Performance Matters

A Quarterly Newsletter

Performance Management – Cabinet Secretariat

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From the Desk of the Cabinet Secretary

As I read, reflect and talk to my counterparts from other countries about administrative reforms, I see several broad trends in the area of performance management. First, there is a clear movement away from the Administrator Model to the Management Model. The Management Model represents an internal culture of making managers manage, as opposed to the Administrative Model which values compliance to pre-determined rules and regulations. It requires the managers to assume greater responsibility while at the same time, giving them greater operational freedom and holding them accountable for results. Various techniques have been followed such as mandatory strategic planning by Government agencies, explicit target setting, devolved resource management, performance monitoring and reporting, and regular evaluations using benchmarked data. Many countries, including Canada, New Zealand, Australia, Netherlands, Denmark, the United Kingdom, the United States and Finland, have made significant progress using such techniques with New Zealand being clearly the leader of this pack.

The second trend is represented by more countries moving from the Bureaucratic Model to the Market Model, which represents greater use of market type mechanisms as opposed to operating public services as a monopoly provider.

The third trend is represented by the efforts of many Governments to reinvent themselves. Reinvention is not the same as reform; it involves something much deeper, something tantamount to changing the very DNA of public organizations so that they habitually innovate, continually improving performance without external pressure.

The fourth broad trend is reflected in the efforts of the Government to promote knowledge management and knowledge sharing within the public sector, which results in overall improvement of performance of all wings of the Government.

The fifth broad trend is obviously e-Governance. It is safe to say that no government has successfully transformed itself without extensive utilization of e-Governance tools. The converse, however, does not hold true. Use of e-Governance tools by itself is no guarantee for success. If e-Governance is used for cosmetic effect to create an impression of efficiency, it is unlikely to deliver potential benefits.

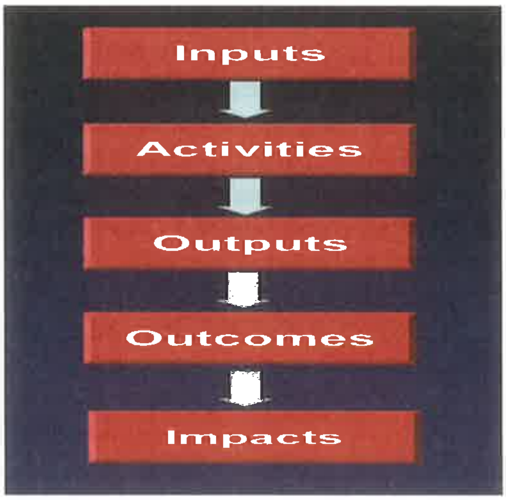
We hope to present details of these broad trends in the pages of this newsletter in the future.

Setting Appropriate Goals in Performance Management: The "Auditable Results Claim"

Dr. Herman B. "Dutch" Leonard is the George F. Baker Professor of Public Management at the John F. Kennedy School of Government and the Eliot I. Snider and Family Professor of Business Administration at the Harvard Business School, Harvard University. He may be reached at dutch_leonard@harvard.edu.

One of the continuing challenges of performance management is getting performance goals stated in the right form and at the right level of generality. A simple (and common) way to examine this challenge is to examine some form of "value chain" like that shown in Figure 1. The value chain shows the sequence of an organization using a set of inputs to create a set of activities, which in turn produce a collection of outputs. The outputs then generate a set of outcomes, and these then produce impacts. The value chain is simply a map of logical causation, and outlines what is sometimes referred to as the "logic model" for the organization – the answer to the question of how the organization supposes that the activities it engages in are connected to the outputs, outcomes, and impacts it hopes it is generating. Viewed in this context, the question of goal formulation can then be thought of as the question of how far down the value chain we should focus our energy, attention – and measurement efforts.

Figure 1

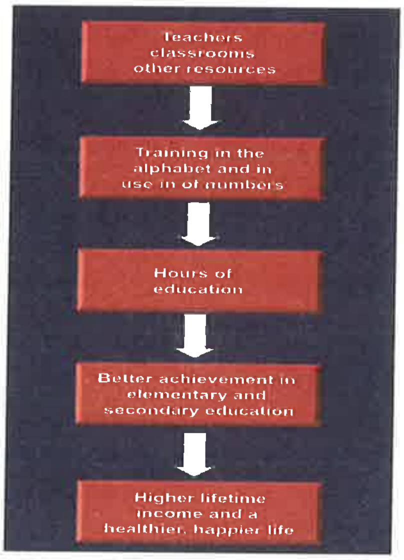


On the one hand, we want to measure as far down the chain as we reasonably can. The ultimate impacts of the program provide the most inspiring and motivational reasons for undertaking the effort, so if we could actually observe and measure program impacts this might help us to mobilize great efforts from our workforce. Direct measurability of impacts would also allow us to be sure that we were actually meeting established goals. Finally, it would allow us to experiment to see which approaches produce the greatest achievements per unit of resources.

The challenge, of course, is that as we move farther down the value chain the concepts tend to become more abstract, less directly observable, and therefore less measurable. They also generally take longer to appear – that is, the "cycle time" between the cause (our activities) and the consequence (the impacts) can be much longer than if we focus instead on "closer-in" consequences like the direct outputs of our efforts. In addition, the concepts farthest down the value chain are often subject to multiple influences, so that if we focus on impacts it is often difficult to discern (or prove) the independent effects of our program.

As an example, consider the challenge of improving performance in early childhood education program that is designed to help disadvantaged children improve their readiness for schooling, with the hope that they will ultimately obtain better education, earn higher incomes, and enjoy healthier, more productive lives. The "value chain" or "logic model" associated with such a program might be something like that shown in Figure 2.

Figure 2



The ultimate goals of the program – the desired "impacts" – are improvement in lifetime income, quality of life and general health, and general productivity as a citizen over the remainder of the child's lifetime. Lifetime income is a well defined and concrete concept, but it will actually be accumulated over a very long time period that doesn't begin until long after the child is in the program – so it would be very difficult to measure directly as an impact of the program. Quality of life and general health suffer from the same challenges as income – and, in addition, are less well-defined and concrete, and therefore even harder to reduce to observable measures. And "being a good citizen" is even more abstract – and, possibly, even controversial. (Would someone who leads protest marches against government policies be regarded as a better or a worse citizen? Presumably, that would depend on what they were protesting ... so we would then have to develop a way to assess whether a protest was beneficial for society at large.)

