



The World Bank

PREMnotes

AUGUST
2011
NUMBER 14

Special Series on

Chile's Monitoring and Evaluation System, 1994–2010

*Mauricio I. Dussauge Laguna*

The Chilean Management Control and Evaluation System (Sistema de Evaluación y Control de Gestión) is internationally regarded as a successful example of how to put into place a monitoring and evaluation (M&E) system. Chilean M&E tools are the product of both cross-national lesson-drawing, and national policy learning experiences. The main M&E tools are centrally coordinated by the Ministry of Finance's Budget Office (Dirección de Presupuestos–DIPRES) and promote the use of M&E information in government decision-making processes, particularly those related to the budget.

These M&E tools have been, however, subject to a number of criticisms. As a result, the experience described in this note does not necessarily offer a model that can, or should, be easily transferred to other countries with different institutional contexts. Furthermore, this note does not reflect the latest changes, nor does it try to offer guidance for the future. However, the Chilean experience summarized here, covering the period of 1994–2010, provides interesting examples and highly relevant lessons about the benefits and limitations of M&E design and implementation.

The Development of Chile's M&E System

Chile's M&E system originated in a series of reform efforts that started back in the 1990s. During the presidencies of Patricio Aylwin (1990–94) and particularly Eduardo Frei (1994–2000), an administrative modernization agenda gained currency among political and technocratic elites. While democratization advanced in the political realm, the new governing coalition faced a number of administrative and managerial challenges for which the Chilean bureaucracy was ill prepared, such as how to ensure policy coordination within

the central government, how to assess the performance of public programs and the effectiveness of government policies, and how to better monitor the use of public resources.

In response to these challenges, a set of reform initiatives were implemented during the 1990s, including the first generation of some of the tools that would later become the M&E system of 2000–2010. For example, the first round of performance indicators sponsored by DIPRES was implemented in 1994; the first program evaluations and a preliminary version of the General Management Reports were developed in 1997; and the first round of Programs for Management Improvement (PMIs) took place in 1998.

These and other efforts triggered a process of trial and error within the central government. In fact, some of these initiatives were voluntary and considered to be part of a long-term process of M&E capacity building (Marcel 2006). Public officials thus received training in M&E tool design and implementation and actively participated in target-setting and evaluation exercises. Although neither the quality of performance indicators nor the reliability of the information produced were ideal (Arenas de Mesa and Berner 2010), the

experience and institutional learning process that accompanied these years were definitely helpful assets when the M&E system was introduced in 2000.

Whereas the development of these M&E tools originated in Chile's own political transition to democracy, inspiration and some of the initial technical ideas came partly from abroad (Marcel 2006; Armijo 2003). Chilean policy makers studied best practices through documentation and interviews with government officials in Australia, the United Kingdom, and New Zealand, among other countries. Then a series of seminars took place in Santiago in the mid-1990s, in which administrative modernization strategies and M&E practices from these and other countries were discussed by national and international experts. Additional information was gathered via the study of public management reforms, communications with World Bank experts, and the participation of DIPRES officials at the Organisation for Economic Co-Operation and Development Senior Budget Officials meetings. In the end, Chilean officials did not copy any particular foreign model. However, these cross-national policy learning activities were essential to inform them about methodologies and tools used by other countries, which could be eventually adapted to fit the Chilean administrative environment.

strategic definitions on the basis of information provided during the previous year. They also take into account the government's priorities set by the Ministry Secretary General of the Presidency (MINSEGPRES) as well as the budgetary priorities defined by DIPRES in the budget law proposal submitted to Congress.

Strategic definitions go hand in hand with *performance indicators*, which are quantitative measurements reflecting targets/results to be achieved annually by each institution in the provision of public services and goods. Institutions prepare their performance indicators on the basis of those submitted in previous years to facilitate comparisons across time and thus provide information about institutional performance. Indicators are designed by each institution, but according to formats and internationally accepted quality criteria set out by DIPRES. Indicators can be process oriented, product oriented or results oriented, and are required to measure effectiveness, efficiency, economy, or quality of service factors. Institutions are required to notify DIPRES about the means used to verify the validity of information used. Performance indicators are then included in the Budget Law proposal submitted to Congress.

