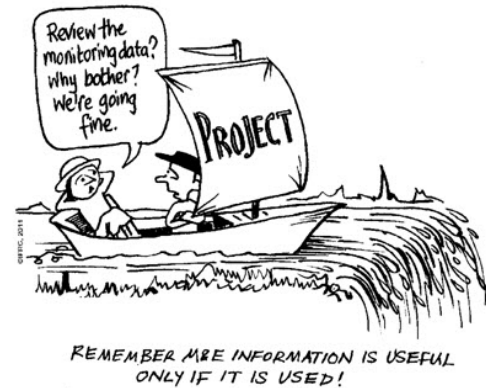


External evaluations: How critical are they?

Operational monitoring or external evaluations, is there a choice?

¹There is little debate on the fact that that monitoring and evaluations are an integral part of project and programme delivery. They are critical as they enable organizations to enhance quality of delivery, manage risk and help display results to the sponsors of the programme.

While most of the agencies implementing projects and programmes are aware of the importance of operational monitoring and also carry them out, even using sophisticated tools and methodology; the question is then why are the external evaluations needed? And even if we agree they are needed then how critical are they and what value do they bring over the operational monitoring?



By operational monitoring we mean periodic supervision of activities done internally by the organization to ensure that they are aligned with the intended objectives. It helps in keeping the efforts on course to achieving the objectives and enabling corrective measures in time.

With our experience in the area of M&E, we do not see operational monitoring and external assessments or evaluations as substitutes to each other. These are two different activities complementing each other and each having its own value proposition much different from the other. We feel that operational monitoring by an internal department is something that an organization cannot do without; while at the same time evaluations by an external agency are critical for an unbiased review of the programme, for bringing in new ideas and in enhancing stakeholder confidence.

Value addition by operational monitoring

Monitoring by an internal department at certain frequency, backed by well-defined policies, and a lucid reporting system is needed for keeping the project activities focused and for preventing policy deviations. It helps in ensuring that the activities are going on as per the plan and are leading to the intended outcomes. It helps in meeting the internally defined quality standards, getting the staff feedbacks and also in getting user feedbacks.

Operational monitoring helps management get real time inputs and to remain abreast with the field developments, which is very important from quality perspective, client protection and target-achievement.

External evaluations what value do they bring?

Independent review

M2i has been involved in several assessment and evaluation exercises of variety of projects and programmes. Over the years we have realized that the external evaluations are very important because they are unbiased. We as external evaluators are largely oblivious to the internal dynamics of the

¹ Source for sketch: "Scott Chaplowe on Fund and Games in M&E Trainings", IFRC media

organization, the power plays and the staff influences. This helps us evaluate policies, processes and practices on their merit rather than based on who proposed them, who implemented them or who reviewed them.

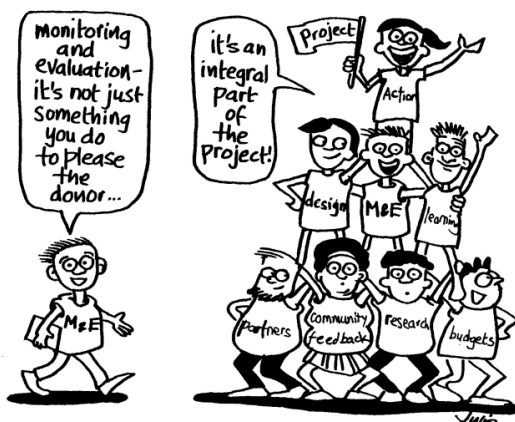
Bring contemporary ideas, challenge old practices

Secondly, every organization has certain ethos by which it is driven. It is not possible for an operational monitoring department or even an internal audit department, which is relatively more independent; to remain uninfluenced by this ethos or to question it; in fact it is not even desirable. On the contrary, these departments are in fact the custodians of this organizational ethos.

