

ASIAN DEVELOPMENT BANK

TAR: SRI 30059

**TECHNICAL ASSISTANCE
TO THE
DEMOCRATIC SOCIALIST REPUBLIC OF
SRI LANKA
FOR
STRENGTHENING PROJECT PERFORMANCE EVALUATION
CAPABILITY OF THE MINISTRY OF
PLAN IMPLEMENTATION, ETHNIC AFFAIRS AND
NATIONAL INTEGRATION**

June 1997

CURRENCY EQUIVALENTS

(as of April 1997)

Currency Unit	—	Sri Lankan rupee/s (SLRe/s)
SLR1.00	=	\$0.0177
\$1.00	=	SLRs56.50

ABBREVIATIONS

ERD	—	External Resources Department
MPI	—	Ministry of Plan Implementation, Ethnic Affairs and National Integration
MPRD	—	Monitoring and Progress Review Division
NPD	—	National Planning Department
PEIS	—	Postevaluation Information System
PEU	—	Postevaluation Unit
PPM	—	Project Performance Management
PPMS	—	Project Performance Management System
SLIDA	—	Sri Lanka Institute of Development Administration
SSTA	—	Small-scale Technical Assistance
TA	—	Technical Assistance

NOTES

- (i) In this Report, "\$" refers to US\$.
- (ii) The fiscal year of the Government of Sri Lanka ends on 31 December.

I. INTRODUCTION

1. The Bank provided a small-scale technical assistance (SSTA) in 1991 to Sri Lanka to institutionalize project performance management (PPM) practices (specifically, the postevaluation component) in the country by strengthening the skills of selected Government officials in evaluation methods and procedures.¹ The SSTA assisted in the establishment of a Postevaluation Unit (PEU) within the Ministry of Plan Implementation, Ethnic Affairs and National Integration (MPI) in 1992; and contributed toward improving the postevaluation capability of MPI. After an in-country feedback workshop in 1995,² which identified continuing weaknesses in evaluation capability of the country, the Government requested the Bank's assistance to further strengthen the PPM capability of the Government and thus to sustain the benefits gained through the SSTA.

2. A Fact-finding Mission visited Sri Lanka from 1 to 4 October 1996 with the aim of processing a technical assistance (TA) concentrating on improving the postevaluation capability of MPI. A follow-up Fact-finding Mission visited the country from 31 March to 12 April 1997 to broaden the TA scope to incorporate the latest initiative of the Bank in the Project Performance Management System (PPMS). The Mission reached an understanding with MPI as well as the External Resources Department (ERD) and the National Planning Department (NPD) of the Ministry of Finance and Planning on the rationale, objectives, scope, cost estimates, and implementation arrangements for the proposed TA.³

II. BACKGROUND AND RATIONALE

3. As of March 1997, Bank assistance to Sri Lanka comprised 76 loan projects and 150 technical assistance projects in various sectors. From these, 28 loans and 1 technical assistance have been postevaluated by the Bank, inclusive of 26 project performance and audit reports, 1 reevaluation study, and 2 impact studies. Of the 26 project performance audit reports completed, only 11 or 42 percent of the projects were rated as successful, another 12 or 46 percent as partly successful, and 3 or 12 percent as unsuccessful. While specific reasons for the poor performance of the projects range from changes in their economic viability to lack of sustainability due to budgetary constraints, a more recent finding of postevaluation has been that an inadequate assessment of the macroeconomic policy environment and institutional capability has contributed to less than anticipated results. The need therefore arises to conduct performance evaluation not only in terms of the standard methodology of financial and economic evaluation, but also in terms of assessing the impact of macroeconomic and policy constraints and changes on project performance. There are also social dimensions and environmental perspectives that have become increasingly more important in any monitoring and evaluation undertaking, but for which skills are still not available within MPI.

4. Since its establishment, PEU has evaluated eight completed projects, including three funded by the Bank, in the agriculture and infrastructure sectors as a matter of priority.

¹ TA No.1579-SRI: *Strengthening Postevaluation Capability of the Ministry of Policy Planning and Implementation*, for \$100,000, approved on 17 October 1991.

² RETA No. 5593: *Strengthening Postevaluation Feedback Systems*, for \$220,000, approved on 8 August 1994.

³ The TA first appeared in *ADB Business Opportunities* in September 1996.