Comprehensive management reports are a third monitoring tool used by the Chilean government. While they have existed since the mid-1990s, the

The Chilean M&E System

The M&E system was formally introduced in 2000, centrally coordinated by the Ministry of Finance's DIPRES. Since the 1990s, DIPRES has played a key sponsorship/management role in developing and implementing M&E tools. The Chilean M&E system eventually comprised eight tools (Guzmán 2005, 2010; Arenas de Mesa and Berner 2010), which are listed in box 1 and briefly described below.

Monitoring tools

Strategic definitions were introduced in 2000 to provide information about each organization's mission, strategic objectives and products (public goods and services provided), and its clients, users, and/or beneficiaries. Every year public institutions are asked to prepare their

Box 1. Chile's M&E Tools

<i>Monitoring tools</i>	
Strategic definitions	2000
Performance indicators	1994; redesigned in 2000
Comprehensive management reports	1997; redesigned in 2000
Programs for Management Improvement	1998; redesigned in 2000
<i>Evaluation tools</i>	
Government program evaluations	1997; redesigned in 2000
Impact evaluations	2001
Comprehensive spending evaluations	2002
Evaluations of new programs	2009

Source: Author, based on Arenas de Mesa and Berner (2010).

ones introduced in 2000 sought to incorporate broader institutional information such as organizational structure, strategic definitions, human resources management, financial management, the description and justification of target achievement, and links between this information and the budgetary resources used. Comprehensive management reports are prepared by each institution following formats and criteria set by DIPRES, and are sent yearly to Congress. According to DIPRES, these reports are also used to comply with the 2003 State Financial Administration Law, which requires that central government organizations provide information about their institutional performance.

Programs for Management Improvement (PMIs) were designed around five management areas established by DIPRES: human resources, user service quality, planning and control, financial administration, and gender focus. Ministries/agencies that have completed these areas advance to a further stage that includes ISO-9000 certifi-

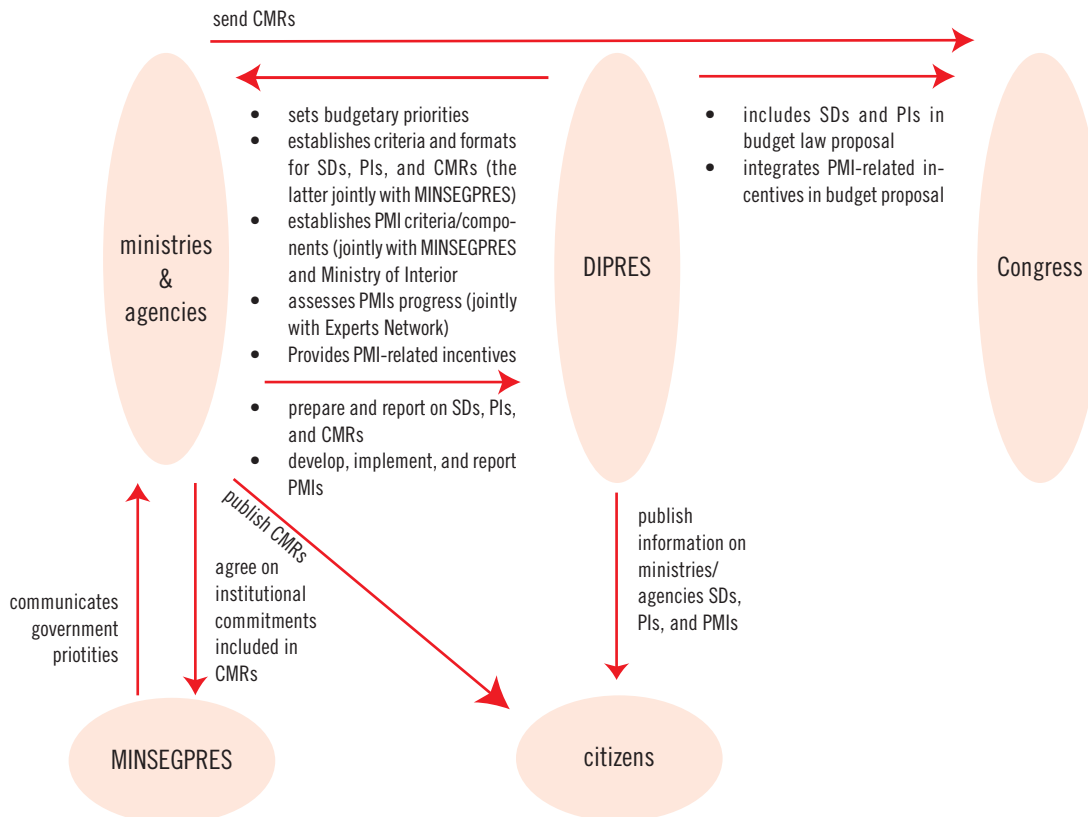
cation. Specific indicators and targets are agreed upon between DIPRES and each institution, so that the latter can improve their managerial capacity and organizational performance. Progress assessment is carried out by an “experts network” and overseen by the Tri-Ministerial Committee comprised of DIPRES, the Ministry of Interior, and MINSEGPRES. PMI annual results are tied to salary increases, and are also taken into account when agency funding levels are discussed during budget formulation (Guzmán 2005; Zaltsman 2009).