However, the problem is that the environment in which the organizations operate is dynamic and hence the organizational philosophies also need to evolve over time. In extreme cases the organizational ethos may be completely out of sync with the external realities, it may be outright obsolete and may not be aligned with the new emerging learnings. In such cases, operational monitoring or audit processes are often unable to point out these much-needed changes. Being within the system, they are not in a position to see the organization in a detached manner and in a larger context to be able to make recommendations of that nature. Further, in most cases these departments do not even consider making recommendations on the programme philosophies, approaches or policies under their scope.

Operational monitoring	External evaluations
<ul style="list-style-type: none"> • Help keep activities aligned with the intended project objectives • Target achievement as per plan • Prevents policy deviations and malpractices • Provides management with staff and client level feedback • Helps in re-aligning project activities well in time • Enhances management confidence in operations 	<ul style="list-style-type: none"> • Independent of internal dynamics, hierarchies and influences • Challenges obsolete approaches, policies and entrenched practices • Helps improve project execution and to enhance impact • Helps in risk management • Generates confidence among peers, regulators and investors • Enhances confidence of management in its approach and policies • Helps in benchmarking • Fosters transparency

We have such examples in microfinance programmes, where policies like zero-tolerance towards overdues, unlimited enforcement of joint liability and high staff incentives were considered mantras for success and growth. While these were creating risks for the organization, the operational monitoring and even audit departments could not point out the impending risks from such policies as growth took precedence over any other consideration.



²But M2i as an external evaluator, through its diagnostic assessments and portfolio audits, highlighted to its clients about these practices that were fraught with risk and could lead to undesirable consequences. M2i pointed out that high focus on growth and high growth-based incentives were leading to emergence of agents in the sector which diluted client relationship with the organization.

² Source for sketch: International Federation of Red Cross and Red Crescent Societies (IFRC) media

In another context, M2i as an external evaluator was able to question some of the long-standing approaches for a community based financial inclusion model being pursued by an implementing agency in Africa. These approaches had been long-used and were considered almost sacrosanct by the operational monitoring teams of the organization and hence the practices continued unchallenged, even though better approaches and learning had evolved.

Enhance stakeholder confidence

Another, major value addition of external evaluations is the confidence it generates among the stakeholders such as industry peers, regulators, clients and very importantly the investors of the project. An important indicator of any mature or evolved industry is the presence of third-party assessments and evaluations which reflect the best practice. Any independent opinion on a programme is always very comforting for the funders or the investors in the programme.

In fact independent evaluations also reaffirm management's faith in its own policies and processes. It provides them a chance to improve on them and an opportunity to benchmark with the best practices.

Competence of evaluation agency

While evaluations by external agencies are critical, it is also important that such evaluations are conducted by 'competent' agencies. This may sound obvious but there are more nuances to the word 'competent' than one may realize. It is not only about the technical knowledge or years of experience but the ability of the evaluator to fit the experience in the context of the organization in consideration while making recommendations.

It is not hard to find reports where overzealous consultants have made recommendations which are out of context, impractical to implement, not aligned with the organization's own vision and mission or the environment the organization is operating in; including the regulatory framework.

Therefore, while making recommendations, the evaluation agency needs to be careful about the extent of change they are suggesting and the time frames. Radical changes or changes within a short span may be very difficult to make and are likely to face resistance from the staff. Further, the recommendations, should not completely disregard the organization's existing philosophy, even if it is suggesting changes in it. In our experience the recommendations fit well and become implementable only when the evaluator also understands the rationale behind the earlier policies and practices. The changes suggested should also provide stepwise process for their implementation and the likely advantage over the earlier practices.

Conclusion

In nutshell, external evaluations add values in different ways than operational monitoring. They are critical not just from the perspective of meeting the funder or investor requirements but also to bring new ideas and to get independent view by a third party. Thus, even if projects do not have such evaluations as an essential requirement, it is always in the interest of the implementing agencies to get external evaluations done and to share the findings widely.

But it is critical that the external agency entrusted with the exercise is competent not just in terms of its experience and technical knowledge but also in terms of its ability to assess and recommend in the context of the concerned organization.