



MINISTRY OF
PLAN
IMPLEMENTATION
SRI LANKA

Results Focus

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Institutionalizing Managing for Development Results

Overview

The Government of Sri Lanka has embarked on an ambitious Ten Year Development Programme designed to improve the quality of life of its people. A significant amount of the country's resources is being invested in this programme and it is vital to ensure that effective, efficient and meaningful results are achieved. Sri Lanka finds value in the principles of the Paris Declaration to ensure that aid received by the country is utilized to achieve optimum results. Introducing Managing for Development Results (MfDR) within Government is led by the Ministry of Plan Implementation (MPI). Its value lies in the potential it offers to ensure results through a shift in the focus of public management from inputs and activities to outcomes and results and by enabling evidence based decision making at all stages of the development process and thus ensure accountability and transparency within government.

Highlights

- Establishing a **Core Group** representative of stakeholders at high level to provide leadership to champion the MfDR initiative
- Core Group formulating a **Plan of Action** to mainstream MfDR.
- Adopting a process approach to integrate MfDR in **whole-of-Government** with **cascading** arrangements.
- Commencing with a **pilot phase** and extending to all Government Ministries.
- MPI facilitating each Ministry to -
 - Establish a Steering Committee as a **Change Agent**
 - Develop an **Agency Results Framework** with **Mission, Thrust Areas, Goals and Key Performance Indicators (KPIs)**
 - Report progress on KPIs using **Score Cards** placed on MPI web platform
- Using the **electronic Project Monitoring System (e-PMS)** of MPI to facilitate monitoring of the MfDR process at development project level
- Establishing a country level **Community of Practice (CoP)** on MfDR sharing experiences and learning, connecting islands of best practices, success stories and issuing a MfDR Newsletter **Results Focus**
- Using a **Readiness Assessment** tool to identify capacity gaps in MfDR and formulating capacity development plans.
- Strengthening MfDR institutionalization through proposed **Legislation**
- Working with the **UNDP** and **ADB** as Development Partners

Results achieved

- Institutionalizing MfDR recognized as Government Policy enabling accountability for results as opposed to disbursements only
- Sensitizing policy makers and senior officials on MfDR creating attitudinal changes to work towards results
- Introducing MfDR to all line Ministries enabling a focus on results
- Operationalizing MfDR web platform leading to regular and systematic reporting on results
- Establishing a country level CoP enabling peer-to-peer learning
- Enabling evidence based decision making through the establishment of an Evaluation Information System (EIS)

Lessons learned

Fundamental requirements -

- Recognition at highest policy making level
- Champion with mandate and total commitment to lead
- Leadership at all levels
- A clear strategy
- An incremental approach
- Statistical information
- Evaluative evidence for decision making
- Technical support and resources

Challenges -

- Overcoming capacity gaps, both institutional and personnel
- Inspiring changes in attitudes and practices
- Motivating change without offer of rewards or incentives
- Improving availability of statistical information
- Sustaining the process



Above is the upper portion of the Poster that the Ministry of Plan Implementation (MPI) will display at the *Marketplace of Ideas* which is an important part of the Third High Level Forum on Aid Effectiveness (HLF3) to be held in Accra, Ghana from September 2nd to 4th, 2008. Heads of State and Ministers of partner countries, Heads of Development Agencies and representatives of civil society organizations are among those who are scheduled to attend. Sri Lanka's delegation to the Forum will be led by Hon. P. Dayaratne, Minister of Plan Implementation and will include Mrs. Dhara Wijayatilake, Secretary/MPI and Mr. V. Sivagnanath, Director General, Department of Foreign Aid and Budget Monitoring. (The lower portion of the Poster is at Page 7)

PROFILE OF SRI LANKA

Sri Lanka with a land area of 65,610 sq.km and a diverse population of 20 million is an island in the Indian Ocean.

In 2007, the economy recorded a growth of 6.8 percent, recording a growth above 6 percent for the third consecutive year. The per capita income in 2007 was US\$ 1,617 making Sri Lanka one of two middle income countries in South Asia. Sri Lanka's economy has continued to grow despite the need to address several issues arising out of heightened security concerns and global challenges. While a significant reduction in poverty has been achieved in some Provinces, issues relating to rural poverty and inequality in access to development opportunities remain as challenges and are being addressed.