Figure 1 summarizes the relationships among different actors in managing and implementing monitoring tools in the Chilean system during 2000–2010.

Evaluation tools

The Chilean M&E system of 2000–2010 used four evaluation tools. These were coordinated by DIPRES on the basis of priorities set out by the Inter-Ministerial Committee for Evaluation,

Figure 1. Chile’s Monitoring Tools and Actors Involved



Source: Author’s illustration.

Note: SD=strategic definition; PI=performance indicator; CMR=comprehensive management report; PMI=Program for Management Improvement.

which includes representatives from the Ministry of Finance (DIPRES), MINSEGPRES, and the Ministry of Planning and Co-operation (MIDEPLAN). A key defining feature of all evaluations conducted in the Chilean government was the central role assigned to external experts (consultants and academics), who were selected through public tendering procedures managed and paid for by DIPRES. Furthermore, all evaluation practices were designed to follow principles such as independence, transparency, reliability and timeliness of the findings, as well as cost-effectiveness (Arenas de Mesa and Berner 2010).

Government program evaluations—introduced in 1997—were conducted by panels of three external experts, including one expert in evaluation practices, one in the policy field/sector under analysis, and one in program/public management (Guzmán 2010). On the basis of “logical frameworks,” which map out the foundations of each program, these experts assess the soundness of the program’s design, objectives, internal organization and management, and results. Evaluations usually begin in January of each year and last for about six months, so that DIPRES can use evaluation findings for budget proposal formulation.

Impact evaluations started in 2001 to determine how public programs ultimately affect their beneficiaries. Impact evaluations usually take about 18 months to implement, are based on a combination of qualitative and quantitative information, and use a completely different methodological approach. Instead of logical frameworks, they are based on quasi-experimental methods, in which evaluators compare two groups or “populations”: one population of program beneficiaries, and another population of people that did not receive the goods/services provided. Evaluators also measure the variables under study before and after the program has been implemented, thus seeking to eliminate potential measurement biases due to external factors.

Comprehensive spending evaluations were introduced in 2001 in response to a congressional petition. Instead of evaluating a program or agency, comprehensive spending evaluations try to evaluate the whole set of institutions that interact in a given policy sector. As the name implies, these evaluations assume a more comprehensive perspective, and thus usually take a year or so to evaluate a varied number of factors, including the links between institutional and sector objectives,

