executive branch, and its executive director is appointed by the federal government, leadership of CONEVAL relies on an independent collegiate body made up of six academic councilors. These six individuals are democratically elected<sup>19</sup> for a period of four years, and they are chosen from certified academic institutions. The councilors are involved in all of the agency’s decisions and the definition and review of evaluation projects. They also provide general guidance on the administrative direction of the institution and play an important role in the methodologies for poverty measurement.

A second feature is CONEVAL’s particular focus on the social sector. It was conceived of as a sectoral institution and is legally supported by a sectoral mandate, namely the Social Development Law.

**Figure 2: Organizational Structure of CONEVAL**



Another distinctive feature is the integration of social program evaluation and poverty measurement functions under the purview of one Executive Secretariat (figure 2). In most developing countries, these two activities are usually managed by separate institutions, even though they share common objectives, such as the assessment of government results, and key requirements, such as independence and credibility of its products.

<sup>17</sup> However, a number of consultants are annually contracted out, mainly to undertake different types of evaluations.

<sup>18</sup> Oracle Customer Snapshot 2008.

<sup>19</sup> The members are elected by the National Commission of Social Development—a coordination arena for setting up the government’s actions and investments to accomplish the objectives of social development policy.

CONEVAL is charged with another important institutional mandate which is poverty measurement in the country. CONEVAL devotes substantial work and staff to the estimation of poverty, analysis, and the gathering of information to improve monitoring. Consistent with international best practices, CONEVAL not only monitors income or poverty measures but is moving toward the estimation of multidimensional poverty.

Granting CONEVAL these unique institutional characteristics and mandate has had advantages and disadvantages.<sup>20</sup> The advantages stem from the fact that Mexico has created a valuable champion for the development of evaluation. The expertise and specialization of its staff, and the participation of academics, has enabled CONEVAL to develop methods and to conduct and commission evaluations that are technically reliable and credible to both internal and external stakeholders. Similarly, CONEVAL has contributed to the use of evaluation information and, arguably, its coordination and technical support has lowered the costs of evaluation practices in all social agencies. Integrating poverty measurement and social program evaluations provided an additional advantage by increasing the utilization and sharing of surveys and statistical information for measuring the performance of social interventions.

However, there are some disadvantages of using the CONEVAL approach too. On the one hand, its social sector focus limits CONEVAL from evaluating programs in key areas of the government (e.g., infrastructure, industry, internal security<sup>21</sup>), some of which may have important effects on social outcomes. There are also legal limits to CONEVAL's evaluation oversight of the public sector, and even limits to its providing technical assistance to key government departments. Without specialized institutions to oversee and support the areas of the public sector that CONEVAL cannot, the technical capacity gap in evaluation between the social sector and other relevant areas and levels of the public administration has been increasing.

CONEVAL's relations with ministries have also been difficult at times, particularly when evaluations point out implementation problems and program shortfalls. Another related and important point is that being separate from the government's decision-making processes limits CONEVAL's capacity to enforce the use of evaluation information to directly influence policy and budget decisions (e.g., in budget and planning), even in the social sector. Despite these drawbacks, the evaluation knowledge that CONEVAL has been providing has significantly contributed to the improved technical quality of evaluations in the social sector. Its products and technical support are highly visible and appreciated as a net value added throughout the public administration. Furthermore, CONEVAL is unique within Mexico because there is, as of yet, no other entity capable of providing this high level of expertise.

### **2.3 Main M&E Tools and Methodologies**

The responsibility of leading the evaluation of social programs and poverty reduction prompted CONEVAL to develop a number of basic tools to effectively carry out its mandate. These principally included performance evaluation guidelines, program planning, and evaluation frameworks—a range of evaluation methodologies suited to different performance measurement purposes. These elements have been developed or

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<sup>20</sup> Officially, CONEVAL started its operations in 2005 when its corporate structure was set in its Statute of the National Council for the Evaluation of Social Policy and its decree (DOF 24-08-2005).

<sup>21</sup> Except for programs involving transfers to the subnational level (Ramo 33), where CONEVAL is currently evaluating programs related to infrastructure and public security.

improved since 2005 following international standards but a high degree of innovation and customization has also been introduced in response to Mexico's particular needs.

It is important to note that although CONEVAL's mandate is exclusively focused on the social sector, most of the tools it developed were eventually adopted by the federal government to serve broader M&E purposes, such as performance-based management.

### **2.3.1 General Guidelines for the Evaluation of Federal Programs**

Introducing a culture of evaluation to ensure the proper implementation and use of evaluation is a complex and long-term effort. To address resistance by public servants anxious to maintain the *status quo*, what is often needed is standardization in the concepts and in the language of program results, as well as clear definitions of the steps all agencies must follow. The assimilation of these M&E reforms often leads to the adoption of formal regulations, which might enable sustained use of effective practices and tools over time.

CONEVAL took the lead in conveying the importance of having a formal set of policy guidelines. No other public agency at the time had the technical capacity and the credibility to take the lead in the formulation and implementation of such guidelines. For SHCP and the President's Office, having such guidelines represented an opportunity to make the institutionalization of links between strategic planning and the budget process operational, as stated in the 2006 Budgeting and Fiscal Responsibility Law.

In March 2007, CONEVAL, SHPC, and SFP jointly launched the General Guidelines for the Evaluation of Federal Programs. These guidelines introduced technical criteria for regulating the evaluation of federal programs (e.g., mechanisms to ensure quality and utilization), standardized procedures for improving the formulation of performance indicators and strategic objectives, and called for the development of M&E systems at all agencies of the federal government.

The first stage of the guidelines implementation focused on the development of evaluative frameworks (matrix indicators) as well as consistency and results analyses for all federal programs with ROPs. The second stage focused on annual evaluation plans, including the whole range of evaluation methodologies designed and put into place by CONEVAL.

Significant accomplishments brought about by the General Guidelines in Mexico's public sector included: having specific steps for the application of logic frameworks to all budget programs; adopting a single, results-based, M&E language in the federal government; providing standardized M&E methodologies; and initiating a governmentwide, learning-by-doing M&E process among federal agencies and officials. In conclusion, the guidelines integrated, and were an improvement over, all previous mandates; fostered evaluation in government; contributed to the consolidation of a solid legal base; and advanced the public sector in terms of M&E international standards.<sup>22</sup>

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<sup>22</sup> The main laws that have driven the results agenda are: (i) the Social Development Act (DOF 20-01-2004), (ii) the Budget and Fiscal Responsibility Law (DOF 30 - 2006), (iii) the Federal Law of Transparency and Access to Information (DOF 06-06-2006), and (iv) the Annual Budget Law for 2006, 2007, and 2008.

### 2.3.2 *Matrix Indicators*

The results orientation adopted by Mexico progressively created powerful demands for performance information at different government levels. One source of such demand has been the push by the President's Office to have the National Development Plan (NDP) serve as the main reference point against which to align sector plans and program goals as well as measure their progress. Another strong source of demand has been the SHCP movement toward performance budgeting and implementation of the SED. Owing to this move, a need developed for a mechanism to strengthen program planning and the results focus of the federal budget.

In response to such needs, CONEVAL, SHCP, and SFP introduced the international standard logic framework methodology, widely known as the matrix indicators (MIs), into the Mexican context. This matrix was, in fact, mandated and regulated by the general guidelines for M&E.