Sri Lanka has achieved near universal literacy and made remarkable progress in social indicators specifically in reducing maternal and infant mortality, while the life expectancy of 72 years ranks well above those of her neighbours. Sri Lanka is well on track to achieve the Millennium Development Goals.

Tea, rubber and coconut still remain the major foreign exchange earners in the agriculture sector. They have been joined by food, beverages and tobacco and in the industrial sector by textiles, apparel and jewellery. Export of gems and other minerals also continue to grow. There has also been an increase in foreign direct investment. The remittances of Sri Lankans employed overseas continue to be the highest source of foreign exchange earned by the country.

The country's development programme channels a large share of investment to the development of infrastructure in rural areas, to link rural communities to markets and facilitate the provision of services such as electricity, safe drinking water, and improving connectivity between the regions and harnessing the seas through development of ports.

A significant share of national resources has also been earmarked for enhancing equity and the quality of education and to foster good health. Environment sustainability, gender equality and respect for human rights have been identified to address the thematic concerns in a more systematic and coherent way.

The total foreign aid mobilized in 2007 was US\$ 1674 million. Approximately 70% of this sum was for infrastructure development. The Capital Budget Allocation for the implementation of projects funded with foreign aid amounts to a significant portion of the total Budget. This highlights the fact that whatever the other challenges may be, the focus on implementing development projects receives the highest priority. Since a considerable number of these projects are executed with foreign aid, it is of the essence that aid effectiveness is enhanced.

INSTITUTIONALIZING MfDR WITHIN GOVERNMENT

Sri Lanka finds value in the principles of the Paris Declaration which are designed to ensure that aid received by the country is utilized to achieve optimum results. The Ministry of Plan Implementation (MPI) championed the institutionalization of MfDR within Government in the belief that the process has potential to ensure results through a shift in the focus of public sector management from inputs and activities to outcomes and results. It is accepted as a process that supports evidence based decision making at all stages of the development process and also accountability and transparency within Government.

MPI is conscious of the seriousness of the challenge that it has undertaken and the obstacles that could well fall in its path. It is however confident, that given the vital support it has received from the highest policy making level, and the potential available within the public service, the task can be carried out satisfactorily. It is also conscious that the expertise available internationally, and the models that have demonstrated successful incorporation of MfDR into their development programmes, will make its efforts less daunting. In institutionalizing MfDR, MPI proceeded on certain assumptions. These were that –

- key public officers need to be engaged as Change Agents ;
- these officers need to be inspired to engage in the initiative through a belief in the value it offers rather than through statutory or other compulsions ;

- it is not necessary to have tremendous capacity to begin with, but capacity building can be carried forward simultaneously ;
- support for the initiative from the highest policy making level is essential for its success.

The United Nations Development Programme (UNDP) has provided technical assistance which has contributed significantly towards this initiative. We appreciate their assistance, their belief in us, and the spirit in which we have been able to work together to realize our common objectives.

THE APPROACH ADOPTED BY MPI IN INSTITUTIONALIZING MfDR IS SET OUT BELOW .

WHAT WE DID AND HOW

Appointing a Core Group as a Think Tank

Recognizing that any new initiative requires total commitment of key stakeholders, a Core Group representative of all stakeholders was established to function as the Think Tank to formulate a Plan of Action and to provide leadership to the initiative of mainstreaming MfDR in Government.

The Core Group consisted of the Secretaries to the five Ministries involved in the Pilot Phase as well as representatives of departments and institutions which would have to function as Change Agents for MfDR to be institutionalized, such as the Department of the Auditor General, Department of Census and Statistics and the National Budget Department. The Core Group formulated a Plan of Action.

Accepting MfDR as Government Policy

The Cabinet of Ministers acknowledged and approved the MfDR initiative. The Ministers were apprised of the benefits of MfDR and that by the adoption of this process, there will be a movement towards the achievement of results that will bring larger benefits to the people as opposed to reaching conclusions through data that indicated disbursement figures or mere outputs.