Additionally, the Monitoring and Progress Review Division (MPRD) in MPI (of which PEU is one of the units) is also involved in the monitoring and ongoing evaluation of projects under implementation. Nevertheless, the training provided under the SSTA was only a first step in strengthening the PPM capability with a focus on postevaluation methodologies. There is a need to acquire expertise in evaluating policy and other issues. Additionally, the 1995 in-country feedback workshop identified lack of staff skilled in monitoring and evaluation as a major problem facing all agencies concerned. Recommendations of the workshop included (i) an improved system for sharing evaluation findings and lessons between central and line agencies; (ii) better established institutional linkages between central and line agencies to improve program and project development, planning, implementation, monitoring, and evaluation; (iii) an upgrading of the Postevaluation Information System (PEIS) set up under the SSTA, so that information could be readily accessed by officials within MPI and in other government agencies; and (iv) an improved institutional capability to meet training requirements for monitoring and evaluation on a sustainable basis.

5. The current framework for project evaluation analysis in Sri Lanka follows closely the present project performance evaluation procedures within the Bank wherein projects are postevaluated some years after their completion. While the rudiments of a PPMS exist with MPI as its focal point, the major shortcomings of the PPMS relate to effective monitoring and evaluation, including effective feedback of developmental experience, and the institutional arrangements for ensuring quality in both project selection and implementation. The reports that have been produced by PEU have been useful. Their effectiveness, however, has sometimes been constrained by the need to tone down unfavorable comments on project performance or to avoid disputes over different approaches in methodology and procedures on performance evaluation. The mechanisms for utilizing these lessons are also not fully effective due to the lack of proper systems for integrating ongoing and postevaluation work into decision making at earlier stages of the project cycle.

6. The suboptimal use of the feedback from MPRD, particularly from its PEIS, not only by the central but also the line agencies, is also attributed to the lack of awareness of the availability of the PEIS and the nature of its output. A master plan needs to be drawn up to enable MPRD to play a more effective role, ensure proper coordination, promote sharing of information on lessons learned, contribute to project quality assurance, and avoid unnecessary duplication of efforts in PPM. The master plan will also lay the groundwork for the formulation of an effective nationwide PPMS covering the major sectors of the country. While time is required to achieve a fully functional integrative PPMS nationwide, steps taken to link the key agencies and provide adequate training to their staff would be essential coupled with some minimum training in project performance evaluation for staff of other selected line agencies.

7. The need for an integrative framework for PPMS, at least at the level of the central agencies responsible for project quality at the entry level, is all the more urgent with the progress of the ongoing Public Administration Reform program with its emphasis on results-oriented management. Key elements for such reform efforts include monitoring and constant evaluation of program, project, and sectoral performance. Three key agencies would play very significant roles, namely, MPI with regard to the monitoring and evaluation of development performance, and NPD and ERD, both departments under Ministry of Finance and Planning, with regard to ensuring project quality under the reform process. The introduction of a PPMS with the emphasis on the definition of measurable indicators of progress and goals during and after project implementation is fully consistent with the envisaged results-based management system under the Reform program. A

high level project quality assurance group working within the PPMS would screen projects and programs based on technical, economic, and policy consistency considerations, as well as past experience and lessons learned. The structures for a quality assurance group exist within NPD and ERD, but need strengthening in terms of (i) staff training required to set performance criteria and ensure that past development experiences are effectively incorporated into project selection and design, and (ii) systems procedures to effectively link the informal leadership groups in quality assurance in NPD and ERD.

8 In light of the above, the Government has requested that additional Bank assistance be provided to (i) sustain and enhance the results of the SSTA in increasing capacity for evaluation analysis within MPI and other relevant central and line agencies; (ii) develop and institutionalize a more effective system for utilizing the results of evaluation analysis at both the project selection and design stage; (iii) introduce an indicator-based project management, monitoring, and evaluation system in line with broader efforts aimed at introducing an improved and integrative PPMS; and (iv) ensure that the ongoing efforts to improve the PPMS are consistent with and supportive of the broader effort now underway by Government to reform and strengthen the public administration system.

III. THE TECHNICAL ASSISTANCE

A. Objectives

9. The TA aims at enhancing the project performance evaluation and quality assurance capability in MPI, NPD, and ERD. On a broader basis, it is designed to support the Government's efforts to foster a results-oriented PPMS as part of its efforts in administrative reform.