The introduction of the matrix into all programs was challenging. It involved the review of all program designs and their internal and external logic as well as identifying performance indicators. This, in turn, required the development of program planning and evaluation capacities at all agencies. Consequently, CONEVAL, with the support of its partners, led an intense training initiative in the logic framework methodology, which was supported by international and national institutions.<sup>23</sup> Over 1,620 officials were trained in 65 workshops, and MIs were set up in 389 programs (covering 70 percent of the federal budget).<sup>24</sup>

The use of MIs was initially focused on programs with rules of operation (ROP), that is, programs giving subsidies. However, because of high demand, MIs were rapidly rolled out with the objective of having them in all federal programs by 2010.<sup>25</sup> CONEVAL also held training workshops with subnational governments, to begin transferring the principles of the MI in performance-based government, in accordance with the mandates of the 2006 Law of Fiscal and Budget Responsibility.

Introducing the MI as one to the main system's tools brought multiple benefits to the federal administration, including: (i) an operational way to facilitate the shift from traditional management (input/activity-based) toward performance management (output/outcome-based); (ii) a unified program and planning and evaluation framework to standardize results measurement; and (iii) improved consistency and quality in program design.<sup>26</sup> In Mexico, as in many countries, as governments create and modify programs, the original rationale of many of them tends to be weakened over time, as does their alignment to national and sector plans. Therefore, the impact of the MIs and accompanying changes is expected to be significant.<sup>27</sup>

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<sup>23</sup> Primarily, the Latin American Institute for Economic and Social Planning (ILPES), Economic Commission for Latin America (CEPAL), and local academic institutions.

<sup>24</sup> Burgos 2008.

<sup>25</sup> Perez-Jacome 2008.

<sup>26</sup> The review of the program's internal logic was significantly complemented by the evaluation of consistency and results in 2007, which also showed many of these problems.

<sup>27</sup> A World Bank evaluation for the 2001–07 period, for instance, showed that programs rated with better logic frameworks were satisfactory in 90 percent of the cases, whereas those programs with medium or lower quality log frames were satisfactory in only 50 percent of the cases, thus suggesting that better results frameworks, such as the matrix indicator, might be associated with better program design, implementation, M&E, and supervision. See "The Role of M&E in the Results Agenda and IEG Database" at [www.worldbank.org/ieg](http://www.worldbank.org/ieg).

However, standardizing the quality and content of the MIs, is still needed, just as much as a process for their periodic review is also required. Analysis of a nonrandom sample of matrixes shows there is still uneven quality among sectors. Some matrixes present very high standards in terms of the technical definition of assumptions, goals, indicators, and identification of financial resources and information, while other matrixes are unclear regarding many of these aspects and are lacking in sequencing among inputs, activities, products, and outcomes.

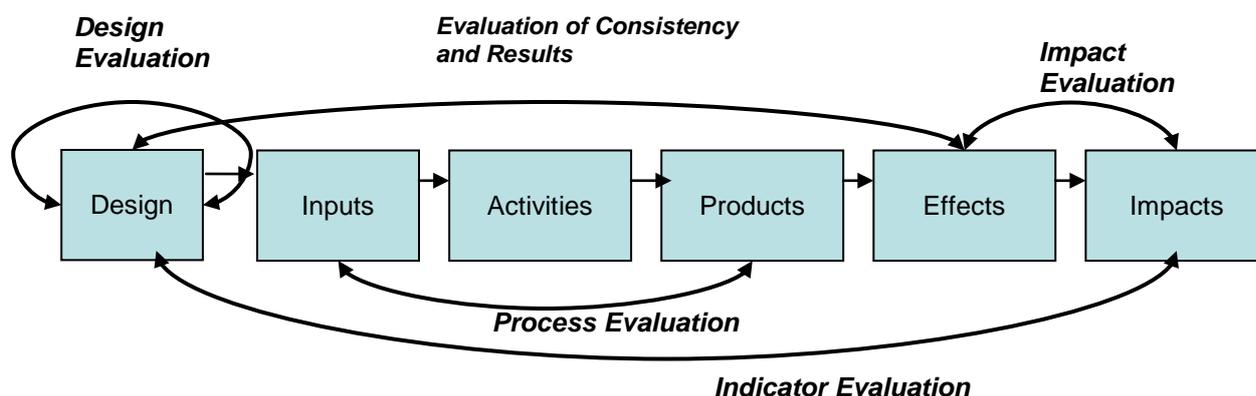
Internal validation of many of the matrixes by the respective agencies' higher-ranking officials is also critical. Without such political endorsement, the process remains mostly at mid-level and does not advance beyond the technical echelons of the government. Additional training and guidance at the national and sectoral levels will also be needed to help in changing the perception, which currently exists at different levels of the MI, that it is yet another administrative requirement from CONEVAL, SHCP, or SFP, rather than as a managerial tool that will actually benefit the agencies themselves.

### 2.3.3 Program Evaluation Methodologies

One of the main challenges of institutionalizing evaluation is the development of technically sound and standardized methodologies. One of CONEVAL's first steps was therefore to develop a "menu of evaluations" that could provide specific performance information to suit the needs of different institutions within and outside the government.

The menu included a host of evaluation techniques designed or adapted to cover all levels of the government's program implementation chain. The primary implicit logic of the methodological approach and the scope of each method are presented in figure 6.

**Figure 3: CONEVAL's Main Evaluation Methods**



The methodologies cover areas such as the quality of program design, indicators, processes, and strategic planning and impact of programs. Their specific contributions to the government's performance information are the following:

**Design evaluation** is conducted on programs that are in their first year of implementation. The evaluation assesses if a program makes a clear contribution to the solution of a particular policy problem and if the objectives of the program are aligned with the objectives of its ministry. This evaluation only uses secondary information and involves no original data collection. It is mandatory for all new programs and is targeted to inform program managers, budget officials, and other ministry staff. At the moment,

an *ex-ante* (prior to implementation) analysis to be completed by the programs is contemplated but this is not yet in operation. It is hoped this assessment will help identify any potential problems or flaws in the programs, thereby increasing the likelihood of more effective interventions. It also expected this assessment will clarify how a new program will add to existing policies, thereby reducing the likelihood of duplication.

**Process evaluation** appraises the efficiency and efficacy of operational processes of a program during its implementation and provides feedback for improvement before the program ends. It allows program managers to identify bottlenecks in the program's service delivery mechanisms and leads to improvements in the program's operation, which then benefit the target population. As such, it should play an important role in providing explanations for low performance. The process evaluation is implemented on a case-by-case basis and is targeted for use by program managers, budget officials, and other ministry staff.

**Program consistency and results evaluation** is a rapid assessment used to obtain a general and comparative perspective of the design, strategic planning, coverage and targeting mechanisms, operation, beneficiary perception, and results. It is used to highlight specific strengths and weaknesses of programs and to motivate decision makers to consider which of these should be evaluated in a more rigorous way, using the other methods. This type of evaluation only uses secondary information and involves no original data collection. It is targeted at a broad range of users, including program managers, high-level decision makers and the general public.

**Indicators evaluation** is a methodology that is currently being developed and will start as a pilot program in 2010. It will measure the quality of indicators, including in the MIs by considering whether they are clear, relevant, adequate, and monitorable, as well as whether their information comes from reliable data sources. The objective is to ensure that accurate information is collected for performance-based monitoring, evaluation, planning, and budgeting. The indicators evaluation will be implemented on a case-by-case basis and is targeted at program managers and mid-level ministry staff.

**Impact evaluation** seeks to measure changes in the conditions of well being of the target population that are attributable to a specific program. This type of evaluation provides the most technically robust evidence about whether a program is working or not. As such, its purpose is to inform high-level officials on the extent to which a program should be continued or not, and if there are any potential modifications needed. This kind of evaluation is implemented on a case-by-case basis, is usually completed at various points in the program along with the other methods, and is targeted toward more executive levels of government, though it does provide useful information to program managers and all kinds of government officials.

Based on the above described methodologies, CONEVAL expanded evaluation practice to the entire social sector.