Focusing on impacts for such a program may, thus, be both impossible and unwise. To make decisions about how to improve the program now, we need information that is available in "real time" – that is, sufficiently quickly that the opportunity to make improvements will not have been long past before the adjustments can be developed and implemented.

On the other hand, we could also make the mistake of focusing on consequences that are too "close in." For example, a common "output" identified for programs like this one is the number of hours of training provided. This is, however, perilously close to being simply a measure of the activity level, rather than a measure of an output. An output of a training program should be related to skills development – it should be that something was learned.

Effective performance management thus requires us to find and focus on something between the immediate "outputs" (the very direct, immediate consequences of the actions we took) and the ultimate impacts – those far-downstream, usually abstract, difficult to measure ultimate goals that motivate us, but that are not available to us to support managerial improvement decisions in real time. We need to formulate a concept that is relevant and likely to be closely related to longer term ultimate purposes but that is measurable and available in the near term.

One way to describe the form of concept we need is that it would constitute an "**auditable results claim**:"

- ***Auditable*** means that we would be able to measure and verify with reasonable reliability and within a reasonable time period that the claimed results had in fact been produced;
- ***Results*** means that the claim is about something that happens outside the organization and that is not completely under its control or generated intrinsically by its actions; and
- ***Claim*** means that the organization is asserting that it will achieve the described results.

What would be an auditable results claim (ARC) in the case of an early childhood education program? Hours of training is not an ARC because it is under the control of the organization and it is produced inside the organizational boundary; results, by contrast, are produced *outside* the organization's boundary, so "hours of training" cannot be thought of as a result, and therefore cannot be the basis of a results claim. Lifetime income, at the other extreme, is not auditable, since it will take generations to observe and collect. Measures that might be available in something like real time would be indicators like the reading and math scores of the children who had been in the program when they are tested at the time of exit from the program and/or entry into school or at the end of their first year of schooling. The ARC could then be something like "the early childhood intervention program will raise reading and math scores, measured at the time of entry to school, by X%. This is a claim about something that would be a result, and it would be reasonably auditable. We may not be able perfectly to measure the results produced by this program alone, but if we design programs correctly (with an eye to collecting verifiable results data that allow inferences about what caused the measured results) we should be able to get at least some sense of whether the program had the intended effects – that is, whether or not it was able to achieve the claimed auditable results.

Using this concept and approach, individual programs can proceed by asking:

(1) What results can we identify that are clearly related to achieving the ultimate goals of the program but that are reasonably measurable and that can be measured reasonably soon after we undertake our program activities?; and

(2) What claims (in terms of targets and goals) would we be willing to specify?

An important feature of the use of ARCs is that they do not exclude the statement of longer-term, ultimate goals. Thus, we could distinguish between the long term, largely *un*auditable goals of a program and the shorter-term, ARCs. The long term goals might be thought of as the aspirational, "stretch" goals – and the ARC can be thought of as the managerially-relevant indicators that will provide guidance in real time about whether we seem to be headed in the right direction, hitting projected targets, and staying on our projected performance track.

An organization's stated goals could – indeed, *should* – thus include a set of aspirational, stretch goals ("a central purpose of this program is to improve the lifetime income and health status of the children we serve") ***and*** a set of auditable claims ("and, to this end, we promise that we will raise the reading and math performance of children who complete this program by a minimum of X%, and we will raise the average reading and math performance of each cohort of children in the program by Y%"). This allows a combination of the motivational power of the longer term, more abstract, ultimate goals with the more galvanizing and more specific auditable performance goals that can be used to check, compare, evaluate, and improve performance.

A key advantage of setting operational, auditable goals is that they can allow us to see which forms of our activities seem to be most effective. In the absence of target performances that can be examined in real time, we are essentially using guesswork to determine which approaches work best. Once we have operational, measurable results claims, we can experiment and determine which approaches seem to drive the claimed results most effectively. Thus, ARCs have the important benefit of allowing us to construct an experimental and data-driven improvement process – that is, they allow us to develop a systematic learning apparatus to search for better ways to produce the results we care about.

The advice to program managers that flows from these observations would include these steps:

(1) Set aspirational, long term, goals for your program. These goals can be abstract and do not have to be measurable. Their purpose is to help motivate employees by explaining why what they are doing is important in the long run.

(2) Define nearer-term, measurable results goals, and establish auditable targets for these goals that you are willing to claim that you will be able to meet. These auditable results claims should form the basis of your bargain with the public, outlining the value that you will create and specifying how you and the public will be able to tell whether you have succeeded.

(3) Track your organization's operational performance on the auditable results claims that you have established, and use the information to mobilize effort to achieve these results.

(4) Using the auditable results claims, establish a systematic learning process in the organization to determine which alternative methods might allow better performance on the stated goals.

Implementation Wisdom

The great French Marshall Lyautey once asked his gardener to plant a tree. The gardener objected that the tree was slow growing and would not reach maturity for 100 years. The Marshall replied, "In that case, there is no time to lose: plant it this afternoon!"

JOHN F. KENNEDY

Any activity becomes creative when the doer cares about doing it right, or better.

JOHN UPDIKE

The heights by great men reached and kept were not attained by sudden flight, but they, while their companions slept, were toiling upward in the night.

HENRY WADSWORTH LONGFELLOW

People are always blaming their circumstances for what they are. I don't believe in circumstances. The people who get on in this world are the people who get up and look for the circumstances they want, and, if they can't find them, make them.

GEORGE BERNARD SHAW

Our doubts are traitors, and make us lose the good we oft might win by fearing to attempt.

WILLIAM SHAKESPEARE

Performance Management: The R Factor

Dr. S. P. Prashar is former Director, IIM Indore, and presently, Head, Banking Center, Bahrain Institute of Banking and Finance, Bahrain. He may be reached at parashar.sat@gmail.com & parashar@bibf.com

Performance Management is no new theme. Reams of paper have been written world-wide describing performance management and performance management systems. Interestingly, while private sector has adopted it as a matter of daily practice, governments have only showered words and created at best skeletons. Commission after commission and committee after committee have highlighted the need for it and recited series of innovative performance management schemes. But all said and done, ACR still rules, which is hardly a performance appraisal system let alone performance management system.