B. Scope

10. The TA comprises two components: institutional development and training.

11. The institutional development component would provide the services of an international consultant to work with the staff of MPI, NPD, and ERD to establish an institutional framework and procedures needed to better integrate the evaluation work with project identification and design and with project management and monitoring activities under an improved PPMS. The particular tasks to be undertaken as part of this component include

- (i) preparation of an action plan for institutionalizing a more effective PPMS (incorporating the role of MPRD) within the public administration system including establishing sectoral performance indicators;
- (ii) designing system procedures to ensure that results of evaluation work are effectively made available to those involved in the earlier stages of the project cycle and to effectively link the project quality assurance structures in NPD and ERD;
- (iii) preparation of guidelines for each of the operational units involved in the PPMS within MPI, ERD, and NPD; and establish a system for setting and reviewing the indicators used to monitor progress and achievements from projects and programs;

- (iv) setting up a documents center in MPRD and equipping it with updated literature on electronic as well as traditional media, on monitoring and evaluation, and on selected subjects to be supported with the necessary computer peripherals; and
- (v) strengthening of the PEIS established under the SSTA in PEU to play a more positive role in the PPMS through greater connectivity with higher capacity computer equipment and internet access peripherals, and by establishing a feedback system to other line ministries to monitor the implementation of recommended follow-up actions and to incorporate lessons learned in the design of new projects.

12. The training component includes the preparation of training materials and manuals, a one-day seminar to orientate 30 senior officers on the PPMS, and an in-country training course spread over a period of four weeks (broken up into two modules of two weeks each) for 30 operational staff in monitoring and evaluation methodologies. In addition, international training for two MPRD staff in more advanced monitoring and evaluation techniques, and methodologies at an academic institution; as well as fellowships for four senior staff of MPI, NPD, and ERD, to study PPM and project quality assurance systems in regional economies, are envisaged. The selection of staff for the international training and fellowships will be done with the concurrence of the Bank.

13. To ensure that the training achieved will be self-sustaining, consulting services will also be provided to strengthen the Sri Lanka Institute of Development Administration (SLIDA) in developing curriculum to provide future training on project performance evaluation to Government staff. Training will also be provided to familiarize selected SLIDA staff (working together with the consultants) with the PPMS monitoring system based on progress and goal indicators and to develop similar mechanisms for introducing results-based management systems.

C. Cost Estimates and Financing Plan

14. The total cost of the TA is estimated at \$380,000 equivalent, including \$322,000 in foreign exchange and about \$58,000 in local currency. The Bank will provide a grant of \$350,000 equivalent to cover all the foreign exchange costs and a portion of the local costs amounting to \$28,000. The Government's contribution will be the balance of \$30,000 equivalent in local currency through the provision of counterpart staff, office accommodation, utilities, and miscellaneous services. More details on the financing plan are given in Appendix 1.

D. Implementation Arrangements

15. MPI will be the Executing Agency. NPD and ERD will be the Implementing Agencies for those parts of the institutional development component applicable to them respectively. MPRD within MPI will be the Implementing Agency for all of the training component and that part of the institutional development component applicable to MPI. To ensure well-coordinated efforts of all concerned agencies during TA implementation, a coordinating committee will be established, comprising representatives of MPI (Chairperson), ERD, NPD, and SLIDA. The coordinating committee will be responsible for, among other things, monitoring the progress of the TA, resolving any problems that may arise during TA implementation and organizing the review of consultants' draft outputs by agencies concerned as and when they

are ready. Procurement of computers and other accessory equipment required will be done by MPI in accordance with the Bank's *Guidelines for Procurement*.

16. The TA will require the services of two international consultants well experienced in (i) curriculum review and conducting training in monitoring and evaluation of projects and programs with due consideration for policy, economic, financial, technical, environmental, and social dimensions; and (ii) institutional development, design of a PPMS framework, corporate planning, and formulation of plans for mapping out strategies and approaches for dissemination of output from MPRD. The consultants will be required for about eight person-months (five person-months for the institutional development specialist and three for the training specialist). They will assist in reviewing, setting up, and refining systems and documents for the PPMS; prepare procedures and guidelines for on-the-job training of staff, and for operational monitoring and evaluation procedures in MPRD, NPD and ERD; conduct seminars or workshops; formulate plans for improving PPMS activities and output; review the role of MPRD in PPM activities of the Government; map out strategies and approaches for the dissemination of output from MPRD; and formulate plans for improving PEU activities and output. The consultants will be recruited by the Bank in accordance with the *Bank's Guidelines on the Use of Consultants*. The terms of reference are given in Appendix 2.

17. An advance payment facility will be established at MPI for eligible expenditures to be financed by the TA grant. MPI has adequate accounting and controls for proper administration of the advance.

18. The TA is to be implemented over 18 months starting in August 1997. Each consultant will submit (i) an inception report within two weeks of commencement of services outlining the work program that will be followed to accomplish the assignments; and (ii) a final report covering accomplishments at the end of the assignment.

IV. PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to the Government of the Democratic Socialist Republic of Sri Lanka, in an amount not exceeding the equivalent of \$350,000 for the purpose of Strengthening Project Performance Evaluation Capability of the Ministry of Plan Implementation, Ethnic Affairs and National Integration, and hereby reports such action to the Board.