A number of benefits have been derived from the use of standard methodologies. First, Mexico is building a performance information database with comparable information across its programs, which will allow CONEVAL to analyze the effectiveness of wider policies and even institutions more accurately in the future. Second, the database will also create a larger "critical mass" of evaluation knowledge, particularly if public access to this information is facilitated. CONEVAL has already started to show aggregated

information (by line ministry) on its website, using the results of the 2007 consistency and results evaluation, which were applied to 106 programs.<sup>28</sup>

In terms of these methodologies, there are several issues that will need further consideration. One issue is that the coordination of more than 100 evaluations annually will require capacities not only at CONEVAL but also at the responsible evaluation units of the sectors and agencies. The added technical and operational burden will require development of appropriate tools to manage the growing volume of performance information and mechanisms if the quality of such evaluations is to be ensured. Another issue is guaranteeing that existing methodologies effectively complement one another because some current methodologies seem to exhibit slight overlaps.<sup>29</sup>

Proper solutions to these issues are needed not only to ensure adoption of the methods by the programs, but also to satisfy demands for transparency and accountability from groups such as the media and civil society organizations.

CONEVAL has proved that it is committed to exploring how evaluation options can be enhanced to provide useful inputs to decision making. Nevertheless, caution should be exercised not to overextend the choice of evaluation tools to an unmanageable number. It is also important to ensure that the SHCP, SFP, President's Office, and programs are actively involved in the process so that the methods can effectively match the demands, especially when the methods are to be implemented in other sectors through the SED.

#### ***2.3.4 Annual Evaluation Program and Sector Evaluation Units***

To implement the diversified menu of evaluations, CONEVAL persuaded its partners—SHCP and SFP—to support the establishment of a national Annual Evaluation Program (PAE) every year. The PAE is jointly prepared and published each year by three agencies (CONEVAL, SHCP, and SFP), in coordination with line ministries and agencies of the evaluated programs.

The PAE grew out of the need for advance planning of evaluation activity—making sure that the programs to be evaluated are strategically selected and that appropriate evaluation methods are chosen to assess them. The PAE also serves as a tool to match the demand and supply sides for evaluation, and seeks to ensure that the findings manage to influence decision-making processes. This is expected to work, in particular, through the influence that SHCP, SFP, and CONEVAL can exert, from different perspectives, over the program.

CONEVAL is the principal technical leader of the PAE, working closely with line ministries, while SHCP and SFP primarily play supporting roles. The PAE is published in the middle of the calendar year before the period it covers so that line ministries can plan and budget ahead of time for the evaluations.

The consistency and results evaluation has played a special role in terms of informing the PAE. Based on the findings of this evaluation, completed in 2007, CONEVAL had constructed a baseline to inform future decisions about which programs would need deeper evaluation. As an aid in setting priorities, the consistency and results evaluation provided a snapshot of key areas of performance, including design, targeting, and

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<sup>28</sup> Hernández 2007a.

<sup>29</sup> This seems to be the case, for example, with the indicators evaluation and the evaluation of consistency and results.

operation, which were important in the negotiations of the 2008 and 2009 PAEs with sector and agencies.

The administrative units that manage the evaluation menu within existing line ministries were introduced in 2007. The main responsibility of these units is the coordination, contracting, and supervision of evaluations. The purpose of these units is to ensure that evaluation work within each ministry is conducted properly and with the needed human and financial resources. Though some line ministries, such as the Secretariat of Social Development and the Secretariat of Education, already had such units, most others did not and had to establish them.

Before the units were set up, program managers were responsible for coordinating annual evaluations. However, managers were usually overburdened with implementation tasks, and lacked the capacity and time to accomplish coordination of evaluation work. Moreover, there was the problem of conflict of interest stemming from the program managers simultaneously being both the chief implementer and the responsible official of the election of the external evaluators of the programs. Currently, the units are seen as the counterparts of CONEVAL, SHCP, and SFP in the PAE.

A relevant aspect of the PAE was CONEVAL's approach to standardizing procedures and content for terms of reference (TORs) among all agencies. The standard TORs provide detailed technical guidance for evaluators and government officials about what questions the evaluation needs to answer and how, as well as details about responsibilities, timeframes, and products to be delivered by the evaluators. The TORs are prepared in coordination with line ministries and programs, and then distributed to the agencies.

Prior to the technical preparation of TORs by CONEVAL, ministries and programs were asked to contract and supervise evaluators with no application of standard criteria. TORs, therefore, helped to reduce variability in evaluation quality across the public administration.<sup>30</sup> As in the case of other tools, the TOR contributed to creating a common performance language, and enhanced transparency in conducting evaluations because final versions of all program evaluations were made available on CONEVAL's website.

### ***2.3.5 Poverty Reduction Evaluation Methods***

Until recently Mexico did not have an official position on how to define poverty. This is not unusual among countries, though a few, notably India and the United States, have a long tradition of maintaining an official poverty line. Because the definition of poverty is necessarily a product of both technical analysis and political process, it is a major asset to have such an official position. This can help shift debate from the number of poor people to the really important questions of causes, trends, and what to do.

In 2000, the government of Mexico convened a committee of experts to prepare an official position on poverty, the Technical Committee for Poverty Measurement (CTMP), which was comprised of academics from a range of fields, along with observers from the government.

CONEVAL adopted the recommendations from the CTMP. The assessment work of the committee was of high quality, and made full use of the international literature on poverty

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<sup>30</sup> Interviews conducted during 2008 showed that the introduction of TORs was considered extremely positive by both line ministry staff working with evaluations and external evaluators contracted to complete the evaluations.

measurement. One of the most important contributions of the CTMP was setting up a transparent process on poverty measurement, which has been carried out by CONEVAL.

CONEVAL has a direct mandate established by the Social Development Law to measure the results of poverty reduction and social programs because poverty reduction should be the main and final outcome of social policy. CONEVAL recognized the multidimensional and complex nature of poverty, and has introduced multiple indicators in assessing the structure and trends of poverty.

For income poverty, CONEVAL uses per capita income as the indicator of well-being at the household level. There are three official poverty lines. The first is the food-based poverty line, which is an estimate of the income required to purchase a food basket to satisfy minimum nutritional requirements. The second line is the capacities poverty line which measures household expenditures above the food-based line. The third line is the assets or *patrimonio* line, which is the food-based level plus other basic assets. This third poverty line is above the previous two poverty lines.

Recently CONEVAL has been working on an approach to measuring multidimensional poverty, which has required extensive consultation with academics in terms of which indicators of well-being to include in the measurement as well as other specific technical issues.