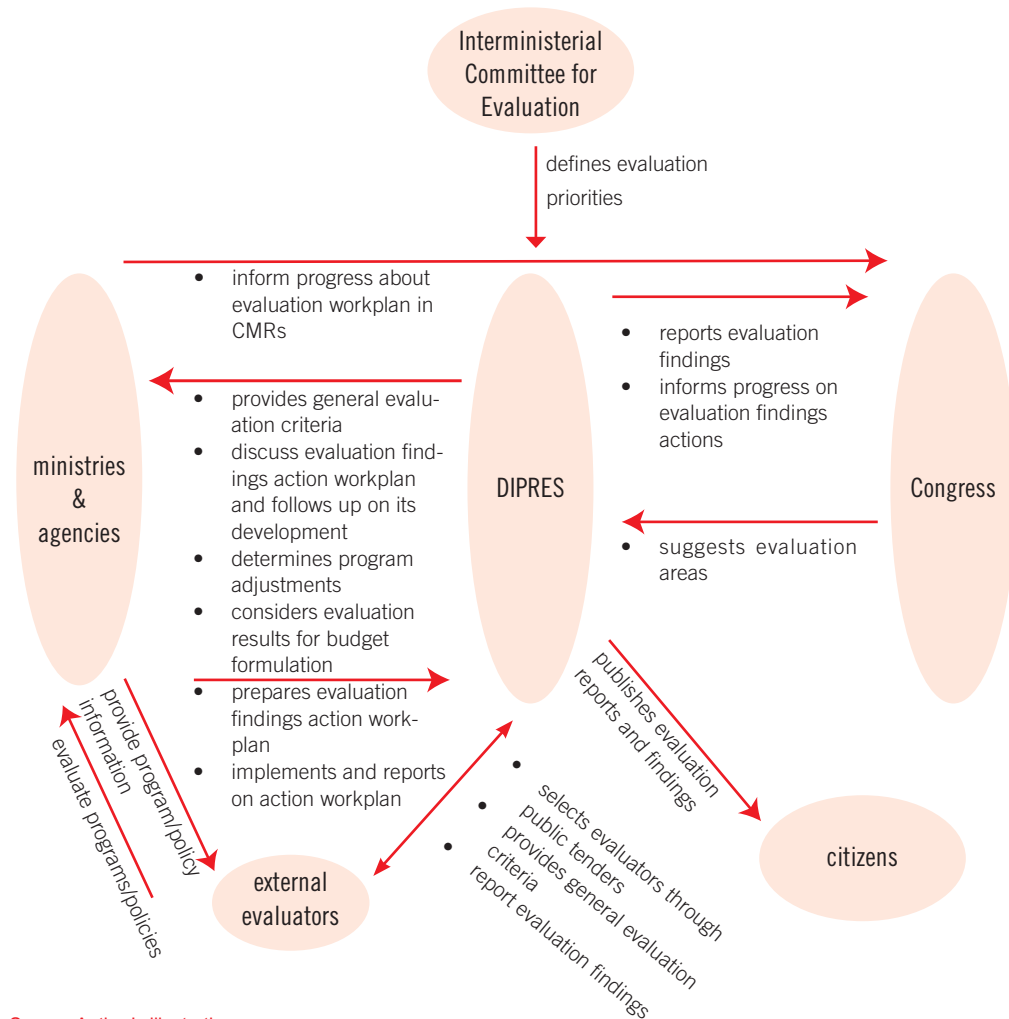
management processes, organizational structures and functions, and services/products provided.

Evaluation of new programs was just introduced in 2009. It seeks to provide relevant baselines to more effectively evaluate the future performance of new programs. These evaluations include the selection of a control group from the beginning, and are planned to cover an evaluation period of between two and three years in total. This type of evaluation receives technical support from an international advisory panel and the University of Chile’s Economy Department (Arenas de Mesa and Berner 2010).

The findings and recommendations obtained through the various evaluation tools are sent to Congress and are made publicly available through DIPRES’s Web site. Within the central government, evaluation results are discussed between the ministry or agency involved and DIPRES to determine whether the program requires minor adjustments, modifications in its design or in some of its management systems, a substantial redesign, an institutional relocation, or termination. Evaluated institutions and DIPRES then develop work plans, which establish a set of commitments to be implemented during the following two or three years. Institutions report progress in their comprehensive management reports and to DIPRES, which then includes relevant information in the Budget Law proposal submitted to Congress. Figure 2 broadly synthesizes the different activities performed by the actors involved in evaluation through 2010.

As the previous description shows, the Chilean M&E system of 2000–2010 contained a number of different tools designed to serve a variety of information demands, as well as a number of actors and institutions taking part in the design and implementation of the tools. Ministries and agencies have been, of course, the main producers of relevant information. Similarly, they have been responsible for adjusting their institution’s management, organization, and policy in response to their performance reported in indicators, PMIs, and evaluation findings and recommendations. Some particular ministries, such as MINSEGPRES, the Ministry of Interior, or MIDEPLAN, have played important albeit limited roles at certain points or with regards to specific M&E tools. Congress has received all relevant information through comprehensive management reports or as part of the Budget Law proposal prepared by DIPRES. While Congress has had some influence in

Figure 2. Chile's Evaluation Tools and Actors Involved



Source: Author's illustration.

determining areas for evaluation, it has remained a rather passive consumer of M&E information.

