

## The Role of Evaluation in Mexico: Achievements, Challenges, and Opportunities

*Traditionally, evaluation of public expenditure has focused on the size and composition of public expenditure, rather than on its quality. However, evaluation can enhance the quality of public expenditure by identifying approaches that yield best results and can be replicated or scaled up. In the context of performance-informed budgeting, planning agencies, line ministries, and groups outside government, such as the congress and civil society, can use information on program outcomes generated by evaluations. This note summarizes Mexico's experience in institutionalizing and using evaluation as a tool for learning and accountability and in strengthening the role of evaluation in the framework of performance-informed budgeting.*

### Background

Mexico was a world pioneer in evaluation in the 1970s, using support from the World Bank to focus on evaluating integrated rural development projects.<sup>1</sup> These first-generation evaluations were antecedents of the evaluation of the *Progresas/Oportunidades* program that began in 1997—one of the most influential evaluations in the development world<sup>2</sup> (see Box 1).

**PROMAP.** In 1996 President Ernesto Zedillo instituted a Program for Modernization of the Public Administration, PROMAP, to promote accountability and improve the service culture, in part through in-

dicators for performance evaluation. The PROMAP discourse introduced the words “accountability” and “evaluation” to Mexican public administration. A subprogram, Evaluation and Measurement of Public Management, sought measurable outcomes for internal evaluation and performance indicators to guide the decision-making process, and the Ministry of Control and Administrative Modernization was created and given responsibility for developing performance indicators, performance agreements, and defining budgets in relation to achievement of results. However, PROMAP achieved little and was not able to transform the familiar decision-making process within ministry offices.

#### Box 1. An Influential Evaluation: *Oportunidades*

The *Oportunidades* Human Development Program is a Mexican Government program aimed at improving the education, health, and dietary intake of Mexico's poorest people. In 1997 it started to operate in rural areas under the name PROGRESA. By 2001 it had been extended to operate in semi-urban areas, and it reached urban areas in 2002. Five million families currently benefit from this program. The continuation of this program in successive administrations was largely due to the results emerging from its evaluation, which was considered credible.

From the outset, an evaluation component was included to quantify the program's impact through rigorous methodologies, using both qualitative and quantitative approaches. The impact evaluation of *Oportunidades* was assigned to internationally and nationally prestigious academic and research institutions. The evaluation of *Oportunidades* has been a continuous process focused on (a) measuring the outcomes and impacts on a short-, medium-, and long-term scale; (b) identifying the outcomes and impacts attributable to the program and discerning effects associated with other factors, on individuals, families, and communities; (c) analyzing indirect effects associated with the operation of the program; and (d) identifying ways to improve the program. The work done for this evaluation has yielded an important collection of information—databases, questionnaires, technical and methodological notes, household studies, and review documents—that is publicly available. Thanks to the systematic evaluation of the program, it has become a model for the design of other conditional cash transfer programs.

Source: SEDESOL, <http://evaluacion.oportunidades.gob.mx:8010/en/index.php>

<sup>1</sup> Some of this work is described in OED, World Bank (1983): Mexico – INTEGRATED RURAL DEVELOPMENT PROJECT (PIDER I), Loan 1110-ME (available in [http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/1999/09/10/000178830\\_98101901051757/Rendered/INDEX/multi\\_page.txt](http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/1999/09/10/000178830_98101901051757/Rendered/INDEX/multi_page.txt))

<sup>2</sup> See Behrman, Jere R. and Skoufias, Emmanuel (2006): “Mitigating myths about policy effectiveness: Evaluation of Mexico's antipoverty and human resource investment program,” in *Annals, AAPSS*, 606, which includes several useful references to the vast literature generated by this evaluation.

**Transparency and Good Government Agenda.** During the presidency of Vicente Fox, the issues of administrative reform and responsive government were placed squarely on the public agenda with the National Program to Combat Corruption and Promote Transparency and Administrative Development and the Good Government Agenda (ABG). These reforms sought to transform administrative structures and procedures, the technology used by government, and the behavior of public employees, to deliver more and better public services at a lower cost. Although this reform initiative fell short to fulfill its promise, it generated important lessons: (a) the need to prioritize and sequence reform activities; and (b) an understanding that the particularities of the diverse bodies of government matter; they cannot be treated as homogenous entities with a “one-size-fits-all” approach.<sup>3</sup>

## Achievements

In 2000, to achieve greater transparency and accountability and to prevent political manipulation of public programs, the Mexican Congress passed a law requiring an annual evaluation of all the programs conducted by the Federal Executive Branch. In 2001 the Under Secretary for Planning and Social Evaluation—SEDESOL—was created, and in 2004 Congress approved a General Social Development Law (LGDS) that institutionalized the evaluation process and created a National Evaluation Council (CONEVAL). In 2006 Congress approved the *Ley Federal de Presupuesto y Responsabilidad Hacendaria* (LFPRH), which creates the Performance Evaluation System (*Sistema de Evaluación del Desempeño*-SED) and details the use of performance indicators.