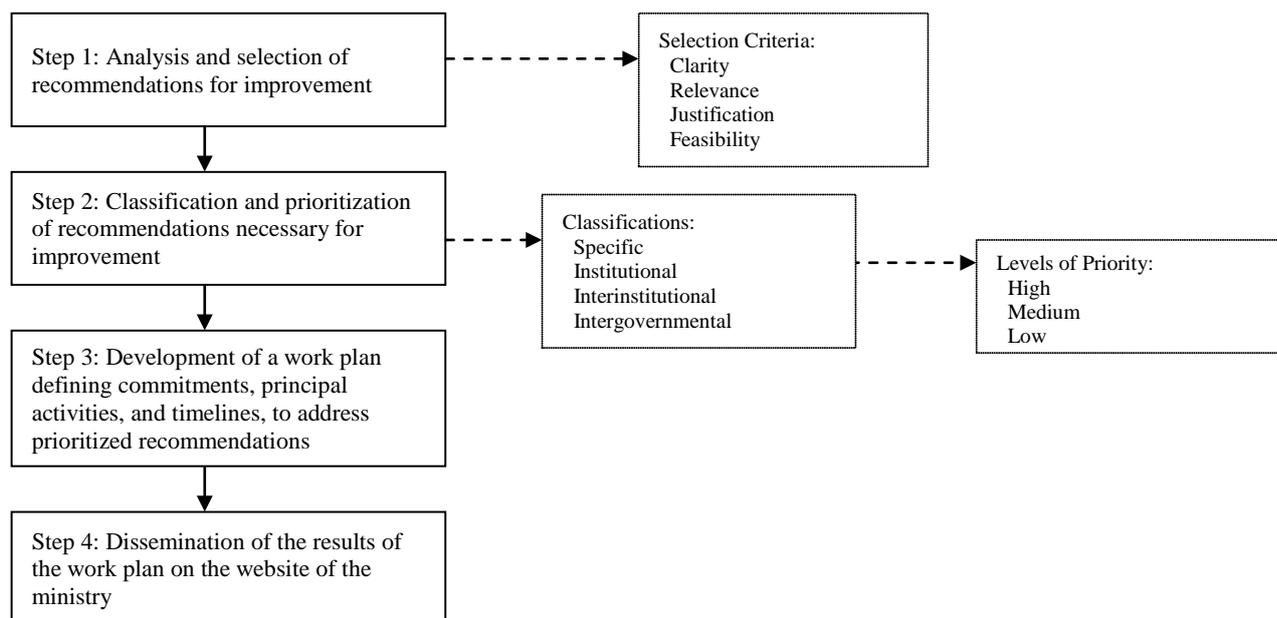
CONEVAL has gained a lot of credibility and trust in the measurement of poverty in Mexico. This is due to the organization of CONEVAL and its transparent process of estimating poverty and the dissemination of results. CONEVAL has used a similar approach in the evaluation of social programs and policies. First, by defining clearly the questions that the evaluations should address, then identifying the evaluation instruments to answer those questions, and then carrying out the evaluations. The transparent and technical process with which CONEVAL carries out poverty reduction and social program evaluations has helped the federal government to position the institution as an organization trusted by civil society.

#### **2.4 Utilization of Evaluative Information Produced by CONEVAL**

The driving force behind Mexico's results-based management has been transparency and accountability. Congress has been the primary recipient of evaluation reports since 1999. Government ministries, particularly, the Ministry of Finance and the Ministry of Public Administration, as well as the programs themselves have received evaluation reports. More recently, the public has also gained access to the reports. During the period 2000–06 more than 500 external evaluations were conducted but very little of that information was effectively used. There was little awareness then of the role that evaluation could play in improving government programs.

Evaluation activity at the time lacked the incentives and institutional arrangements to ensure use of the findings. The 2007 Evaluation Guidelines were a specific response to low usage of the evaluation findings. One of the purposes of issuing the guidelines was to ensure that key evaluation results would be disseminated and effectively reach government decision makers. A follow-up mechanism, to prioritize and implement evaluation recommendations, was issued in October 2008—the Guidelines for the Utilization of Evaluation Results. These guidelines identified responsible actors and instruments, given in a four-step process (figure 4).

**Figure 4. Follow-Up to Recommendations**



Source: Official Memorandum No 301-A-1981. Follow-up mechanism to potential improvements identified by external evaluations of federal programs, México D.F., 14 October, 2008

Once the evaluation is cleared by the program or agency, recommendations are selected in terms of its relevance and feasibility of implementation. Recommendations are then classified by the type of actor involved in the solution, depending on their scope of influence (e.g., program, institutional, inter-institutional level), and prioritized in terms of importance: high, medium, or low. Based on these steps, a two-level (program and institution) implementation plan is requested by the programs, which should outline the activities and timeline for the introduction of recommendations at these two levels. Once the plan is prepared, dissemination on the ministry's website is encouraged. Evaluation units within line ministries are expected to be responsible for this process.<sup>31</sup>

Increased use of evaluation findings has also been boosted by the SHCP through the implementation of performance budgeting. Currently, agencies are required to submit budget program performance indicators and their evaluation reports to the Federal Budget Office. SHCP is also setting up a Performance Evaluation Unit, which will be in charge of informing the budget process on a permanent basis. This unit is expected to become one of the most important users of performance information at the federal level.

The boost to evaluation has slowly but progressively strengthened program planning. It has also given evaluation units a more active role within the government ministries. These units have also become important users of evaluation information. Congress and control agencies, while they establish a more fluid relationship with executive agencies in charge of evaluation, have also started to increase the use of performance information. The Public Audit Institution, which supports Congress as a check on the executive, has received on-demand training workshops from CONEVAL on issues such as the MIs, formulation of performance indicators, and the benefits of using these tools for purposes of budget control. In fact, the auditing institution now revises performance indicators of

<sup>31</sup> *Oficio* NO 301-A-1981, follow-up mechanism for the aspects that could be improved derived from the reports and the external evaluation of federal programs, 2008, México D.F., October 14, 2008.

all programs and issues an official report on their consistency, with binding recommendations for the programs.

A sign of the trend toward greater utilization of evaluation findings is offered by the 2009 budget process. SHCP and the President’s Office had directly requested evaluation information from CONEVAL, with the aim of prioritizing resource allocations among programs. CONEVAL presented a report on the 106 programs evaluated using the consistency and results methodology, and SHCP used such evaluations as additional information to inform the 2009 budget,<sup>32</sup> which produced some changes in a number of programs. Three examples are provided in table 1.

**Table 1. Extent of Utilization of Evaluations**

PROGRAMS	EVALUATION FINDINGS	2009 BUDGET
1. Communitarian model for the education of a vulnerable population	- Need to improve program planning	The programs were merged into a single intervention called “Initial and basic education for rural indigenous population”
2. Communitarian model for the initial and basic education of indigenous and migrant populations	- Duplication of efforts, a single, unified design and matrix indicator suggested	
3. Training support program	Limited perspective of job competencies generation	Substituted by the new support to productivity program
4. Efficient use of water and energy	- Focused on same population with similar components	Integration into a new single “Program for the Modernization and Technical Improvement of Irrigation Units”
5. Full usage of hydro-agricultural infrastructure	- Merging would simplify administrative structure and would benefit monitoring	

*Source:* SHCP, Expenditure Under Secretary, Office of the Budget Policy and Control Adjunct Director. Burgos 2008.

According to the SHCP, the existing evaluations and the MIs implemented by federal agencies improved the alignment between program objectives and national goals in the 2009 budget. For the first time, budget allocations were linked to program indicators and goals.<sup>33</sup>

It is also important to mention that, in addition to increased use by government agencies, the national media regularly uses the program results that CONEVAL publishes on its websites, and there is recent evidence that civil society organizations have also begun to use the results as a way to exert public influence too.<sup>34</sup>

<sup>32</sup> Information can be viewed at [www.coneval.gob.mx](http://www.coneval.gob.mx).

<sup>33</sup> Burgos 2008.

<sup>34</sup> As in the case of Social Management and Cooperation (GESOC), a civil society organization with the goal of conducting research, monitoring, and evaluation to increase the accountability of public programs and civil society organizations. See [www.gesoc.org.mx](http://www.gesoc.org.mx).

### 3. THE PERFORMANCE EVALUATION SYSTEM

The Federal Law on Budget and Fiscal Responsibility, amended in 2007, updated the Mexican budget and was the basis for guiding federal spending toward performance budgeting. To that end, the law created the SED, which eventually integrated all previous evaluation efforts into a single nationwide M&E system.

It is important to note the progressive evolution of the SED, which was first suggested in 1995 as part of a series of reforms to the budget system. Substantive efforts only materialized after more than a decade, in 2008, when the SED began its formal operation. It is not easy to determine all of the factors that contributed to the evolution of the SED. It is possible, however, to point out that the establishment of CONEVAL's M&E model and system, the progress already achieved in setting up MIs in all programs, as well as the existence of a pool of evaluation methods applied to more than 130 programs annually, all created a solid foundation from which the system could take off.