At the other extreme, DIPRES has played the lead role in every phase of the system. DIPRES has overseen the production of targets and performance indicators, had the final word regarding which evaluations should be conducted, set the general criteria and procedures for selecting evaluators, coordinated information gathering, followed up on institutional improvements, and has been in charge of linking monitoring data and evaluation findings with budget preparation and proposals.

Achievements of the Chilean M&E System

What were the main achievements of the Chilean experience during 2000–2010? First, the Chilean

M&E reforms have contributed to developing a “measurement-orientated” culture across central government ministries and agencies. This is recognized by current and former DIPRES officials, public servants in other ministries, and various academic and international assessments. Nowadays, central government officials seem to understand the relevance of measuring outputs, setting targets, assessing programs, and evaluating policy impacts. Furthermore, they see these as regular activities that are both an essential component of Chile’s management and control system and of contemporary public management practices.

Second, data produced by the various M&E tools have been used for making budgetary policy decisions (Arenas de Mesa and Berner 2010; Rojas et al. 2005; Zaltsman 2009). As mentioned above, high levels of PMI achievement are linked

to salary increases, which in turn have impacted budget levels for incumbent agencies. Similarly, evaluation results have sometimes affected agency appropriations, because evaluation recommendations require increased resources for implementation. DIPRES has also been more prone to increase budget appropriations proposals for high-performing agencies. By the same token, poor performing agencies (those with low results in their PMIs or with poor evaluation results) have occasionally been “punished” by DIPRES, either in terms of budget reductions or by rejecting budget increase requests (Zaltsman 2009). This link between M&E tools and budgetary policy making acquires particular relevance when considering the following data for the period 1997–2004 (Rojas et al. 2005): about 64 percent of Chile’s budget was subject to various kinds of evaluations; programs with minor adjustments suggested by the evaluations represented 9.1 percent of the budget; programs with important modifications represented 33.8 percent of the budget; and programs subject to significant redesign represented 51.4 percent of the budget.

Third, the Chilean government has made a significant effort to use evaluation results for making policy and management decisions (Guzmán 2005, 2010; Rojas et al. 2005). Information produced by impact evaluations, for example, has been employed to refocus links between policies and beneficiaries. Government program evaluation results have been used by agencies to improve internal management processes as well as for redesigning logical frameworks or performance indicators. Evaluation results have also informed decisions about institutional relocation of programs or, in some cases, have even led to policy termination. All of this has been possible because of DIPRES’ forceful role in agreeing program changes with ministries/agencies, monitoring the extent of implementation, and enforcing compliance through its high level of power and influence. This has been possible, in turn, because of Chile’s institutional setting (constitution and budget legal framework), which provides DIPRES with a leverage potential that is not that common in other OECD countries.

Fourth, Chile’s M&E system has introduced mechanisms for promoting the objectivity, impartiality, and reliability of evaluation procedures and findings. As described above, external experts (consultants and academics) have been involved

in the design and implementation of evaluations. This has served to increase the expertise with which evaluations are carried out, as well as to ensure their validity and reliability.

Lastly, the Chilean M&E system of 2000–2010 acquired a high level of institutionalization within the central government administration. Based on a continuous work that spans more than a decade, evaluation units have been created in almost every government ministry and agency. Many public servants have been (and continue to be) involved in M&E and broader administrative modernization activities. M&E activities have been coordinated by DIPRES’ Management Control Division, which was created explicitly for that purpose in 2000. Implementation of most M&E instruments has taken place on a regular basis during the past decade, with formats and methodologies that are by now well known by ministries and agencies.