Performance management in any organisation, public or private, is indeed a matter of minimum of the following eight factors, four strategic and four operational, as follows:

Strategic Factors:

1. Organisational Vision (incorporating mission)
2. Organisational Strategy
3. Organisational Structure
4. Management Style (incorporating core values)

Operational Factors

1. Performance Planning or Budgeting (Program-wise or Project-wise)
2. Performance Reporting
3. Performance Evaluation, and
4. Performance Rewarding

But what really differentiates a performing organisation from a non-performing, or high performing from a low performing is the Ninth factor, that is the R factor or the "Individual Responsibility Factor."

Individual responsibility concept can be readily implemented through Responsibility Center Assurance System (RCAS). Under RCAS, each responsibility center heads is individually held responsible for performance. Under this system, departmental head performance is differentiated from the departmental performance. The operational process of RCAS is same as budgeting, reporting, evaluating and rewarding; the most significant difference however is that under RCAS the focus of budgeting, reporting, evaluating and rewarding is the individual responsibility center head and not the department or the division or the organisation as a whole. It is not that the performance of department, division or organisation is not relevant under RCAS; it is indeed taken care off separately.

Here one might raise a question: How could you hold an individual responsible in an organisation, division or department that is necessarily a group work?

The answer is simple. Under RCAS, you hold a person responsible for what is under his or her control. Thus, it is the principle of controllability that is at the heart of RCAS.

To implement RCAS, therefore, the first important thing to know is: what is under the control of an individual center head? In financial terms, each responsibility center head would have control over cost or revenue or profit or investment or all or some of these. But no responsibility center head can say that he/she has nothing under his/her control. In case it is so, he/ she should not be there at all, and certainly not any more. In addition to financial, physical or operational variables can also be the performance parameters.

It is sometimes argued that governments are not for profit. They provide public services and not private services. It is therefore that concepts like revenue, profit and Return on Investment are not applicable in their case.

That is perfectly fine, though delectable. But let it be noted that cost concerns every responsibility center head, irrespective of being in public of private sector for-profit or not-for-profit sector, as there is none that does not spend money. So, cost budgeting, reporting, evaluating and rewarding is applicable to all responsibility center heads in the government. Cost management can thus be the leading synonym of performance management in the government sector.

Let it be immediately emphasised that cost management should be read as cost effectiveness or say value for money (VfM). This is how the 'outcome' becomes directly relevant and thus performance management in government essentially becomes maximising outcome for every rupee of expenditure, whether incurred on revenue account or capital account.

The implementation of RCAS essentially involves the following:

1. Classifying each public servant particularly section/department head, by the principle of controllability, as cost or revenue or surplus (if profit is evil) or investment responsibility center.
2. Identifying Key Performance Indicators, financial and operational, appropriate to individual section/department head.
3. Fixing SMART Targets in respect of each of the key performance indicator (s) identified in point 2 above. SMART is an acronym for Specific, Measurable, Achievable, Realistic, and Time-bound).
4. Monitoring performance vis-à-vis at SMART targets, in suitable format and frequency.
5. Rewarding performance, both negatively and positively, as appropriate.

I may conclude by saying that RCAS is pretty robust and easy to implement. The resistance to change by status-quoists is only natural. But like the GoI overcame resistance to MoU implementation in CPEs in 1989, the same approach may be followed in this case. We may implement it on pilot basis and provide suitable incentives to early adopters. If MoU was revolution in the Indian Public Enterprise Management, RCAS will be the revolution in Indian Public Service and National Governance.

Workshops on Results-Based Management Framework

Since the publication of the previous issue of performance Matters, we have organized one-day workshops on "Results-Based Management Framework" in collaboration with the following Ministries/Departments:

1.	May 4, 2009	Ministry of Labour and Employment
2.	May 19, 2009	Department of Commerce, Ministry of Commerce and Industry
3	June 29, 2009	Ministry of Textiles

Workshop Objectives

These workshops were interactive, hands-on exercises. They sought to achieve the following objectives:

a. Provide an overview of the international trends in public sector management
b. Provide tools and techniques for implementing a results-based management framework in participants' work units.
c. Illustrate the usefulness of these tools and techniques by applying them to various divisions of the Department.

Workshop Structure

The workshops consisted of the following three categories of activities:

a. Class room lectures that provide (i) an overview of international trends and best practices in the area of public sector management; (ii) tools and techniques to implement results-based management framework in the participant's work units.
b. Group discussions and group work that provide an opportunity to apply concepts developed in the lectures to the real world issues.
c. A competition among groups to prepare a state-of-the-art results framework document.

A sample of the typical workshop schedule is given on the next page.

We are extremely grateful to Mrs. Sudha Pillai, Secretary Labour, Mr. Gopal Pillai, Home Secretary (the then Commerce Secretary) and Mrs. Rita Menon, Secretary Textiles. If other departments would like to explore the possibility of organizing these workshops, they may contact: Mrs. Ajanta Dayalan, Joint Secretary, Performance Management and NACWC, at 24675763

Workshop on Results-Based Management Framework

In the spirit of practicing what we preach we present the leaders of the five winning teams from the workshops we have conducted thus far. In each workshop the participants evaluated the quality of results-framework prepared by their colleagues. Thus the winners where chosen by their peers based on an agreed set of criteria. We salute the winners and thank them for taking the task seriously. It is this spirit that provides the foundation for the good work that we do in the government.

The Winners' Circle

Workshop Date	Ministry / Department	Leader of the Winning Team	Designation
26-03-2009	Department of Heavy Industries	**Mr. Rajiv Bansal**	Joint Secretary
06-04-2009	Ministry of Tourism	**Dr. Manas Bhattacharya**	Economic Advisor
04-05-2009	Ministry of Labour and Employment	**Mr. Anil Swarup**	Joint Secretary
19-05-2009	Department of Commerce	**Mr. Rajeev Kher**	Joint Secretary
29-06-2009	Ministry of Textiles	**Dr. J. N. Singh**	Joint Secretary

Ministry of Labour & Employment

Mrs. Sudha Pillai
Secretary, Labour & Employment
Mr. S.K. Srivastava
Joint Secretary

Department of Commerce

Mr. Gopal K. Pillai
Secretary, Commerce
Mrs. B.S. Sihag
Joint Secretary

Ministry of Textiles

Thiru. Dayanidhi Maran, Minister, Textiles
Mrs. Panabaka Lakshmi, Minister of State, Textiles
Mrs. Rita Menon, Secretary, Textiles

Performance Measurement in the United States: The Performance Assessment Rating Tool

Dr. John B. Gilmour is a Professor of Government and Public Policy at the College of William & Mary in Williamsburg, Virginia. He can be reached at jbgilm@wm.edu

How do budget officials know what they (and the public) get for the money spent on different government programs? The answer is a depressing one: usually they don't know if government programs are working and producing the desired results. Officials have little way of knowing whether scarce pubic resources are well-spent. This concern is what motivated the Office of Management and Budget, the central budget agency for the U.S. federal government to adopt a new system of performance measurement call PART, short for Performance Rating Assessment Tool. PART was introduced in 2001, and the first set of assessments were made public in 2002. Each year for five years 20% of all programs went through the assessment process, until in 2006 all programs had been assessed. Then the process starts all over again as programs are re-assessed.