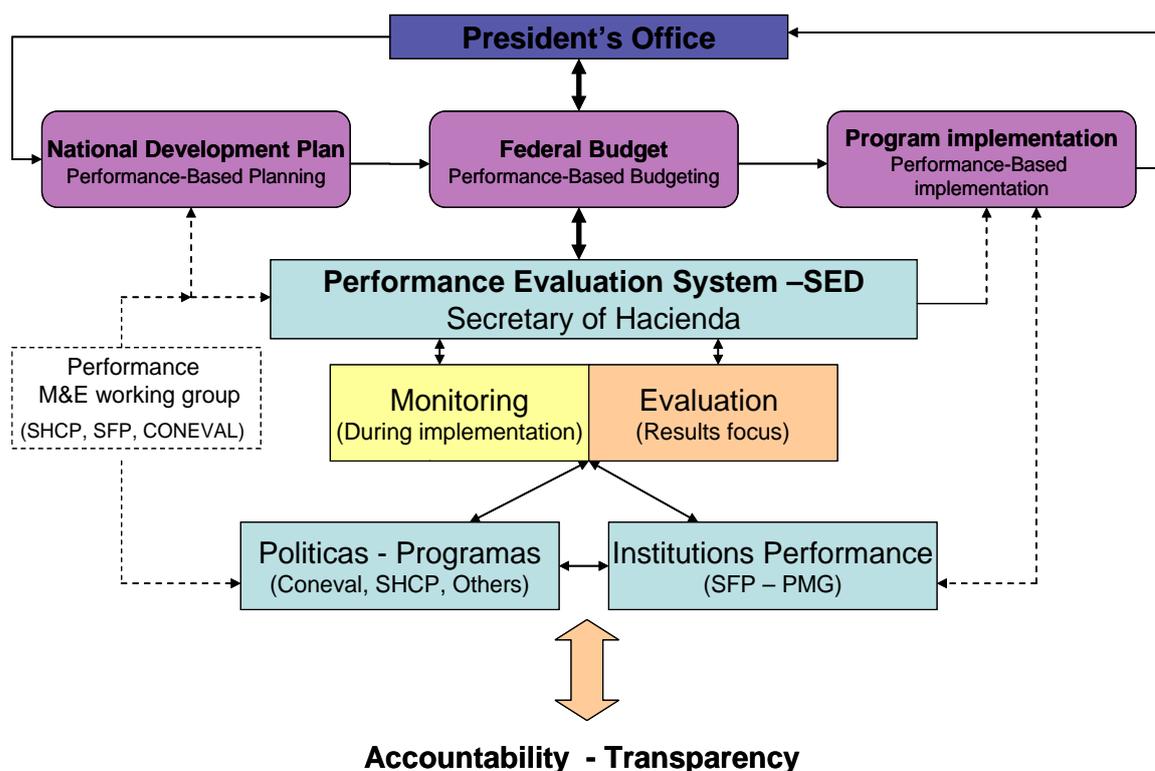
The SED is operated by the SHCP, SFP, and CONEVAL and has two pillars. The first is the monitoring of programs supported by the federal budget using the information base of the MI. This activity takes place during program implementation and seeks to warn budget officials about possible delays in the achievement of the outcomes. The second pillar is the evaluation of program results (within the PAE), which, in turn, has two subcomponents. These subcomponents are the evaluation of federal programs (including the evaluation of social programs undertaken by CONEVAL), and the evaluation of processes and public services, which takes place within the Management Improvement Program (PMG) led by the SFP.<sup>35</sup>

The three operating agencies have specific roles and responsibilities in regard to the SED. CONEVAL provides technical assistance in the realm of monitoring and evaluation, based on its experience and technical capacities. The SFP secures management standards within the agencies through certification methods. Finally, the SHCP leads the performance-based budgeting initiative and ensures that the information produced by all agencies is funneled into the budgetary decision-making process. The three agencies also jointly provide regulatory guidance on the conduct of evaluations and the follow-up on the implementation of recommendations (figure 5).

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<sup>35</sup> The Public Administration Secretariat (SFP) is in charge of three core responsibilities regarding M&E in Mexico: (i) developing and managing systems for monitoring staff and managerial performance in the delivery of the government's budgetary programs, (ii) removing systemic obstacles to improved management performance, and (iii) providing independent quality assurance of the performance indicators selected by SHCP for monitoring budget program performance.

**Figure 5: SED and Institutional Coordination**



The SED, making use of the logical framework methodology (that is, the MIs), aligns the objectives of the National Development Plan, sector programs, and budget<sup>36</sup> (see figure 5).

In order to inform the budget, the SED continually produces M&E information regarding the extent to which goals and objectives of federal programs have been achieved. With this evaluative information being supplied by the MIs and the PAE, it is hoped that budget officials can provide warnings about possible delays in the development of such goals, and thus propose actions for improvement.

To ensure institutional coordination in the implementation of performance-based management activities, the SED established a Performance Management and Evaluation Working Group involving the three operating agencies. This group has already worked together effectively in the formulation of regulations (e.g., General Guidelines for Evaluation, PAE) and in the performance of relevant cross-cutting tasks such as dissemination events and training, among others.

When it comes to setting the budget, the SHCP, in coordination with line ministries, decides the expenditure priorities and the allocation of resources. Based on SED's M&E information and the results obtained from implementing agencies in the preceding year, the SHCP can propose improvements in programs, policies, or institutional settings. Resource allocations can increase depending on performance and the implementation of evaluation recommendations for program improvement. Likewise, programs can suffer potential reductions or elimination altogether depending on M&E information and government priorities.

<sup>36</sup> The legislative and judiciary branches, as well as subnational governments, evaluate their performances according to their own standards but they should also follow the federal budget and fiscal responsibility mandates with regard to evaluation.

Once the budget is approved by Congress and the fiscal year begins, the SHCP monitors the day-to-day execution of the budget (i.e., the way line ministries spend). However, through the SED, the SHCP also monitors the achievement of performance objectives and goals (i.e., the extent to which agencies attain their programs' stated results).

It took Mexico at least 10 years and an enormous amount of work, carried out by many different government agencies, to accomplish such a comprehensive M&E system. Full and complete institutionalization of the SED has yet to be achieved, but there exist solid foundations now. CONEVAL's performance evaluations of programs are now being used by the Ministry of Finance in the preparation and negotiation of the budget and the SED has a lot of potential to become a systematic and recurrent source of information on program performance.

#### **4. MEXICO'S M&E SYSTEM: STRENGTHS AND MAIN CHALLENGES**

Mexico has been a pioneer in Latin America, in particular with regard to the importance placed on robust impact evaluation of social programs, as evidenced by the evaluations of *Progresas/Oportunidades*. The country has also made significant progress in managing public institutions and programs more efficiently. Governments have begun to move away from the traditional forms of management. Instead of solely focusing on the monitoring of inputs, there is a trend toward focusing on results and impacts.

Much of this progress was made possible by a series of M&E and performance budgeting reforms which took place in 2005. Consolidation began in 2007 when the SED integrated previously disparate but well-oriented M&E efforts. CONEVAL was a significant development for institutionalizing the evaluation function within the public administration, because it granted the system independence, credibility, and technical capacities. CONEVAL paved the way for mainstreaming evaluation methodologies and helped to foster broader performance management reforms. The council's role as a key champion of evaluation has also been unprecedented and its capacity to manage the performance of more than 100 evaluations annually is impressive. In fact, the CONEVAL model has become a benchmark for other developing countries undertaking M&E reforms.

All in all, Mexico had set out strong institutional foundations for its M&E system. Existing legislation had provided a modern framework and made the system operational. The progressive assimilation of results-based practices, tools, and codes is taking place at all levels of the public sector, with increasing use of the evaluation findings. Moreover, the system relies heavily on a country-led, rather than a donor-led, strategy which increases the likelihood of long-term sustainability. There still remain, however, a number of important challenges to achieving full institutionalization of evaluation and results-based management in Mexico. Some of those challenges are discussed below.