Limitations of the Chilean M&E System

Despite the achievements described above, various analysts, users, and even managers have also pointed out important limitations in the design and management of the Chilean M&E system during 2000–2010. First of all, DIPRES’ crucial role in promoting and ensuring the use of the M&E system has brought with it some significant issues. For instance, M&E information has in the end been used mainly by DIPRES, but less so by other bureaucratic actors, Congress, or the Chilean society (Rojas et al. 2005). Similarly, DIPRES’ control over the design and management of the M&E tools has introduced a strong budgetary-centered perspective, which has left aside alternative values (planning, results, citizen participation) that are present in other international experiences, and might be considered as relevant as the purely economic considerations. These issues might need to be addressed in the future if the M&E system seeks to contribute to public results and democratic accountability, and not only to budgetary policy making and internal bureaucratic control.

A second limitation, closely related to the previous one, has been the high level of centralization exerted by DIPRES (May et al. 2006; Rojas et al. 2005). Relationships between DIPRES and the other participating agencies have been rather

asymmetrical, with the latter having limited influence on defining performance indicators and evaluation criteria. This has significantly affected the degree of ownership from senior civil servants in agencies and ministries regarding evaluation results and recommendations. Moreover, according to a recent study by Zaltsman (2009, 455):

Certain aspects of Chile's budgetary process limit the benefits that can be gained from use of performance information. One of them is the relatively little room for manoeuvring that agency officials have to decide on allocation of their appropriated resources without DIPRES approval.

These features have limited the system's legitimacy among central government institutions, as well as its potential transferability to other nations.

A third set of limitations is in the technical dimension of the Chilean M&E system. A World Bank study of Chile's evaluation tools carried out in 2005, for example, pointed out that the quality of some evaluation reports has not always been in line with international standards (Rojas et al. 2005). Another World Bank study (2008) also pointed out that the PMI might be too complex to manage and verify, as well as too homogenous for the heterogeneous conditions of the Chilean public administration. A recent document by DIPRES similarly states that the quality and relevance of the performance indicators and targets used in the budget preparation process require further refinement, and that the various monitoring and evaluation tools are yet to achieve better integration (Arenas de Mesa and Berner 2010). Furthermore, broader "intersectoral" indicators and evaluation frameworks are missing for situations where multiple institutions share both tasks and responsibility over a given policy or program (May et al. 2006, 17). Lastly, some observers have suggested that the Chilean government should actually dedicate more resources to evaluations, and even spend a higher amount of public resources on individual programs evaluations that might be particularly relevant because of their social impact (May et al. 2006; Guzmán 2010).

Finally, two central limitations of the sometimes called "Chilean model" relate to the nature of the system as it evolved during 2000–2010. A World Bank study stated that Chile's evaluation program "has not showed yet the specific way or degree in which it contributes to increasing the

effectiveness and efficiency of public expenditure" (Rojas et al. 2005, 16). Furthermore, these M&E tools may not have become systematically linked to other monitoring frameworks developed within the Chilean government during the same period. In particular, this has been the case with regards to MINSEGPRES's scheme for monitoring ministerial goals and indicators, which has been in place since the early 1990s. These are issues that will certainly remain central challenges for the Chilean government in the near future.

Concluding Remarks

This note has provided a brief introduction to Chile's M&E system, from its origins in the mid-1990s to its functional phase of 2000–2010. While the system is currently under revision, the experience of the Chilean system provides useful information about the way M&E works in practice; the benefits M&E can have for decision-making processes, policy implementation, and program evaluation; and the potential limitations that other governments might face when developing M&E tools.

Chile's experience offer interesting lessons about the "nuts and bolts" of M&E systems, including both advantages and potential limitations. For example, Chile's various M&E tools have been designed to solve specific government needs, and not in response to external pressures or fashions. Performance indicators were implemented when the government required measurements of agency performance across time, and impact evaluations were introduced when officials realized that program evaluations were not providing enough information about policy effectiveness. Similarly, the Chilean experience exemplifies how timely and relevant M&E information can enrich decisions about budgetary policy making, as well as about program management or policy refinement/termination. The case of Chile suggests how a strong institutional leadership (for example, DIPRES) might be key for ensuring a system's institutionalization and continued relevance, but might also bias the purpose of the system and the way information is eventually used or owned. In the end, the Chilean experience exemplifies how M&E capacity building is a long-term process, in which methodologies need to be adjusted, practical shortcomings periodically addressed, and the design and use of M&E tools continually adapted.