The Structure of PART Assessments

The PART assessment is based on a set of about twenty-five straightforward questions that are answered with a "yes" or "no." The overall score for a program is based on the weighted percentage of questions that earn a yes. Examples of the questions include:

1) Does the program have a clear purpose?"
2) Is the program design free of major flaws that would limit the program's effectiveness or efficiency?
3) Does the program use sound financial management practices?
4) Has the program demonstrated adequate progress in achieving its long-term performance goals?

An important strength of PART is the reasonableness of the questions. Program staff who have worked on PART assessments commonly state that the questions are good – the sort of issues that all government programs should ask about themselves.

Staff with the program begin the process by giving answers to the questions, along with supporting documentation. Then budget examiners at OMB review the answers and evidence and give final yes or no answers to the questions. Needless to say, the OMB staff give "yes" as an answer less often than the program staff.

The overall score of a program is calculated as the percentage of all questions that receive a yes answer. Some sections of the questionnaire are weighted more heavily than others, with the "results" based questions weighted 50%. Depending on the overall score, programs are assigned a grade of either Effective, Moderately Effective, Adequate, or Ineffective. At first, few programs earned an Effective score, but over time the scores have gradually improved. PART assessments can be viewed at http://www.expectmore.gov

Avoiding Overload

Quality assessment is time-consuming and difficult. Some previous budget reforms in the United States (Zero-Base Budgeting, in particular) required extensive assessments of the entire federal government every year. This completely overburdened the ability of officials to conduct good assessments. In devising PART, OMB wisely chose to assess only 20% of programs each year. OMB budget examiners have a heavy workload to begin with; requiring PART assessments of every program every year would have completely overwhelmed the capacity of the examiners to conduct. In a somewhat controversial decision, OMB devoted no new resources to PART. It is to be done by OMB staff on top of their pre-existing responsibilities.

Emphasis on outcomes

PART strongly emphasizes measuring the results or outcomes of government programs. Programs are required to devise measures of their performance, and among the measures there should be some that assess the achievement of "end outcomes" End outcomes means the result of government actions that actually has an impact on the life and experiences of clients of programs. Programs also devise measures of "outputs," which are the things that a program actually does. For example, a program designed to reduce infant mortality might try to educate prospective mothers on good health and dietary habits. Educating mothers would be an output. The desired outcome, however, is a reduction in the numbers of deaths among newborn babies.

Many programs will argue that the outcomes of their programs cannot be measured. In many cases it is true that the outcome is influenced by more than the actions of a program, so the program cannot be held accountable for the outcome.

The response of OMB to such arguments has been that if there is no measurable outcome for a program, than perhaps it is not accomplishing anything and should be eliminated. OMB has been very aggressive in pushing programs to find outcome measures. As a result, programs have done a good job of finding useful outcome measures. In some cases it has agreed with programs that no outcome measure is possible, especially for research programs and programs that engage in enforcement.

An example of a program rated "Effective" is the Maternal and Child Health Block Grant, administered by the Department of Health and Human Services. The mission of the program is to improve the health of all mothers and children. It operates by providing grants to States, which in turn use the money to support activities such as education and providing prenatal care.

This kind of program lends itself well to measurement of outcomes, and the Maternal and Child Health Block Grant has adopted true end outcome measures. The following three are all end outcome measures, meaning that reducing each of these rates would have a real impact on health and the quality of life in the United States:

1) National rate of maternal deaths per 100,000 live births
2) National rate of infant deaths per 1,000 live births
3) National rate of neonatal deaths per 1,000 live births

The next one is an output measure. This is something that the program promotes, and is likely to lead to improvements in outcome measures

> 4) Increase the number of children receiving Title V services who are enrolled in and have Medicaid and SCHIP coverage

The next measure is an efficiency measure:

> 5) Increase the number of children served by the program per $1 million in funding

PART incorporates a balanced approach to measurement. While outcome measures are emphasized, programs devise a balanced set of measure including output and efficiency measures.

What Has Been Accomplished?

Assessing performance measurement is difficult, so it is probably impossible to know whether government programs have been improved under PART. Statistical analysis shows that the amounts of money recommended for programs is positively correlated with PART scores, meaning that OMB tries to increase the budget of programs that get better scores. But the relationship is not very strong. Certainly some programs with weak scores have had their budgets cut. But programs with low scores have had their budgets increased, too. PART has clearly gotten the attention of federal program managers, and they want to increase their scores.

The Future of PART

I once asked performance measurement experts from several European governments if there would be changes to their government's system of performance measurement system if a new party was elected to lead the government. They were surprised at the question, and all said there would be no change. It is different in the United States, where every president comes in with a new management innovation. Each president normally discards what the previous president did and seeks to put their own mark on management. The result is a lack of continuity, and an inability to learn from experience. Many people thus expected that whoever was elected president in 2008 would get rid of PART.

Barack Obama and his Budget Director, Peter Orszag, have followed this usual pattern and announced that they will "fundamentally reconfigure" PART. How much of PART will survive is not clear. But it is encouraging at least that the Obama Administration is planning only to reconfigure PART rather than get rid of it outright.