##### **4.1 Managing Change**

In a relatively short period of time—basically between 2005 and 2009—Mexico has undergone fundamental changes in performance management. The list of institutional reforms, new practices, roles, and agencies involved in the management of the Mexico's policy landscape is extensive (see annex 2). These changes were not adopted overnight by officials and agencies. In fact, as is the case in other countries, the Mexican experience indicates that many of these changes created confusion and even frustration in some

entities.<sup>37</sup> Furthermore, substantial increases in the workload of a number of civil servants, coupled with the long-term character of the reform—which also means slow rewarding of benefits—has produced resistance at some levels.

A key challenge for the federal government will thus be overcoming such resistance by ensuring the proper balance between the pacing and sequencing of the reforms. It will also consist of an adequate adoption of, and adaptation to, the changes. International experience indicates that Mexico will benefit greatly from a carefully planned, reform management strategy.

Such a strategy could integrate actions taken at the highest level of government and encourage managers and political officials to adopt a results orientation, while at the same time creating conditions at lower levels that enable programs and officials to respond to these changes. Some of these actions include: (i) strategically communicating the overarching philosophy of change, (ii) maintaining high-level political commitment both in government and Congress, (iii) strengthening the technical capacities of key reform “champions” (e.g., SHCP, SFP), (iv) providing applied training and specific advisory services to line ministries, and (v) developing incentive plans to reward good performance.

Some of these actions have already been implemented or are currently taking place, but their integration under a coherent and, above all, systematic and medium-term change strategy could give organizations the capacities and the time to absorb the scope and depth of the reforms. This is an important consideration, in particular, for reducing the risks of “reform fatigue.”

## **4.2 Developing Evaluation Capacity**

One challenge that deserves particular attention is the ongoing need for evaluation capacity building. The good practice of widespread training, led by CONEVAL and SHCP in 2007, should not be seen as a one-off investment but rather as the first step in a long-term process for developing M&E capacities in government. There are still many areas in which training is needed. If a performance orientation is to penetrate deeper into the public administration, further capacities in planning, financial and performance management, and in the supervision of evaluation methodologies will have to be developed.

If a results “culture” is to be nurtured and sustained, Congressional units, control agencies’ technical staff, the media, and key civil society and professional organizations will need to acquire more knowledge of the scope, purpose, and potential use of performance information and M&E tools. The participation of academic institutions in such endeavors will be crucial. The role of the SHCP and CONEVAL, to ensure effective partnerships and lead the way to meet this challenge, will be extremely important.

The sophisticated evaluation menu that Mexico has developed has, in turn, imposed a challenge in ensuring that an adequate pool of qualified external evaluators is available to complete evaluation work according to the standards set up by the SED and CONEVAL. Though the number of contracted evaluations has grown rapidly, there are still a relatively modest number of professional evaluators available in universities and consulting firms to fill market needs. It is not uncommon to find that the same people

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<sup>37</sup> According to officials interviewed, different and conflicting messages received by line ministries have created confusion in many cases.

have evaluated numerous programs over a number of years, sometimes even evaluating the same program more than once. Now that evaluation demand is growing, a larger and more qualified cadre of external evaluators is needed

An aspect closely related to these concerns is the wide variation in the quality of evaluation work completed between 1999 and 2006. A number of calls to enhance the quality assurance process of external evaluators have come from the executive government, academia, and even Congress.<sup>38</sup> CONEVAL has taken some initial steps to regulate the quality of external evaluators by setting up a national registry of existing professionals, but more will be needed, particularly under the SED, to address these challenges.

In terms of expanding the supply of qualified evaluators, there is an important opportunity for Mexico's universities and other academic institutes to introduce more training-related knowledge products, as well as to increase the supply of advisory services for practitioners. CONEVAL and SHCP may consider involvement in this agenda through accrediting university courses in the evaluation of public programs, creating incentives for evaluations to include an explicit knowledge-transfer component through, for example, peer-to-peer learning activities so that informal training of practitioners takes place.<sup>39</sup>

#### **4.3 Institutional Coordination**

The performance management reforms introduced have created new roles for a number of entities which require a host of new interactions (i) between the political and technical levels of government agencies, and (ii) among these agencies, Congress, and the control entities. Ensuring that M&E information effectively influences policy making and strengthens accountability requires that these relationships be clearly defined.

However, the clear definition of roles, leadership, and authority has not necessarily been accomplished or appropriately coordinated. In fact, the creation of new institutions, the introduction of performance indicators, the performance evaluations, the implementation of performance budgeting, and the increasing accountability practices are all new activities that strain the capacities of existing institutional mechanisms leading to challenges in terms of coordination and efficient use of resources by avoiding duplication.

This is particularly true with respect to collaboration between the so-called, cross-cutting agencies, *globalizadoras* (President's Office, SHCP, SFP, and CONEVAL), and other key stakeholders such as Congress and control agencies. Current regulations, for example, have not yet established the specific roles and scope of some of these agencies' evaluation functions and, therefore, potential conflicts and duplications are starting to emerge.<sup>40</sup> In practice, the question of "who does or leads what?" has been managed in relatively *ad hoc* ways, in order to keep the process going; there has, until now been an implicit consensus and understanding of the division of labor. However, tensions could increase over time, thus posing potential threats to the process.

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<sup>38</sup> Alcade 2008.

<sup>39</sup> Something similar has been done in Colombia since 2000, and more recently in the European Union, with the goal of training evaluators working in new member states.

<sup>40</sup> One of these potential conflicts is the extent to which the SED will be conducting evaluations of social programs and the role of CONEVAL in such a case.

A similar challenge relates to the roles, responsibilities, and mechanisms for coordination at the sector level. The National Evaluation Guidelines and the wider SED initiative introduced a host of new performance-oriented functions and processes, which go way above and beyond the traditional responsibilities of the administrative units, and which will require the cooperation of various units within the ministries (e.g., budgeting, planning, evaluation, and intelligent technology departments). There is still a long way to go in defining roles at these levels. For example, interviews conducted in 2008 showed that the contracting of evaluators was still being done by both administrative units and the programs themselves, and that the various processes connected to contracting were not well defined, with the result that hiring evaluators is still, in many cases, an extremely slow process.

That being said, it is important not to over-regulate how line ministries should organize their evaluation work. At the same time, additional support could be given to line ministries as they implement and absorb the new evaluation framework within their structures. Given that the M&E system is now entering a period of consolidation, emphasis should be placed on facilitating coordination within the line ministers and on empowering evaluation units in relation to the cross-cutting agencies leading the SED. In this way, communication and coordination between these different stakeholders can become more effective. One opportunity exists in selecting leading sectors to showcase different models on what the basic structure and capacities of evaluation units should look like, and even more important, on how the lines of coordination between these and budget and planning units could work. Making the M&E system operational at the sector level is a key institutionalization challenge ahead.

#### **4.4 Strengthening the Role of Planning**

Strategic planning is a key pillar of the Mexican performance-based management model, because it should provide both strategic direction to overall spending and results frameworks (benchmarks) at different levels of the administration. It is primarily against this framework and that of the budget that the whole-of-government performance can be measured. The role of planning has been significantly bolstered by the initiatives implemented between 2006 and 2007. The introduction of goals and quantifiable indicators to the NDP, the requirement that line ministries align their sector plans with the NDP, and the development of MIs at the program level have all contributed to enhancing the role of performance based planning in Mexico.