Formulating a Plan of Action

The Plan of Action provided for a phased approach to introducing MfDR within Government. A pilot phase was proposed involving the Ministry of Plan Implementation and the Ministries dealing with Health, Education, Highways and Agriculture. These Ministries were identified on the basis that they were vested with functions having a significant impact on the development of the country. MfDR was to be introduced to other Ministries through several phases. In identifying the Ministries in each phase, the matters that were taken into consideration were, the attitude of the leadership within the Ministry towards MfDR and its value and the importance of the functions of the Ministry in contributing to national development.

The initiative was embarked upon without an assessment of the existing capacity of the officials of the Ministries. It was believed that capacity could be enhanced as an ongoing process simultaneously.

Developing a Results Framework and Score Card

Consultants of MPI functioning as facilitators worked with the Ministries in each phase to revisit and confirm the Vision and Mission of each Ministry and to develop an Agency Results Framework (ARF) in which the Thrust Areas, Goals, and Key Performance Indicators (KPIs) for a medium term (5 years) and targets for each year were identified. Each Ministry was encouraged to establish a Steering Committee consisting of officers who were expected to function as Change Agents to take the initiative forward. A Score Card (with a three colour traffic light signal system depicting the status as *achieved*, *moderately successful* and *unsuccessful*) was thereafter developed for each Ministry to record its achievements bi-annually, against the target of each KPI. MPI made provision to receive the scores of each Ministry through an online score reporting system.

At the end of the pilot phase, the five Ministries were provided an opportunity to launch their ARF's and to discuss the mainstreaming process, lessons learned and how the process could be improved, at a workshop to which the twelve new Ministries selected for Phase II, were invited. A similar event was organized when launching Phase III for eighteen more Ministries. Within eighteen months, MfDR had been introduced to seventeen Ministries and was being introduced to eighteen more Ministries.

The ARF's and Score Cards developed by Ministries have been placed on MPI's web platform providing opportunity for public comment.

Adopting a Process Approach

It is important to note that in each case, the ARF of each Ministry was developed by that Ministry through a participatory process with guidance from the MPI Consultant/Facilitator. The final outcome was one for which each Ministry assumed ownership. There was, thereby, an acceptance by the Ministry that they could achieve the identified goals.

The above highlights that a *process approach* was adopted as opposed to a *product delivery* approach.

Sharing Knowledge and Experience through a Country Level CoP

The officials of the Ministries to which MfDR has been introduced meet often at workshops conducted by MPI and these gatherings offer adequate opportunities to share experiences and best practices and to learn from each other.

The initial impetus for the formation of a Community of Practice (CoP) commenced with the issue of MPI's Quarterly Newsletter *Results Focus* in March 2008. The second issue was released in June 2008. The third issue is the special issue for Accra HLF3.

Building Capacity to Sustain the MfDR Initiative

Through the process of developing the ARF and Score Card, the MPI Consultants/Facilitators also contributed to the enhancement of capacity through training provided to Ministry officers.

Recognizing that capacity building is vital to meaningful institutionalization of MfDR in Government, a Readiness Assessment Tool developed by the Asian Development Bank (ADB) was used with the assistance of the ADB to identify gaps in capacity in some Ministries. The ADB's continued support will assist in identifying capacity gaps as a complementary activity.

THE LESSONS WE LEARNED

We are constantly taking stock of what's going well and what needs to be improved. Our current thoughts are –

- It has proved extremely useful to have recognition for the initiative at the **highest policy making level**.
- It is of the essence to have a **Champion** with a *mandate* and with *total commitment* and *vision*.
- A lead Agency is essential to champion the initiative.
- A proactive Core Group can provide much needed support to the Champion.
- The existence of a clear and uniform strategy has been of value since it has been possible to advise Ministries of the process that is being followed and they have a clear understanding of what to expect and what our expectations are .
- It is not necessary to commence with a high level of capacity within Ministries. Capacity has to be built as we go along.
- It is important to celebrate the good work of those who are engaged in the process. This provides encouragement to them and serves to inspire others.

