

Budget Monitoring Performance Evaluation and Reporting

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Introduction

The quest for value for money in government activities has brought monitoring and evaluation (M&E) to the fore of development management. Within the realm of development management, M&E provides all stakeholders of development a better means of learning from past experience, particularly as it relates to improving service delivery, as well as planning and allocation of resources.

Public sector managers generally use M&E for two overt purposes i.e. management and accountability. In the past, not much attention was paid to M&E in the development process in Nigeria. Lip service attention was paid to M&E without any significant bearing on project outcomes. That, to a large extent explained the large number of erstwhile uncompleted/abandoned projects. While, for those that were eventually completed, the completion time became greatly lengthened resulting in cost overrun.

The primary reasons often mentioned for the proliferation of uncompleted projects include unnecessary delays in project completion and cost overrun. The need to address these issues underscores the importance of project monitoring and evaluation in the country.

Monitoring and Evaluation is concerned with one or more of the following aspects of programme/project performance

Effectiveness: To what extent has the programme/project achieved its objective and reaches its target group(s)?

Efficiency: Do the expected programme/project results continue to justify the costs incurred?

Relevance: Does the programme/project continue to make sense?

Impact: Is there a perceived change in the status quo i.e the degree to which the beneficiaries are affected positively or otherwise?

**Reaction and
Responsiveness:**

What is the level of acceptance, cooperation or otherwise of the target beneficiaries?

Validity of design:

Is the design logical and coherent?

Causality:

What specific factors or events have affected the programme/project results?

Unanticipated: Is the programme/project having any significant (positive and/or negative) effects which were not foreseen?

Alternative Is there, or would there have been, a more effective way, strategies to address the problem(s) and achieve the objective(s)

Sustainability: What is the likelihood that programme/project benefits will be sustained?.

What is Monitoring?

Monitoring is the continuous or periodic review of programme/project implementation to assess delivery, identify difficulties, ascertain problem areas and recommend remedial actions.

Budget monitoring involves the collection and analysis of data about budget activities. The data should be easy to understand. It allows budget operators to keep track of budget activities to determine whether budget objectives are being achieved and to make whatever changes that are necessary to improve budget performance.

The purpose of monitoring is to ensure the efficient and effective programme/project implementation. It provides timely information on the work planned and done to all the parties concerned.

Primarily concerned with the delivery process, ensuring that inputs, through activities, are transformed into outputs, and analyzing their quantity and quality.

Rationale for Monitoring

- (i) Provides information on the progress of the programme/project as it relates to performance, costs and time schedule relative to the original plan
- (ii) Identify constraints to performance, their sources and their impacts on the programme/project plan
- (iii) Prepare report that highlights the finding of the various analyses by presenting a range of logical options requiring decisions by management. The logical options should include, among others, suggested solutions, and /or actions needed to be taken to put the project on course.

Types of Monitoring

- Start up Monitoring
- Financial Monitoring – ensures that fund released for execution of project is expended as planned
- Physical Monitoring – involves critical examination of activities such as purchases, construction, etc
- Inputs –Output Analysis Monitoring – it determine the efficiency and effectiveness of the system and shows whether the level of output is commensurate with inputs consumed.

What is Evaluation?

- Evaluation is a sporadic or spontaneous process or act of assessing a project's effectiveness, efficiency, costs, relevance and impact based on specified objectives and from the information obtained laid a solid foundation for a better execution of similar project in future.
- Evaluation is meant to improve both an on going project and the planning, programming and decision – making of future projects

Rationale for Evaluation

- Measures achievement in relation to institutional objectives and goals set for each operation.
- Is designed to provide an objective basis for assessing the performance of policies, programmes, projects and processes.
- Improves policies, programme and projects by identifying and disseminating the lessons learned from experiences.