Nevertheless there is still a fundamental challenge regarding planning namely, its effective harmonization with budgeting processes. At national and sector levels these processes currently take place separately, undertaken by different units for whom coordination of work is made it difficult by the fact that, for example, the two processes follow different calendars. Meeting this challenge will require a revalidation of planning as a managerial tool at sectors and agencies so as to change the perception that the planning function is a procedural, compliance-related activity, with relatively low value added to the public management processes. In addition, the technical and operational elements associated with harmonizing planning and budgeting will also require investments.

Another area where room exists to strengthen the links between the government's performance and planning is the systematic evaluation of the current national and sector planning exercises. At the moment, evaluation tools are mainly focused at the program level and no assessment methodology for plans exists. Evaluating plans will create

incentives for the agencies to undertake these processes in a more managerial and less procedural manner. The challenge for SHCP, CONEVAL, and SFP is creating the incentives and the tools for reinvigorating the planning function, and conveying its crucial role for performance-based management and budgeting.

#### **4.5 Strengthening the Role of Monitoring**

The Mexican model has put a premium on evaluations conducted with a high level of sophistication. However, a standardized, systematic, and consolidated monitoring function has yet to be developed.

A well-developed monitoring function is essential to effective planning and budgeting, because government performance is strongly linked to services and products that need to be managed on a daily basis (normally using administrative records produced by the programs). This rather contrasts with the evaluation function which focuses more heavily on outcomes and impacts, and relies more strongly on statistics and longer-term, in-depth analyses.<sup>41</sup>

As such, a core challenge for the Mexican M&E system is to reach a proper balance between these two different activities. Part of this challenge is ensuring that both activities are conducted in a technically sound and complementary manner. Monitoring tools should facilitate timely assessment of key performance parameters, allowing managers to deal with problems before they become critical. An additional, often overlooked, benefit is that monitoring data can be collected at relatively low cost and the data can be later used to conduct more extensive and systematic evaluations. The adequate informing of budgeting processes—normally conducted under rigid time and operational constraints—strongly requires monitoring.

The SED should aim to fill the monitoring gap. However, it still faces the challenge of setting a framework with sound technical and institutional rules to cover the whole management cycle. This would involve producing monitoring information all the way up and down the implementation chain, from inputs and activities at the bottom, to products, outcomes, and impacts at the top. As previously noted in discussion of other aspects of the system, collaboration among CONEVAL, SHCP, and SFP could have a significant pay-off for ensuring success in this effort.

#### **4.6 Strengthening the Quality of Performance Information**

Having a dependable information infrastructure that supports performance-based management is extremely important. This infrastructure is the single, most important foundation for the availability and quality of the government's M&E work. A rapid review of current practices in line ministries shows, among other weaknesses, lack of standardization in quality protocols for managing data, disparate information on programs' beneficiaries, limited harmonization of surveys and thematic coverage for priority program evaluations, and limited capacities to manage information by management staff (see table 2).

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<sup>41</sup> This may, in turn, require surveys and/or more sophisticated estimations.

**Table 2. Challenges to Attaining Results Information in Line Ministries**

<b>Selected Challenges Identified</b>
<p><b>Results information:</b></p> <ul style="list-style-type: none"><li>• Little focus on collecting results information, emphasis given to financial and administrative data.</li><li>• Registries of social programs' beneficiaries vary in quality; some do not track beneficiaries but intermediaries instead.</li><li>• National Information Institute supply is not necessarily aligned with performance information needs; low advantage taken of potential survey harmonization and thematic coverage for priority program evaluations.</li></ul>
<p><b>Databases:</b></p> <ul style="list-style-type: none"><li>• Variables identified by different names lead to confusion and difficulties for aggregating information.</li><li>• Databases are not interconnected and are still not easily available to users.</li></ul>
<p><b>Management of information:</b></p> <ul style="list-style-type: none"><li>• No standardized quality protocols for managing data; each program uses different practices, resulting in varying quality.</li><li>• IT systems lacking ability to operate together.</li><li>• Lack of funding in programs to strengthen information collection.</li><li>• Varying capacities of information management staff.</li></ul>

If decision makers perceive that bad information is feeding into the system, its short-term credibility and longer-term sustainability can be seriously damaged. Action to enhance the quality of performance information is, therefore, an important challenge for Mexico.

CONEVAL's decision to establish a formal partnership with the National Institute of Geography and Information (INEGI) should increase the performance information collected through surveys, thereby providing more data to strengthen poverty measurement and evaluation work. Although this is a good step forward, the challenge lies in expanding this effort to cover the entire SED and in extending collaborative work to the other statistical institutes in Mexico.

## 5. CONCLUSIONS AND LESSONS LEARNED

This paper has reviewed the steps taken by Mexico's federal government to create a countrywide M&E system, as well as the principal achievements and challenges on the path toward institutionalizing the system.<sup>42</sup> Full institutionalization has not been accomplished yet but there are ongoing initiatives on several fronts to strengthen, expand, and consolidate the depth and scope of the M&E reforms in the public sector. Although the process is not yet complete, Mexico has achieved definite successes in the last decade and, particularly, since 2005 when in-depth performance management reforms started.

The system evolved from a sectorwide, mainly accountability-based endeavor, to a national-level, centrally driven initiative closely linked to the annual budget process. The principal champion of the system, owing to its main area of influence, is SHCP, with the powerful support of SFP and the technical advice of CONEVAL. Each of these agencies is in charge of operating key components of the system. The political support of the President's Office has also played a part due to its increasing support and encouragement of performance management reforms in progress. The system's rapid implementation has also been the result of the combination of these three agencies' influence, power, and technical capacities.

The involvement of the Ministry of Finance has been central. Integrating, under one coherent framework, previous unrelated performance evaluation efforts, required considerable authority over other ministries and close dealings with the President's Office. This allowed the Ministry of Finance to combat problems, such as the lack of standardization in program planning and evaluation frameworks, and the variations in technical quality of the evaluation methods across public agencies. The SHCP's championing role also ensured the establishment of further links between the M&E work and the budget process. These have led, in turn, to greater acceptance of evaluation, in general, and to an increase in opportunities for line ministries to use the system's performance information. These have been two of the most important factors in ensuring the progress of performance management reforms in Mexico.

The existence of a technically strong and independent specialized agency in charge of coordinating evaluative work was paramount in the process. The model set by the National Council of Evaluation for Social Policy (CONEVAL), which brings academia's objective perspectives and strengths, provided the basis to increase independence, technical robustness, and, hence, credibility of the evaluative work. CONEVAL's participation as technical leader, trainer, and standard setter of the system offers an interesting example of the potential benefits of not relying exclusively on the power of the Ministry of Finance to enhance the commitment of line ministries. Persuasiveness, based on technical grounds, and the provision of a range of positive support and assistance can also be very powerful. In the case of Mexico, the participation of CONEVAL proved to be a necessary condition—rather than a complement—for successful implementation of the system.

This combination of implementation responsibilities is not always possible and, whenever feasible, is definitely more challenging due to higher coordination requirements. Most advanced M&E systems have chosen to put exclusive implementation responsibility in the central budgeting agencies (for example, in Chile,

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<sup>42</sup> General references to the institutionalization of M&E in government often refer to the existence of a sustainable, well-functioning system, in which good-quality performance information is produced and used intensively. See Mackay 2007, IEG 2008.

Australia, and New Zealand) or have relied more heavily on evaluation capacity in the line ministries (such as in Canada and the Netherlands) or in planning ministries (for example, as in Colombia). In Mexico's experience, having additional agencies, such as CONEVAL, SFP, and the President's Office, also championing the system, provided synergy and enhanced the reform momentum.