These institutional changes promoted evaluation and performance indicators, but these initiatives and arrangements were not integrated into a single system; rather, they were considered as a set of parallel systems. For this reason in March 2007 the General Guidelines for the Evaluation of Federal Programs were published between CONEVAL, the Ministry of Finance (*Hacienda*) and the Ministry of Public Management (*Función Pública*) with the main objective of aligning the incentives of the previous evaluation and monitoring regulations.

The Guidelines describe the basic components for the implementation of the monitoring and evaluation system, including the importance of the linkage of strategic national social policy objectives to program indicators, the types of external evaluations applicable to federal programs (including impact evaluation, the design and consistency framework evaluation, process evaluation, etc.) plus the basic instruments for the improvement of program performance using

evaluation results. The Guidelines, along with the new performance evaluation system (SED), represent an important achievement in promoting a new culture of results-based management and evaluation.

In March 2008 for the first time Congress received from the Executive 116 external evaluations—Consistency and Results Evaluations—, coordinated jointly by CONEVAL, the Ministry of Finance and the Ministry of Public Management. These evaluations analyse the design, strategic planning results, coverage and targeting as well as the satisfaction of beneficiaries of social programs, so general recommendations can be drawn from these results. At the same time, at the beginning of 2008, almost 145 federal programs have elaborated their Logical Frameworks (*Matriz de Marco Lógico*) in order to improve planning and performance indicators.

Evaluations are also being carried out in other ministries. For instance, there is already evidence of the fruitful use of evaluation and performance information in the case of the Higher Secondary Education Sub-Secretary, which has been conducting impact evaluations for several basic education and higher education interventions, designing a new evaluation system and generating better data collection on scholarship recipients and survey instruments for the selection of recipients. The sector, along with the National Institute for the Evaluation of Education (INEE)<sup>4</sup> has also been active in collaborating with

### Box 2. A New Evaluation Institution: The National Evaluation Council (CONEVAL)

Mistrust has prevailed in several public institutions in Mexico for many years. For this reason CONEVAL was created with a governance structure that confer to it and to its evaluations a high degree of trust. Thus, CONEVAL is led jointly by its Executive Secretary and a panel of six academics who must be members of the National System of Researchers and who are elected by the National Commission of Social Development, that has national, state, municipality and Congress representatives.<sup>5</sup> The Council has two important tasks at hand: the measurement of multidimensional poverty at the national, state and municipal levels; and second, the evaluation of social policies and programs.

<sup>3</sup> See Mauricio I. Dussauge Laguna, “Paradojas de la reforma administrativa en México.” *Buen Gobierno*, 2 (2007): 28–42.

<sup>4</sup> See <http://www.inee.edu.mx/>

<sup>5</sup> See <http://www.coneval.gob.mx/> to have access to recent program evaluations and to poverty figures by State, Municipality and the recent evolution of National poverty.

the teachers' union for the dissemination of recent evaluations and tendencies in the education sector. In this way, evaluations are being developed and used in the context of budget preparation for policy development and potentially in the future for budget negotiation, as well as for budget execution.

An important contributor in terms of accountability is also Congress. Mexico's Supreme Audit Institution (ASF), with its division focused on performance audits,<sup>6</sup> applies the standards of the International Organization of Supreme Audit Institutions (INTOSAI). ASF was created in 2001 and it has been a relevant player in promoting a culture of evaluation and results.

**Strategic Plan.** The Strategic Plan 2001–2006 committed the Government to “present a budget reform based on the modernization of the budget process to ensure more efficient and transparent public expenditures.” It highlighted the important link between management reform and public sector productivity: “Public sector productivity...requires strengthening the flexibility and autonomy needed by public officials for decision-making. This in turn strengthens accountability mechanisms and performance evaluation.” The National Development Plan (NDP) for 2007–2012 builds on the objectives of the Strategic Plan to focus on improving the “management, processes, and results” of the Federal Public Administration.

**Legal Framework.** The new legal framework for evaluation includes the following:

- the January 2004 *Ley General de Desarrollo Social* (LGDS) which creates CONEVAL
- the March 2006 *Ley Federal de Presupuesto y Responsabilidad Hacendaria*, which details the requirements and use of performance indicators;
- the 2007 Fiscal Reform, which details the performance evaluation (SED) framework and requires states and municipalities to adopt results-based management;
- the 2007 General Guidelines for the Evaluation of Federal Programs; and
- the 2008 Agreement for the implementation of the SED, which requires the issuance of an annual evaluation program that includes the budgetary programs to be evaluated and the types of evaluation to be carried out, and establishes that the information generated by the SED will be disclosed to the public.

<sup>6</sup> See <http://www.asf.gob.mx/>

## Challenges

The Mexican evaluation framework presents two important gaps.

**Institutionalization Gap.** Although Mexico has a legal framework for evaluation and CONEVAL is an appropriate institution for the evaluation of social development programs and policies, public sector evaluation is not fully institutionalized at the central and subnational government levels or in the sectors (except in social development and education). Thus evaluation at those levels is institutionally homeless—so that economies of scale and of scope in evaluation activities cannot be developed, and the country cannot benefit from the enhanced accountability and learning that would result from broader evaluation. Spain's experience of institutionalizing evaluation (see Box 3) provides an interesting reference model.