- The Consultants/Facilitators play an important role in creating a belief in the value of the process and in building capacity and hence highly skilled Consultants/Facilitators are essential.
- Establishing a CoP to learn, share and inspire is useful.
- MPI is comfortable with the level at which the process has been introduced , i.e. Ministry level. This is particularly so since there are plans to integrate the process into Whole - of - Government.

SUPPORTIVE MECHANISMS

Electronic Project Monitoring System [ePMS]– *a distinctive feature in Sri Lanka*

A significant feature is that a home-grown, user-friendly, national, web-based electronic Project Monitoring System (ePMS) has been established in the Ministry of Plan Implementation to track financial/physical progress and results of all development projects and programmes. The system provides access to project information donor-wise, sector-wise and ministry-wise. The system uses an *early warning* (traffic lights) system that enables *problem projects* to be separated from others. It helps to identify bottlenecks, delays, issues and constraints in the implementation of projects and any additional needs of the executing agency. The system includes results monitoring (using Logical Frame Analysis), monitoring loan covenants, cash flow, reimbursable foreign aid claims and procurement progress and highlights major issues. The ground level progress of projects are captured through pictorial proof which helps policy makers to see the field level progress from their offices. Flash Reports on problem projects help in troubleshooting and supports the submission of reports to the Cabinet of Ministers on a quarterly basis.

The ePMS has been upgraded to capture feedback from beneficiaries and citizens through a platform of public interface. The notable features of the system are-

- it tracks financial and physical progress;
- it focuses on Results Reporting using the Results Frameworks;
- it builds a paperless monitoring capability in the public sector;
- it offers pictorial proof to demonstrate progress at ground level;
- it captures data at source reducing transaction costs;
- it *red alerts* problem projects and projects behind schedule and serves as an *early warning* signal.

The Project Directors are required to update the system on a monthly basis to report progress and highlight issues which hinder progress. The system allows for better overall coordination and also helps to address execution issues and track outcomes.

Evaluation Information System [EIS] – *to support evidence based decision making*

To provide support to the institutionalization of the MfDR process and to create a culture where evidence is used in the decision making process, a data base of Evaluation Reports (the Evaluation Information System - EIS) was established. MPI will proactively engage with Line Ministries to assist in the conduct of evaluations in respect of identified projects and encourage the use of evidence gathered from these evaluations for such purposes as improving designs and implementation

A key problem in many countries has been the inability to access the evaluation information available on various development projects and programs already completed and implemented by Government. Such evaluation lessons and findings are important and useful to enhance the quality of new projects and programs, especially as it helps to avoid past mistakes and build on best practices in the formulation and design of new projects.

MPI took steps to establish the EIS to ensure effective feedback of evaluation findings and lessons learned so as to enable effective integration of such lessons into the planning, budgeting and project formulation processes. Such

evaluation information is expected to provide a sector-wise synthesis of findings and lessons that can help policymakers and planners to learn from past.

Evaluation answers the questions of *What works? What does not work and why?* and *In what context does it work?* The responses are important to improve planning and programming and also contributes to development effectiveness. The EIS will contain a synopsis of the evaluation reports of key development projects and synthesis on lessons by sectors. Establishment of an EIS enables all government officials to access evaluation information online – anywhere, anytime - thus empowering them to make evidence based decisions in development. The establishment of an EIS is considered a critical milestone in the MfDR initiative in Sri Lanka as it is expected not only to improve aid effectiveness but also promote a learning culture.

Electronic Development Information Management System [eDIMS] – to track non Official Development Assistance

A significant amount of external resources is channeled through the non-governmental sector outside Official Development Assistance (ODA) to various development programmes in the country. MPI's Electronic Development Information System (eDIMS) is aimed at tracking the non-ODA channeled outside the national budget process for national development programmes.

eDIMS complements ePMS to track results and outcomes of all development work in the country and empowers decision makers and policy makers to take evidence based decisions.

SUSTAINING THE PROCESS

Introducing the MfDR process to other levels

MPI plans to introduce the MfDR process at sector level as well as to subordinate levels below the Ministry, such as Departments. Please see below under *MfDR as a Whole - of - Government Approach*.