ORGANIZATIONAL STRUCTURE OF THE GOVERNMENT

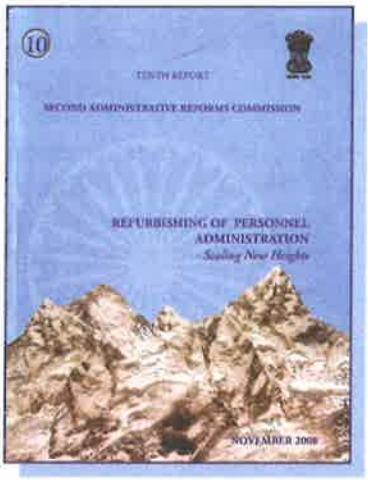
13th Report of the Second Administrative Reforms Commission

Summary of Recommendations

The 47 specific recommendations of the 13th Report of the Second Administrative Reforms Commission (ARC) are grouped into ten broad categories mentioned below. However, the space in this newsletter does not permit us to list all of 47 specific recommendations. In addition to the 10 broad categories, we list only a few select specific recommendations with the hope that they will tempt you to read the full report that is available on: www.arc.gov.in

We also invite your comments on these recommendations on our website: **www.performance.gov.in**

Broad Categories of Recommendations



1. Adopt and Follow Core Principles of Reforming the Structure of Government
2. Rationalize the Functions of the Government
3. Rationalise and Reorganise the Ministries/Departments
4. Recast the Allocation of Business Rules
5. Focus on Policy Analysis
6. Focus on Policy Evaluation
7. Create Effective Executive Agencies
8. Reorganise Internal Structure & Functioning of Ministries
9. Strengthen Coordination Mechanisms
10. Create an Effective Regulatory Framework

Recommendation 1:

Following core principles should govern the restructuring of Government of India:

1. Focus on core areas

    I. Defence, International Relations, National Security, Justice and rule of law
    II. Human development through access to good quality education and healthcare to every citizen
    III. Infrastructure and sustainable natural resource development
    IV. Social security and social justice
    V. Macro-economic management and national economic planning
    VI. National policies in respect of other sectors

2. Follow the principle of subsidiarity: "A task which can be performed by a small, lower unit should never be entrusted to a large, higher unit."
3. Deal together with closely inter-related subjects
4. Separation of policy making functions from execution

5. Coordinated implementation
6. Flatter structures - reducing the number of levels and encouraging team work
7. Well defined accountability
8. Implement appropriate delegation
9. Recognize criticality of operational units

Recommendation 6:

Policy Evaluation

a. Each Department should introduce a system of policy evaluation to be carried out at the end of prescribed periods. All relevant policies should be updated in the light of the findings of such evaluations.

Recommendation 7:

Creation of Effective Executive Agencies

a. Each Union Government Ministry should scrutinize the functions/activities of the ministry to confirm whether these activities/functions are critical to the mission of the Department and can only be carried out by government agencies. This should be done with reference to core areas mentioned by the Commission in para 4.1.1.a.

b. Only those functions/activities that are in line with the principles enunciated in paragraph 5.5.2.7 (a) should be carried out directly by the Department/Ministries. Other functions/activities should be carried out by the executive agencies of the department.

c. Each agency, whether a new body or an existing departmental undertaking/agency/board/special purpose body etc. that is to function as an executive agency, must be autonomous or semi-autonomous and professionally managed under a mandate. Such executive agencies could be structured as a department, board, commission, company, society etc.

d. The right balance between autonomy and accountability needs to be struck while designing the institutional framework of executive agencies. This could be achieved through well designed performance agreements, Memorandum of Understanding (MOU), contracts etc. However, preparing and enforcing such performance contracts requires considerable upgradation of capacity in the concerned government departments.

Recommendation 8:

Reorganisation of Ministries

a. Each Department should lay down a detailed scheme of delegation at all levels so that the decision making takes place at the most appropriate level. It should be laid down in the Manual of Office Procedure that every Ministry should prescribe a detailed scheme of delegation for its officers. This delegation should be arrived at on the basis of an analysis of the activities and functions of the Ministry/Department and the type of decisions that these entail which should be dovetailed with the decision making units identified in that Department.

b. The scheme of delegation should be updated periodically and should also be 'audited' at regular intervals. The audit should ensure that the delegated authority is actually exercised by the delegatee. The scheme of delegation should be placed in the public domain.

c. The number of levels through which a file passes for a decision should not exceed three.

    i. In cases where the Minister's approval is required, the file should be initiated by the Deputy Secretary/Director concerned and should be moved through the Joint Secretary (or Additional Secretary/Special Secretary) and the Secretary (or Special Secretary) to the Minister. Cases requiring approval of the Secretary should go through just two levels (e.g. either US and Director, US and JS or Director and JS).

    ii. Cases requiring approval of the JS/Director/DS should come through just one level. The exact combination of levels should be spelt out in the scheme of delegation for each Ministry/Department whereas the number of levels as suggested above should be prescribed in the Manual of Office Procedure.

    iii. The Department dealing with administrative reforms in the Union Government should be entrusted with the task of ensuring compliance with this stipulation.

d. For addressing cross cutting issues, the Secretary of the concerned Department should have the flexibility to create inter-disciplinary teams.

e. The Manual of Office Procedure should be recast based on the principles stated in paragraph 5.9.

f. The Departments should build an electronic database of decisions that are likely to be used as precedents. Thereafter such database should be periodically reviewed and where necessary, changes in rules introduced in order to codify them. There may also be precedents that may be the result of wrong or arbitrary decision making which the Department would prefer not to rely on for the future. In such cases the Department would have to appropriately change its policy/guidelines and if required even the rules to ensure that these precedents are not wrongly used.

Effectiveness of MoU System in Central Public Sector Enterprises (CPSEs)

Mr. M. P. Fulzele is a former Joint Director in the Department of Public Enterprises, Government of India. He can be reached at fulzele@hotmail.com.

The Memorandum of Understanding (MoU) is a negotiated document between the Government, acting as the owner of Central Public Sector Enterprise (CPSE) and the Corporate Management of the CPSE. It contains the intentions, obligations and mutual responsibilities of the Government and the CPSE and is directed towards strengthening CPSE management by focusing on results and objectives rather than management by controls and procedures.

The beginnings of the introduction of the MoU system in India can be traced to the recommendation of the Arjun Sengupta Committee on Public Enterprises in 1984. The first set of Memorandum of Undertaking (MoU) was signed by four Central Public Sector Enterprises for the year 1987-88. Over a period of time, an increasing number of CPSEs were brought within the MoU system. Further impetus to extend the MoU system was provided by the Industrial Policy Resolution of 1991 which observed that CPSEs "will be provided a much greater degree of management autonomy through the system of Memorandum of Undertaking."

By 2007-08, i.e. within a period of twenty years since its inception, as many as 200 CPSEs (including subsidiaries and CPSEs under construction stages have been brought into the fold of the MoU system. During this period, considerable modifications and improvements were incorporated in the structure and procedures for preparing and finalizing MoUs. These changes have been brought about on the basis of experience with the working of the system, supported by studies carried out from time to time by expert committees on specific aspects of the MoU system.