Acknowledgments

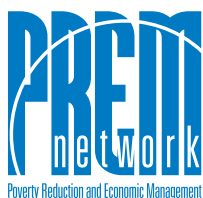
For their comments, the author thanks Fernando Rojas (former Lead Public Sector Specialist, LC-SPS), the following members of the Poverty Reduction and Equity Department: Philipp Krause (consultant), Gladys Lopez-Acevedo (Senior Economist), Keith Mackay (consultant), Jaime Saavedra (Acting Sector Director); and Álvaro Ramírez Alujas (Associate Researcher, Instituto Universitario de Investigación Ortega y Gasset). The views expressed in this note are those of the author.

About the Author

Mauricio I. Dussauge Laguna specializes in comparative public administration. He is completing his PhD on “Cross-National Policy Learning and Performance-Based Reforms in Chile and Mexico” at the London School of Economics and Political Science. A graduate of El Colegio de México and the Maxwell School of Syracuse University, he has written extensively on topics such as administrative reform, Mexican bureaucratic politics, policy transfer, and performance management. He has taught Public Policy and Administration at the London School of Economics and El Colegio de México. He has worked as policy analyst and senior executive in the Mexican government, and has been a Fulbright Fellow at the U.S. Office of Personnel Management.

References

- Arenas de Mesa, Alberto, and Heidi Berner. 2010. *Presupuesto por Resultados y la Consolidación del Sistema de Evaluación y Control de Gestión del Gobierno Central*. Santiago, DIPRES.
- Armijo, Marianela. 2003. “La Evaluación de la Gestión Pública en Chile.” In *Evaluación de Resultados para una Gestión Pública Moderna y Democrática: Experiencias Latinoamericanas*, ed. Nuria Cunill and Sonia Ospina, 43–142. Caracas: CLAD-AECI/ MAP/FIIAPP.
- Guzmán, Marcela. 2005. *Sistema de Control de Gestión y Presupuesto por Resultados: La Experiencia Chilena*. Santiago, DIPRES.
- . 2010. “Challenges for Evidence-Based Decision Making: The Experience of Chile and Features of Its Design, Implementation, and Use of Information.” In *Challenges in Monitoring and Evaluation: An Opportunity to Institutionalize M&E Systems*, ed. Gladys Lopez Acevedo, Katia Rivera, Lycia Lima, and Helena Hwang, 13–22. Washington, DC: The World Bank-Inter-American Development Bank-Gobierno de España.
- Marcel, Mario. 2006. “Reflexiones Acerca del Proceso de Modernización del Estado en Chile y Desafíos Futuros.” *Reforma y Democracia*, No. 34.
- May, Ernesto, David Shand, Keith Mackay, Fernando Rojas, and Jaime Saavedra, eds. 2006. *Towards the Institutionalization of Monitoring and Evaluation Systems in Latin America and the Caribbean: Proceedings of a World Bank/Inter-American Development Bank Conference*. Washington, DC: World Bank-Inter-American Development Bank.
- Rojas, Fernando, Keith Mackay, Yasuhiko, Matsuda, Shepherd, Geoffrey, Azul Del Villar, Ariel Zaltsman, and Philipp Krause. 2005. *Chile: Análisis del Programa de Evaluación del Gasto Público*. Washington, DC: World Bank.
- World Bank. 2008. *Chile: Estudio de Evaluación en Profundidad del Programa de Mejoramiento de la Gestión (PMG)*. Washington, DC: World Bank.
- Zaltsman, Ariel. 2009. “The Effects of Performance Information on Public Resource Allocations: A Study of Chile’s Performance-Based Budgeting System.” *International Public Management Journal* 12: 450–83.



This notes series is intended to summarize good practices and key policy findings on PREM-related topics. The views expressed in the notes are those of the authors and do not necessarily reflect those of the World Bank. PREMnotes are widely distributed to Bank staff and are also available on the PREM Web site (<http://www.worldbank.org/prem>). If you are interested in writing a PREMnote, email your idea to Madjiguene Seck at mseck@worldbank.org. For additional copies of this PREMnote please contact the PREM Advisory Service at x87736.

This series is for both external and internal dissemination