Types of Evaluation

- Ex- Ante Evaluation
- On-going Evaluation
- Terminal Evaluation
- Ex- Post Evaluation

Budget Monitoring and Evaluation serves several purposes:-

- facilitates the identification and resolution of problems;
- enhances budget performances and ensures congruence with the overall government policy criteria;
- provides the basis for technical and financial accountability;
- builds local capacity to implement and manage projects successfully; and,
- promotes the identification and dissemination of lessons learned which is then applied in the implementation of successive budgets/projects

Factors Militating Against Effective M&E in Nigeria

- Dearth of M&E experts/insufficient training of M&E personnel
- Shortage of materials/facilities
- Poor data base
- Insufficiency Coordination among various level of M&E
- The time-span for the monitoring for many projects is too short for any meaningful assessment of project.
- Lack of understanding of monitoring by many organizations.

Factors Contd.

- Failure to involve end-users in the planning and evaluation of development projects.

Associated with the above factors are the following fundamental facts:-

- No National Development Plans with costed Programmes and Projects
- NEEDS (PRSP), only serve as Proxy for National Development Plan but not a plan
- MTSS is only applicable in some selective sectors and as such not the entire budget is MTEF compliant
- There is limitation in the use of MTSS and MTEF as they relate to growth in developing countries
- Evidence shows that most countries with double digit growth are the one operating development plans, eg Indian, China, Malaysia, etc
- Many projects admitted into the budget do not pass through the MTSS

Factors Contd.

The implication of the above is that :-

- The whole discussion on M&E is turned to a mere rhetoric as there are no effective M&E framework built into the budget
- Ability to engage in any meaningful monitoring and performance evaluation is impaired as there are no comprehensive verifiable and measurable targets against which to monitor and evaluate budget performance
- The best that be done is to evaluate performance on the basis of incurred expenditure and fund releases (inputs)

Factors Contd.

- Budget performance should be evaluated against targeted outputs rather than sunk inputs

Which way out?

Need to Return to Formal Planning for effective M&E

- Nigeria vision 20: 2020 is a perspective plan
- To be translated into medium term plans of between 3 and 5 year time horizon
- Budgeting system will move away from the traditional line item type to a performance-based system
- Programmes and projects admitted into the budget will be based on policy objectives of the National development plan
- Programmes and projects will be fully costed and targets attached
- There will be buy-in by all stakeholders especially the legislature in the plan making process

The way out contd.

- The implication of the above is that:-
- Monitoring and evaluation will become institutionalized
- M&E becomes much more effective with verifiable and measurable indicators,
- Re-invigoration of the role of the National Planning Commission and the Federal Ministry of Finance in plan formulation, budget preparation, monitoring and evaluation.
- Ensure regularly and timely submission of progress report (preferably quarterly), giving details of activities and progress, measured against targets and statement of income and expenditure.

Looking at the Tools for Monitoring

- Two important monitoring tools are the **work plan** and the **progress review**. While the *work plan* indicates what will be done, the *progress review* examines work actually carried out.

- **The work plan should provide:**
 - The outputs and activities described in a schedule
 - Sequence in relation to each immediate objective
 - Their planned starting and completion dates
 - The person(s), organisation and/or institution responsible for carrying out the work

Tools for Monitoring Contd.

The Progress Review should answer the following questions:-

- Are inputs being made available as planned?
- Are activities being carried out according to the work plan?
- Are outputs being produced as scheduled?
- What changes have taken place, particularly, if any additions or deletions were made?
- What problems or difficulties have been encountered?
- What remedial actions have been taken or are planned?

Strategies for Effective Evaluation

The following strategies must be adopted in order to have an efficient and effective evaluation:

- Evaluation should be built in at the start of project planning.
- There should be honesty of purpose between the program staff members and the evaluator.
- A clear understanding of evaluation purpose should exist.
- The project's goals and objectives should be clearly understood and stated in measurable terms.
- Agreement on “success indicators” and “failure indicators” must exist.

Strategies for effective evaluation Contd.