Broadly speaking, the obligations undertaken by CPSEs under the MoU are reflected by three types of parameters : (a) financial (b) physical and (c) dynamic. Considering the very diverse nature of activities in which CPSEs are engaged. It is obviously not possible to have a uniform set of physical parameters. These would vary from enterprise to enterprise and are determined for each enterprise separately during discussions held by the Task Force (TF) with the Administrative Ministries and the CPSE. Similarly, depending on the corporate plans and long term objectives of the CPSE, the dynamic criteria are also identified on an enterprise-specific basis. A dynamic criteria measures performance in those areas in which cost is incurred in the current time period but its impact in felt in the future. For example, R&D, Human Resource Development, Corporate Planning etc.

The question of MOU effectiveness has been engaging the attention of the Government right since its introduction two decades back. The Government asked the National Council of Applied Economic Research (NCAER) to carry out a study to assess the effectiveness of the MOU system. The study among other things emphasized the total factor productivity approach, central to the success of the MOU. The NCEAR has submitted its report in 2003-04 suggesting an overhaul of the system in terms of its basic approach, criteria, weightages, evaluation and corrective feedback. The second pay revision committee report submitted in May 2008 has added to the significance of MOU as the variable pay and the performance related pay will have to have a linkage with MOU. The evolution of the performance of a CEO of a CPSEs is largely dependent on the successful implementation of MOU and 75 per cent weightage of performance evaluation of CEO is assigned to MOU. That the MOU has had a speculator impact in the performance of public enterprises could be seen from the impact on the profitability of MOU signing enterprises. They have increased from Rs 12013 crores in 1994-95 Crores to Rs. 91062 Crores, during the year 2007-08.

Despite the overwhelming success of the MOU system, there is a need to strengthen the exercise further to make it more value added. Some of the suggestions in this regard are as follows:

1. CPSEs may detract themselves from soft targeting. This could be seen from the fact that MOU goals set by most of the CPSEs are achieved in the third quarter of a financial year itself.
2. The internal systems need to be revamped to contribute to MOU effectiveness. This may mean making the internal budgeting, pricing, materials control, MIS, performance appraisal, recruitment systems to be brought in line with the goals set in MOU.
3. There is a need to percolate MOU system down the line.
4. The wage negotiations should go beyond the managerial cadre in the same spirit and form as in the case of the process followed relating to executives .
5. Balance scorecard concept should be stressed further to yield a composite MOU index.
6. The basic targets need to be fixed very carefully and question the very logic of taking the previous years accomplishments as good.

The MOU System has had a positive impact on the functioning of the CPSEs by not only increasing the top-and-bottom line performance but also increasing their net worth. Further, the MOU System has also enabled the CPSEs to adapt to the business scenario changes that have come about due to the economic liberalization reforms undertaken in the country and the resultant enhanced coupling of India with the global economy.

The MOU system has enabled CPSEs to focus on achievements and results associated with increased operational autonomy and more financial and administrative powers. By laying stress on marketing effort and bench marking with private sector enterprises. MOU are helping CPSEs to face competition and improvement of corporate performance.

At the individual CPSE level, the MOU System has been an important tool in facilitating a turnaround of a number of CPSEs. The recent examples of turnaround CPSEs include NBCC, ECIL, EPIL, MECON, MECL, PDCIL, HIL, etc.

Overall, the MOU System has enabled CPSEs:

- improve top and bottom line performance,
- upgrade their process and systems,
- address corporate governance imperatives,
- increased their corporate autonomy, and
- improved their accountability.

Public Service Delivery and Performance Management: UK Public Service Agreements

Kathy Hall is Head of Performance Strategy at the Prime Minister's Delivery Unit based in the UK Treasury. She has lead policy responsibility for developing the UK government's performance management framework. She may be reached at Kathy.hall@hm-treasury.x.gsi.gov.uk.

Public services today must constantly adapt and improve to meet the demands and expectations of today's citizens. Alongside this, long-term challenges facing the UK are shaping the landscape in which services must operate - ranging from increased life expectancy and rapid technological diffusion to the growing pressures on natural resources and the global climate. Over the past decade, the UK has been on a journey of improvement in public services, supported by a robust performance management framework to drive delivery of progress and change.

The creation of Public Service Agreements

In 1998, the new Labour government conducted a Comprehensive Spending Review. This introduced a number of reforms, including three-year expenditure allocations, as well as increased investment in public services. The Comprehensive Spending Review 1998 also created Public Service Agreements (PSAs) for each government department – a contract with the Treasury to ensure that the required renewal and reform of public services was delivered in exchange for the increased investment.

These first Public Service Agreements set down departmental objectives and measurable targets that had to be met, the stages by which they were to be met, how departmental resources would be allocated to achieve these targets and the process to monitor results. Objectives and targets were published, setting out for the public the service standards they could expect and the end results that taxpayers money was intended to deliver. Alongside the PSAs, new efficiency targets for service delivery were set out – ranging from between three and ten per cent. The new performance management framework marked a fundamental change in the accountability of government.

Through the PSAs, this first stage of public service reform relied on the explicit introduction of clear national standards and targets to drive up performance while increasing investment. This was supported by independent inspection and audit to monitor progress and increased transparency in reporting performance to the public. These reforms resulted in the creation of new services – for example, in early years provision; workforce expansion with new teachers, nurses, doctors and police officers; and rising standards in primary schools, accompanied by falls in crime and hospital waiting lists.

Accelerating the pace of reform

However, as services improved the government recognised that greater flexibility and innovation was required to sustain progress. Public Service Agreements continued to set objectives, targets and standards but they became increasingly focused on the outcomes being achieved rather than specifying particular inputs or processes. The overall number of targets was reduced over time – from around 600 in 1998 to just 110 in 2004. At the same time, however, greater power was devolved from central government to frontline providers giving them flexibility to innovate to deliver. Clearer incentives to improve were introduced, generated from within the public services themselves rather than imposed by top down from central government. Public service reforms encouraged a greater diversity of providers, whether public, private or third sector, providing greater choice to patients, pupils and jobseekers.

In 2001, the then Prime Minister Tony Blair created a Prime Minister's Delivery Unit (PMDU) to further accelerate the pace of reform and improvement in public services. This Unit focused on the PSAs which the Prime Minister considered to be his top priorities – in areas relating to the NHS, educational standards, crime and rail travel. The Unit monitors and reports on progress against the PSAs but also provides support to departments in identifying and unblocking barriers to successful delivery.