Taking the scoring process forward

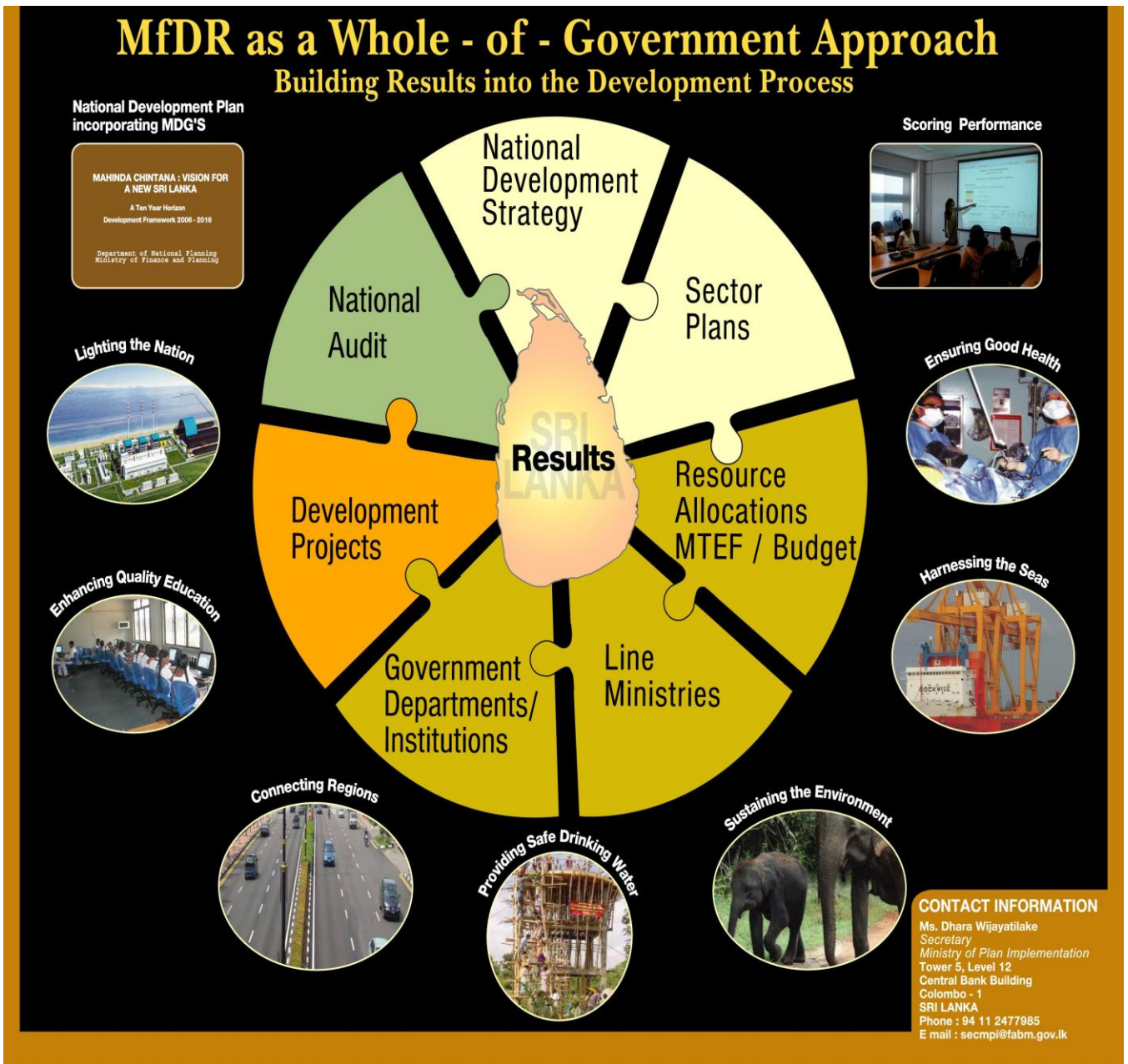
Through the scoring process, each Ministry will be ranked at three levels in terms of targets achieved as explained previously.