Important lessons in a number of areas can be drawn from Mexico's experience in implementing a governmentwide M&E system. These lessons are related to the successful integration of different pieces of M&E work, the obstacles encountered in the process, and the solutions advanced. It is hoped that these lessons will be useful to other countries endeavoring to strengthen or to build a whole-of-government M&E system. Some of these lessons include the following:

- ***Adopting an opportunistic approach toward implementation was effective.*** Top-down state or budget reforms often offer unique opportunities for introducing, strengthening, or broadening the scope of the M&E practices in government. Capitalizing on the reform momentum may require the forging of partnerships even if the lines of their responsibilities are not entirely clear. In Mexico, even when roles seemed to overlap and tensions among agencies emerged, interested government agencies worked to keep the process moving forward, without stopping to formally define their respective functions.

Caution should nevertheless be taken not to leave too many roles and responsibilities of key stakeholders without clear definition because in time, the costs could exceed the benefits. Agreements can be useful for creating frameworks and for advancing the initial implementation. However, long-lasting and effective operation in advanced stages (e.g., for ensuring utilization) can be difficult, and the risks of implementation obstructions can be high if the functions among key actors are not clearly defined. International experience indicates that whenever possible, making those functions clear from the start offers substantial benefits in the long run.

- ***The introduction of M&E practices and tools needs to respond both to political and technical requirements.*** Evaluation in Mexico was an answer to, and a consequence of, the political transition to democracy, specifically, to the increasing calls for accountability in government. But it was also a technically planned effort in response to Congress' political decisions to demand performance evaluations of all government programs. The bottom line, in this particular respect, is that the implementation of M&E reforms should not simply be seen as a technical issue, to be solved by the executive. Congress and the political context play a crucial role if an M&E reform is to be truly internalized by the whole government. Unfortunately, there are no formulas to ensure that these two requirements go hand-in-hand.

- ***The risks of overly engineering the M&E systems, both in quantity and quality of the methodologies and information they produce, are present in many countries.*** In Mexico, the law mandates and enforces annual evaluation of all government programs, but the capacity to accomplish such mandates—both at the government level and in the supply of evaluators—does not yet exist. CONEVAL has learned from this experience and is adjusting its Annual Program of Evaluation to identify the sequence and types of evaluation that need to be implemented in the years to come. This is an important step since excessive development of evaluation methods and production of performance information might simultaneously weaken the demand for results information itself.

- ***Institutional arrangements to foster the demand for evaluation might be useful.***

The Mexican case shows that proactive steps are needed to integrate performance information in decision making and accountability processes, in order to enhance coordination and ensure appropriate dissemination of performance information. In countries with a legal tradition, these arrangements are normally supported by laws and permanent regulations, while in countries with a more embedded managerial tradition, the use of performance information will depend more on largely accepted practices.

- ***Mexico's momentum for the institutionalization of M&E has been effectively seized by key government champions.*** The development of the system has helped to move the modernization of government forward, bringing a large array of improvements, which affected accountability and transparency mechanisms, the planning and budgeting process, and the professionalization of the public service. For Mexico, the institutionalization of M&E, in parallel with the opening up of the political system at the beginning of this decade, has contributed toward helping the country to overcome a legacy of intense mistrust in government.

In conclusion, the achievements of the M&E system in Mexico are impressive but still incomplete. Planning, measuring, and reporting government results have been widespread, and capacities—particularly in the federal government—have improved. However, actual use of the results—the clearest and most potent sign of successful institutionalization—is still a challenge, though it is greater today than it was several years ago. The risks of information overload and agency fatigue due to increasing demands on line ministries, and the need for further coordination, are still present. The solid foundation already built will probably result in greater use of the system, but expectations should be managed. Even M&E systems in the most developed countries still face many of the same challenges.

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## ANNEX 1 Chronology of Key Initiatives and Events

### DISPARATE EFFORTS FOR M&E

- 1970s, 1980s, early 1990s
  - Pioneering program evaluations are conducted with the support of multilateral agencies, e.g., Public Investment Program for Rural Development (PIDER)
  - Introduction of “Integral Audits” and concepts of performance measurement by the new Federal Audit Institution (Contraloría)
  - National Planning System and Planning Law require financial and physical indicators to be presented to Congress.
- 1995
  - Evaluation System (SED) is envisioned as part of a budget reform.
  - The evaluations of the Social Milk Supply Program (Liconsá), the Rural Supply program (Diconsá), the National Solidarity Program (PRONASOL) and several job training programs are conducted.
- 1996
  - The Program for the Modernization of the Public Administration (PROMAP), introduces performance indicators, internal evaluations and the concepts “accountability” “performance management” and “performance budgeting” to the Federal Administration.

### ESTABLISHING A SYSTEMIC ROLE FOR EVALUATION

- 1997
  - Influential evaluation of Progresá/Oportunidades program starts.
- 1998
  - Congress requires federal programs providing subsidies to prepare rules of operation (ROP) with standard information on design, objectives, performance indicators, beneficiaries, and operation.
- 1999
  - Congress mandates all programs with ROP to be evaluated annually by external evaluators.
- 2000
  - Results of the evaluation of Progresá/Oportunidades are published.
  - Technical Committee for Poverty Measurement (CTMP) is set up to prepare an official methodology to measure poverty reduction.
  - Implementation of a Presidential Goals System.
- 2001
  - Creation of SEDESOL’s Under Secretary for Planning, Prospect, and Evaluation.
  - Creation of the new Federal Superior Auditing Office (ASF)
- 2002
  - Creation of the National Institute for the Evaluation of Education.
  - The Federal Transparency and Public Information Access Law is passed, reinforcing evaluation’s role and its public dissemination.
- 2003
  - The Public Administration Secretariat (SFP) is created, with responsibilities in performance auditing.

### PROGRESS TOWARD A GOVERNMENTWIDE M&E SYSTEM

- 2004
  - The Social Development Law is passed, introducing monitoring and evaluation of social programs and creating the National Evaluation Council (CONEVAL).
- 2005
  - CONEVAL’s rules of operation are enacted and the council begins operations.
- 2006
  - The Federal Law of Budget and Fiscal Responsibility is enacted, making operational the links between strategic planning and the budget process, and creating the Performance Evaluation System (SED).
- 2007
  - General Guidelines for the Evaluation of Federal Programs are set up to establish results frameworks, procedures, standard methods, and coordination mechanisms.
  - CONEVAL conducts widespread training in logic frameworks for all program officials.
  - The Annual Budget Decree assigns specific resources for program evaluations.
- 2008
  - The General Guidelines for the Programming and Budgeting Processes establish operational procedures and rules for the implementation of performance budgeting and the Performance Evaluation System (SED).
  - SED begins formal operations.
  - The Annual Budget Decree introduces the National Annual Evaluation Plan.

Type of Evaluation	Scope of Application	Number of Evaluations		
		2007	2008	2009
<b>Total</b>		126	192	196
<b>Consistency and Results</b>	Programs that deliver goods and services and receive subsidies	103	34	22
<b>Process</b>	Programs that deliver subsidies under the rules of operation			6
<b>Impact</b>	Programs that deliver subsidies	2	6	6
<b>Strategic</b>	Policies	2	1	7
	Nutrition and supply	x	x	
	Rural development	x	x	
	Health			x
	Social security			x
	Microcredit			x
	Inclusion of a gender perspective in the housing, health, and labor policies; and in productive projects			x
	Transfers to sub-national levels (Item 33)	x	x	x
	Transfers to sub-national levels (Item 33)			x
<b>Specific</b>	Particular aspects of the programs	6	151	155
	Public policy monitoring	x		
	Quality of services	x		
	Performance of programs that provide subsidies		x	
	Gender perspective		x	x
	Perception of the beneficiaries of the program rural supply		x	
	Performance of programs with matrix indicators			x
	Perception of the beneficiaries of programs under the rules of operation			x
	Metropolitan and regional funds			x

Source: Mexico's Ministry of Finance and Public Credit, Budgetary Policy and Control Unit, October 2008.

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