Achieving world-class public services

Although standards continued to rise and the nature of many public services had changed by 2007, the scale of the challenges facing the UK government and society has also increased, as outlined above. To respond to these new challenges, the government set out its agenda for a third stage of public service reform – to deliver world class public services which provide excellence and fairness for all. To achieve this goal requires engaged and informed citizens acting in partnership with public service professionals empowered to respond flexibly to local and individual priorities. The key role for central government is strategic leadership: setting overall outcomes; investing for the long-term; and intervening when minimum standards are not met.

The development of a new approach to public services was undertaken in conjunction with wide-ranging reforms to the performance framework. A second Comprehensive Spending Review in 2007, announced a streamlined framework with just 30 PSAs, each supported by a handful of indicators. These PSAs were agreed by the UK Cabinet made up of lead Ministers for government departments, chaired by the Prime Minister, and represented the top 30 priorities for government as a whole. They range across the business of government from more traditional public services such as health, education and crime to improving economic productivity, tackling climate change and reducing child poverty. To cover the core business of government not captured by the 30 top priority PSAs, Departmental Strategic Objectives were agreed for each department setting out what they intend to achieve over the three-year spending period.

The PSAs are expressed as high-level, citizen-focused outcomes and each is a cross-departmental objective which requires contributions from across UK central government. The cross-departmental nature of the PSAs was a major reform to the performance framework – focusing first and foremost on the outcomes to be achieved rather than traditional service boundaries – and meeting the ambitions requires substantial culture change within the UK government.

This performance management framework supports the delivery of public service reform by increasing the focus on citizens and empowering local partners to deliver. The number of national targets within the framework was radically reduced – with only one third of the PSA indicators now having targets attached at the national level. The government also committed to reducing data burdens on the frontline by 30% over three years and reformed the local performance framework to reduce indicators for local government from more than 2000 to less than 200. On the citizen front – around one fifth of the PSA indicators are related to citizen perceptions, confidence or satisfaction and the use of tools such as customer insight and customer journey mapping to inform delivery of services has increased focus on the citizen experience.

Making sure services provide value for money is also key. In the last spending review period the government delivered £25bn in efficiency savings in public services and £35bn more is planned for between 2007 and 2011. The recently published *Operational Efficiency Programme* identified scope for £15bn in savings annually by 2013/4 through better procurement, banking and estate management.

PMDU has also developed its role for the new era. Once looking only at a handful of PSAs, its remit now spreads across the whole framework. The focus of the Unit is very much on supporting departments to deliver improved objectives for citizens. In assessing progress, PMDU looks not just at whether outcomes are likely to be achieved but whether key enabling factors – strong governance, good programmes, an engaged delivery system, citizen focus and value for money – are in place to ensure successes are sustainable.

Learning the lessons from new ways of working

The new performance framework has been in place for over a year and government, supported by PMDU, is increasingly learning lessons about how to deliver outcomes through complex, cross-sector delivery systems. In the first six months, the main focus was on getting the foundations for delivery in place – baselines, ambitions for success, strong plans for achieving that success and performance data to measure progress. Whitehall departments also facing challenges in adapting to the culture change of working collaboratively across traditional boundaries.

One-year in and we have seen a good deal of progress on putting the foundations in place for delivery. Departments are also beginning to adapt to new ways of working and there have been good examples of joint working to develop strategies, refine priorities and communicate consistent messages. However, to achieve the ambitions set out in the PSAs, the pace of progress will need to increase ever further. Three particular issues stand out:

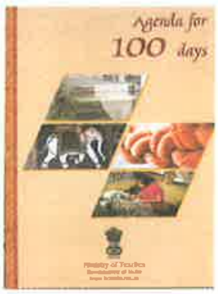
- Better information on the impact of programmes and policies on outcomes through improved information systems and feedback loops which provide more real-time information on progress;
- More in-depth understanding and engagement with complex delivery systems – understanding the motivations and interrelationships between different partners and providing tailored support to help local bodies deliver on their objectives; and
- Engaging citizens in the delivery of objectives by understanding how to best influence them to adapt their behaviours to achieve better outcomes for themselves and wider society.

Moving forward…

The new performance framework introduced in 2007 is still bedding in – but is starting to make a real difference to both Whitehall culture and delivery of outcomes. The challenge in continuing to develop the UK framework is to balance consistency with flexibility in responding to changing circumstances. In doing so, we will need to build on successes so far and look to the challenges of the future. Greater devolution of power, personalisation of services and empowerment of citizens will all continue to form the agenda for the UK government going forward. At the same time, the effect of the global downturn has led to an increasing need for value for money to be more embedded within the performance framework. In thinking about the future, we look forward to sharing learning with colleagues in India and around the globe.

News on Performance that Matters

Ministry of Textiles includes Results-Framework in its 100-Day Agenda



AGENDA FOR THE 100 DAYS

1. **Workshop for Senior Officers on Result based Performance Management**

   To enhance the efficiency in the working of the Ministry and ensure time-bound implementation of all Programmes and Policies, the **Ministry of the Textiles will organize a Workshop on result-based performance management system for all the Senior Officers of the Ministry within the coming 100 days.** The Workshop will aim at providing tools and techniques for implementing various Schemes and Objectives with an outcome based measurable performance framework and enhance the image of the Government by ensuring transparency in working and mapping of achievements to ensure timely completion of all the identified activities of the Ministry.

Secretary Tourism and Secretary Heavy Industries to Sign a Results-Agreement with their respective ministers

We salute and commend the two Secretaries for this bold initiative. They are indeed pioneers in the true sense of the word. They have shown that it is not necessary to be told to do the "right thing." While the recommendations of the Second Administrative Reforms Commission (ARC) are still being processed, the two pioneers have gone ahead and implemented what ARC calls; *Performance Agreements.* Please see Chapter 11 of the 10th Report of ARC for more details about *Performance Agreements*. This report is available at: www.arc.org

President's Speech to the Parliament
(Importance of Performance, Accountability and Good Governance)

Hon'ble President
Smt. Pratibha Patil

The President's address to the Parliament on June 4, 2009, sent a clear message to government officials that performance matters. We reproduce select paragraphs from this speech to give you a feel for her message on the importance of results-orientation and performance enhancement.