- There must be an understanding of the evaluation design: When data will be collected and by whom, what interventions are likely to interfere with project activities, etc.
- The evaluation design should be flexible enough so that times lines and data-collection methods can be altered midstream(if necessary).
- There should be joint consultation regarding study results, and a joint interpretation of results before conclusions are drawn and decisions made.

Strategies for effective evaluation Contd.

- Budget/project evaluations should include a participatory component. Participatory monitoring and assessment involves early consultation with the community members and stakeholders about:-
 - project design,
 - the problems to be addressed,
 - potential courses of action,
 - community resources which can be brought to bear,
 - the role of external support,
 - participatory research to complete baseline information,
 - participatory definition and agreement on project concept,
 - consensus about the project objectives and activities

Towards Strengthening M&E system

- (i) Adequate staff in terms of quality, quantity and experience should be deployed to the M & E departments.

- (ii) Release of funds for projects should be based on a clean report from the M&E Departments on the earlier projects executed or funds released.

Strengthening M&E Contd.

- (iii) To carry out their functions effectively and objectively there is the need for proper funding of M&E Department/Units with running grants as well as appropriate equipment.
- (iv) There should be constant dialogue and exchange of idea and experiences among the various level of M&E Department.
- (v) The M&E system should be harmonized at the various levels to allow for free flow of information and minimization of conflicts.

Strengthening M&E Contd.

- (vi) Insistence on clearly defined indicators of performance in all projects. No project should be admitted into the budget or approved without explicit statement of how it will be monitored and evaluated, including where possible quantifiable indicators and targets.

- (vii) All budget proposals should also be required to present a “Risk Analysis” stating the critical assumptions and external factors upon which the achievement of budget objective depends

Budget/Project Reporting

- Reporting is an essential component of budget and project management
- It is the formal presentation of monitoring information. The main reasons for reporting are the following:
 - (a) *To formally inform management* : Reporting ensures that management, particularly the project coordinator's supervisor or project manager, is formally appraised of the progress made in project implementation and the supervisor or project manager is aware at an early stage of actual and potential problems and any remedial action taken;

Reporting Contd.

- (b) *To validate requests for further funding:* Reporting ensures that the budget office is kept informed of all aspects of project implementation. The budget office, together with project coordinators or managers, can then ensure that disbursed funds have been properly used before authorizing any further release of funds;
- (c) *To serve as an audit and evaluation trail:* Reporting maintains a record of all actions taken during project implementation. It therefore constitutes a vital resource for auditors and evaluators in assessing whether a project has been implemented in accordance with the rules and regulations and as efficiently and effectively as possible;

Reporting Contd.

- (d) *To serve as a reference for future projects:* Reporting serves as a vital resource for ensuring that lessons learned (project successes, failures, best practices) through project implementation are available for consideration when formulating and implementing future projects;
- (e) *To report to the donors on the project's progress:* Often, reporting is requested by donors as they have shared interests in the success of projects. Donors sometimes fund projects contingent upon satisfactory progress. They increasingly ask for progress and final reports at the results and objectives level rather than at the level of output or activity delivery.

Format for Effective Reporting System

All reporting should be done against the followings:-


- Ensured that each approved project should include an M&E plan with appropriate indicators;
- The reporting formats should have sections for feedback from the various government supervisory agencies such as the budget office, National Assembly and the Fiscal Responsibility Commission in compliance with the Fiscal Responsibility Act, 2007;

Reporting Format Contd.

- The reporting formats should be such that it encourages introspection and reflections on learning by the implementing MDAs; and,
- Though performance evaluation of budgets and projects is generally done towards the end of the budget year or project implementation, but as matter of effectiveness, it should be regularized and should be included along with monitoring in project design.

Concluding Remarks

- The result of monitoring and evaluation must be fed back into the implementation of on-going activities and the planning of future ones, as part of lessons learnt.
- However, while a monitoring and evaluation framework should be systematic, it should also allow for unexpected occurrences and results.



Thank You For Your Attention