**COST ESTIMATES AND FINANCING PLAN
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Item	Foreign Exchange	Local Currency	Total Cost
A. Bank Financing			
1. Consultants (2 international for 4 person–months)			
a. Remuneration and Per Diem	172,000		
b. International Travel	10,000		182,000
2. In–country Training on Project Performance Evaluation		18,500	18,500
3. Supplies, Correspondence, Communication, Administrative Support, and Printing		5,000	5,000
4. Documentation Center–augmenting Project Performance Management System (PPMS) Library with documents, computer, scanner, and printer	8,000		8,000
5. Upgrading Project Performance Evaluation Information System: Internet facilities, hardware, and software	28,000	4,500	32,500
6. International Training on Project Performance Evaluation	26,000		26,000
7. Study on the Regional PPMS/Quality Assurance	23,000		23,000
8. Training Equipment	25,000		25,000
9. Contingencies	30,000		30,000
Subtotal (A)	322,000	28,000	350,000
B. Government Financing			
1. Office Accommodation and Transport		9,200	9,200
2. Remuneration and Per Diem of Counterpart Staff		15,600	15,600
3. Others		5,200	5,200
Subtotal (B)	0	30,000	30,000
Total	322,000	58,000	380,000

(Reference in text: page 4, para. 14)

TERMS OF REFERENCE FOR CONSULTANTS

1. **Institution Development Specialist (Team Leader)**

1. The consultant will have the following responsibilities:

- (i) Review and prepare action plan, including sectoral performance indicators, to institutionalize an effective and integrative Project Performance Management System (PPMS) within and between Ministry of Plan Implementation, Ethnic Affairs and National Integration (MPI); National Planning Department (NPD); and External Resources Department (ERD); and establish a system for setting and reviewing performance indicators used to monitor progress and achievements from projects and programs consistent with the ongoing public administration reform activities.
- (ii) Design system procedures to channel result of evaluation work effectively to those involved in the earlier stages of the project cycle and high level committees.
- (iii) Prepare guidelines/operation manuals for relevant sections/divisions within MPI, NPD, and ERD for their role and activities in PPMS.
- (iv) Design system procedures to effectively link the project quality assurance structures in NPD and ERD to improve quality in the project cycle, and together with the training specialist, train quality assurance groups within NPD and ERD to ensure project quality at the entry level.
- (v) Review and prepare a masterplan to enable MPI in general and Monitoring and Progress Review Division (MPRD) in particular to play a more effective role, ensure proper coordination, promote sharing of information on lessons learned, and avoid unnecessary duplication of efforts in the field of monitoring and evaluation.
- (vi) Review and prepare an action plan to map out the strategies and approaches for effective dissemination and use of evaluation output from MPRD in general and the Postevaluation Information System (PEIS) in particular.
- (vii) Assist MPRD to identify suitable venues for international study on comparative regional Project Performance Management (PPM) methodologies and to set up a documents center, providing advice and assistance on the procurement and dissemination of documents related to monitoring and evaluation activities.

(Reference in text: page 5, para. 16)

- (viii) Prepare an inception report within two weeks of the commencement of services outlining the work program that will be followed to accomplish the assignment.
- (ix) Prepare a draft final report within two weeks before and a final report upon the end of the assignment.

2. Evaluation Training Specialist

2. The consultant will have the following responsibilities:

- (i) Review existing PPMS practices and develop more effective approaches, methodologies, and procedures.
- (ii) Review the Bank's PPMS and assess the applicability of this system, with suitable adaption, for adoption by MPI.
- (iii) Field-test the approaches, methodologies, and procedures by applying them in a program/project monitoring and evaluation exercise.
- (iv) Conduct training workshops or seminars for staff from MPRD and other relevant agencies and departments; and discuss with the participants the approaches, methodologies, and procedures for program/project evaluation; and the results of their field testing.
- (v) Train quality assurance group staff in NPD and ERD in methodologies and procedures for ensuring project quality at the entry level based on past development experience and the current policy environment.
- (vi) Prepare manuals/handbooks on approaches, methodologies, and procedures for program/project monitoring and evaluation.
- (vii) In collaboration with Sri Lanka Institute of Development Administration (SLIDA) and MPRD, identify the future training requirements at different levels for government officials engaged in PPMS activities, and prepare a masterplan to institutionalize training on monitoring and evaluation to serve the needs of MPI and all public agencies or departments. Such a plan should also include recommendations on the curriculum; financial resource requirements; sources of funding; institutional arrangements (particularly with MPRD); and implementation schedule.
- (viii) Provide input to the team leader in the preparation of the final report.