MPI currently submits a report on the performance of Ministries and the implementation of development projects, to the Cabinet of Ministers to enable decisions to be made, where necessary, regarding required interventions. Upon the scoring system becoming fully operational, the MPI report will incorporate an analysis of performance on results achieved. This will enable decision making to be done at all levels, based on the Results Framework.

The Score Card which will record the achievements of Ministries will be a useful data source for the Auditor General who currently conducts a compliance based financial audit, to support the shift towards a performance audit.

Sustaining the MfDR process through legislation

To better ensure that the MfDR process is adopted and followed by Government institutions, it is proposed to introduce legislation requiring that certain mandatory steps be taken by Government entities. This however will be done only when officials have cultivated a sense of confidence about using the MfDR process lest the statutory compulsions are perceived as an intimidating factor rather than an initiative which is followed upon on acceptance by the officials themselves as beneficial to achieving results.



The MfDR approach in Sri Lanka envisages a *Whole - of - Government Approach*. The entry point for the initiative is at the level of the Line Ministry. At the upstream level, the MfDR initiative will integrate a robust Results Framework with KPIs into the National Development Strategy and Sector Plans to ensure that the development plans are more results focused. MDGs have already been integrated into the National Development Strategy and Sector Plans. Efforts are currently underway to localize the MDG indicators into the National Development Strategy and Sector Plans. Currently the National Budgeting System is moving towards performance budgeting and the Medium Term Expenditure Framework is increasingly using KPIs as a basis to rationalize resource allocation. The MPI initiative to institutionalize the MfDR process and develop sector indicators, complements the performance budgeting process.

At the downstream level, MfDR efforts will ensure integration of Results Frameworks in Development Projects and Programmes. The MfDR initiative will support the current compliance based financial audit of the Auditor General to shift towards a performance audit focusing on efficiency, economy and effectiveness.

**SNAPSHOT OF AN AGENCY RESULTS FRAMEWORK AND SCORE CARD
RELATING TO ONE THRUST AREA OF THE MINISTRY OF HEALTHCARE AND NUTRITION**

Thrust Area 1 – Curative and Preventive Health Services

AGENCY RESULTS FRAMEWORK

No	Goal	Key Performance Indicators	Base line 2006	Targets				Dimension
				2007	2008	2009	2010	
1	Reduction of infant mortality	Infant mortality rate	11.2/1000 LB (2002)	11.0	10.8	10.6	10.4	Effectiveness
2	Reduction of under five mortality	Under five mortality rate	4.4/1000 Under five population 1997 (AHB 2003)	4.0	3.8	3.6	3.4	-do-
3	Reduction of maternal mortality	Maternal mortality rate	38/100,000 LB (2004) (FHB)	36	35	33	31	-do-
4	Reduction of prevalence of underweight (malnutrition) children < 5 years	% of underweight children (Wt/Age) under five years	29.4% (2000) DHS	25%	24.5%	24%	23%	-do-
5	Reduction of incidence of low birth weight babies	% of low birth weight babies	17.6% (2005) AHB	16.5	16	15.5	15.0	-do-
6	Reduction on anemia among pregnant women	Prevalence of anemia among pregnant women (% reduction from previous year)	30.0% in 2001 (MRI studies)	Reduce by 10%	by 10%	by 5%	by 5%	-do-
7	Reduction of case fatality rates of vaccine preventable diseases	Incidence of EPI target diseases per 100,000 population TB	48.4%	46	45	43.5	42	-do-
		Incidence of EPI target diseases per 100,000 population Measles	0.4 % (AHB – 2005)	0.3	0.2	0.2	0.1	-do-
		Immunization coverage of infants against measles	95.8% (Epid Unit – 2005)	0.3	0.2	0.2	0.1	-do-

SCORE CARD

(For Goal 1 of Thrust Area 1)



Successful - Target Achieved



Moderately Successful – Deviation not exceeding 10%



Unsuccessful – Deviation exceeding 10%

No	Key Performance Indicators	Status	Baseline 2006	Targets				Dimension
				2007	2008	2009	2010	
1	Infant mortality rate	Target	11.2/1000 LB (2002)	11.0	10.8	10.6	10.4	Effectiveness
		Achievement						
		Status						