The Agency's Governing Board, which is chaired by the Agency's president, includes representatives of the Ministry for Public Administration, the Ministry of Finance, the Ministry of the Presidency, the Ministry for Foreign Affairs and Cooperation, and the trade unions, as well as independent professionals of widely acknowledged reputation. Representatives of autonomous communities (regions) that sign cooperation agreements with the Agency may also sit on the Governing Board. In fact, one of the roles of the Agency is to promote the development of an evaluation culture at the level of the autonomous communities.

**Capacity Gap.** Although the Government has improved its program evaluation capacity, most of this expertise is located in CONEVAL/SEDESOL and deals

### Box 3. The Spanish Evaluation Agency

The Spanish National Agency for the Evaluation of Public Policies and Quality of Services was created on January 1, 2007. Its goals are to use evaluation to improve the quality of public services, enhance the public accountability of government bodies, and promote a better use of public funds. Its creation was based on the recommendations of an expert panel of academics, distinguished professionals, and public managers that prepared a detailed analysis of evaluation in Spain with references to international experiences.

The Agency is a public-law body with its own legal personality and property, endowed with management autonomy and flexibility. It is attached to the Ministry for Public Administration. The Agency evaluates the programs and policies selected each year by the Spanish cabinet, and submits to the Parliament an annual report on central Government agencies' efforts to improve the quality of the services they provide to the public. A management contract governs the Agency's activities and its relations with the Government, which funds those activities.

only with the evaluation of social programs and policies, which represent only a minority fraction of all public programs. There is only limited capacity to conduct or contract evaluations and monitoring of non-social programs. Meanwhile, the private market for providers of external evaluations remains extremely limited. Thus, though there are some highly competent evaluation experts in CONEVAL and SEDESOL, as well as in some universities and research centers, the central and subnational levels of government lack capacity to manage, conduct, and use evaluations. Three symptoms of this gap are the proliferation of indicators that are not used, problems in the quality of some evaluations, and the almost total lack of evaluations at the state level. A three-pronged approach would help:

- **The supply side of the evaluations market should be strengthened to reduce transaction costs and increase the quality of evaluations.** Evaluations of federal social programs have been of variable quality and utility. High-quality providers of evaluation services are scarce, and demand, greatly increased by the Congressional mandate, has exceeded supply. It is essential to establish clear quality standards, and mediation and arbitration mechanisms to resolve controversies that may arise.
- **Enhancing M&E systems is not just a supply-side issue or a “technical fix”: the demand side is important, as well.** Even though supply-side issues such as the timeliness and quality of evaluations are important, M&E findings must have an important audience if the systems are to be sustainable. M&E information should be used by all stakeholders, including sector ministries and, often, civil society. To increase the impact of evaluations, their key messages should be disseminated in user-friendly ways.
- **A mechanism should be established to ensure that evaluation findings are used in subsequent decision making or action plans.** In Mexico evaluators have not engaged often enough in discussions with project managers (partly because of a misunderstanding about what is required to maintain the independence of evaluators), and managers have rarely used the evaluation findings to improve program performance. Recently, however, CONEVAL and SEDESOL’s external evaluations have involved greater collaboration between program managers and program evaluators to produce objective reports that can be used for decision making. Another approach would be to submit evaluation findings to program managers, along with an

official request for an action plan that addresses the issues raised by the evaluation. The goal is to link evaluations with decision making and to strengthen incentives for evaluators to offer realistic, meaningful recommendations. During 2008, CONEVAL, the Ministry of Finance and the Ministry of Public Management will produce guidelines for the use of evaluation findings

## Opportunities

The Mexican Government’s interest in improving the quality of public expenditure through evaluation is shown by the legal framework that has been developed in recent years, and by the commitment of officials in key government institutions to design and implement a performance evaluation system combined with results-based budgeting. In the context of performance-informed budgeting, performance information from evaluations could be used for stronger program and policy management in line ministries. It could also be used for more robust negotiation between the planning agencies and line ministers during budget preparation. In this process, the use of performance information can inform “spending reviews”—a special form of policy evaluation that is used in a number of OECD countries to support the allocation function of the budget. Unlike line ministries’ policy evaluations, these reviews go beyond effectiveness and efficiency under current funding levels and focus on the consequences alternative funding levels would have for outputs and outcomes.

The Mexican Congress is also showing increasing interest in evaluation, confirming another key role of performance information as an instrument for deepening the debate at all stages of the budget cycle among groups outside of government. International organizations such as the World Bank, the OECD, and the Inter-American Development Bank are providing valuable support as Mexico develops a suitable evaluation system, taking international best practices into account and adapting them to the Mexican situation. There are significant opportunities to enhance and consolidate the Mexican evaluation system and transform it into a key instrument for accountability, learning, and good governance.

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