"An area of major focus for my Government would be reform of governance for effective delivery of public services. Reports of the Administrative Reforms Commission would guide the effort. Reform of structures in the higher echelons of government, increased decentralization, inclusion of women and youth in governance, process reform and public accountability would be key areas for focused action. As part of process reform, all proposals to the Cabinet will have to report on how the proposal under consideration will enhance the goals of equity or inclusion, innovation and public accountability.

My Government will initiate steps within the next hundred days on the following measures:

A public data policy to place all information covering non-strategic areas in the public domain. It would help citizens to challenge the data and engage directly in governance reform;

- Increasing transparency and public accountability of NREGA by enforcing social audit and ensuring grievance redressal by setting up district level ombudsman;

- Strengthening public accountability of flagship programmes by the creation of an Independent Evaluation Office at an arm's distance from the government catalysed by the Planning Commission. It would work on a network model by collaborating with leading social science research organizations and concurrently evaluate the impact of flagship programmes and place it in the public domain;

- Establishing mechanisms for performance monitoring and performance evaluation in government on a regular basis;

- Five Annual Reports to be presented by government as Reports to the People on Education, Health, Employment, Environment and Infrastructure to generate a national debate;

- Electronic governance through Bharat Nirman common service centres in all panchayats in the next three years;

- A model Public Services Law, that covers functionaries providing important social services like education, health, rural development etc. and commits them to their duties, will be drawn up in consultation with states; - A Delivery Monitoring Unit in the Prime Minister's Office to monitor flagship programmes and iconic projects and report on their status publicly."

CIVIL SERVICES DAY, 2009

A Report by Ritika Bhatia
Department of Administrative Reforms and Public Grievances

The Civil Services Day is observed by all Central Civil Services to rededicate and recommit themselves to the cause of the people. It provides a unique opportunity for introspection as also chalking out future strategies to deal with the challenges being posed by the changing times. The Civil Services Day is being celebrated since 2006 on 21 April. On this day, Sardar Vallabh Bhai Patel while addressing the probationers of the new All India Administrative Service had spoken of rectitude, impartiality, incorruptibility and esprit de corps.

The fourth Civil Services Day was inaugurated by the Vice President, Shri Mohammad Hamid Ansari on 21 April, 2009 in the Plenary Hall, Vigyan Bhavan, New Delhi. The theme for this year was 'Excellence in Governance'.

Cabinet secretary delivering the welcome address

The welcome address was delivered by the Cabinet Secretary, Shri K.M.Chandrasekhar. He thanked the Vice President for accepting the invitation to inaugurate the Conference. He also thanked the Secretary, Department of Administrative Reforms And Public Grievances who is the driving force behind the Civil Services Day. He enunciated the importance of the themes chosen for the deliberations. In the first part of the day long deliberations, various aspects of performance management would be examined. He further mentioned that given the pervasive role of Government in our society, enhanced Government effectiveness was the key determinant of a country's competitive advantage. Performance management in fact is an effective instrument for promoting equitable growth. He enunciated the broad trends in areas of performance management. He further stated that the issue of accountability was a related one and the immediate question that arises is: accountability for what? Accountability needs to be redefined as performance aimed at specific service delivery to the people. There is a need to shift from rigid, closed and hierarchy bound systems to a more open, responsive and accessible structure. This will necessarily involve dramatic changes in the fundamentals of administration, and we may have to boldly strike new paths in areas such as channels of communication within Government, sharing of information, evaluation of performance, and even systems of audit. He also mentioned that a website dedicated to all aspects of performance management in Government has been launched to encourage informed debate amongst Civil Servants and others (www.performance.gov.in).

The Vice President released a book on initiatives in e-Governance titled "BYOB" compiled by the Department of Administrative Reforms and Public Grievances. The book covers various innovations successfully tried out by different Ministries/Departments, state/UT administrations, national and international organisations.

The Vice President also gave away the `PM Award for Excellence in Public Administration' for the year 2007 – 08. Nine outstanding initiatives in three categories – individual, group and organization - were selected for the award. These are: (i) Financial Sustainability of Bangalore Metropolitan Transport Corporation (Karnataka), (ii) Evacuation of Indian National from Beirut during the war, (iii) Safe Motherhood and Child Survival Programme (Gujarat) and (iv) Activity Based Learning (ABL), Methodology for Primary Education (Tamil Nadu) in the individual category. In the group category, the winners were: (i) Computerization of Personnel Information System in Manipur (Manipur), (ii) SCORE: e-Registration in Bihar (Bihar), (iii) MCA-21 and (iv) Improved Health and Sanitation Practices through Convergence among district administration, panchayats and community in district Surguja (Chattisgarh). The third category of 'Organization' included one initiative i.e. Implementation of Risk Management in Customs.

Winners of Prime Minister's Award for Excellence in Public Administration.

Hon'ble Vice-Precident of India
Shri Mohammed Hamid Ansari releases the book 'BYOB'

The Vice President in his inaugural address mentioned that civil service was an integral part of Indian society and its structure of governance. Its DNA is shaped by the imperatives of Social mores, political calculus & economic context of the times. One aspect of this was the emergence of coalition politics and governments constituted pursuant to it. He said that the challenge in India's early years was to reconcile the differing perceptions of the political leadership that had emerged from the freedom movement on the one hand, and the inherited civil service on the other. The civil service cannot distance itself from the fundamentals of state policy, nor can it function effectively without being supportive of the policies developed through due process. On the role of the civil services in the era of political coalitions, Mr. Ansari said attempts to influence the functioning of the professional bureaucracy were not an Indian novelty, though the quantum and frequency did matter. The challenge for the civil service is to explore and develop a venue for proper functioning in the context and the spirit of the responsibility assigned to it by the law of the land and the policies developed through appropriate legislatives processes. Civil servants are the servants of the sate and not of the government alone.

This was followed by a vote of thanks by the Secretary, Department of Administrative Reforms and Public Grievances.

After the inauguration, the technical sessions commenced with successive panel discussion on two issues. The panel discussions were chaired by the Cabinet Secretary.

Cabinet Secretary opened the session by saying that apart from natural resources, human resources play a vital role in sustaining development. The issues relating to leadership, decision making, motivation, encouraging innovation and risk taking are the natural ingredients of Performance Management. Countries like Japan, Singapore do not have the natural resources but they are successful countries because of the fact that they have optimised the Human Resources resulting in qualitative achievements. An integrated and comprehensive Performance Management system would have to incorporate personnel issues, human resource optimisation issues, system issues and reform issues at policy level. Thus, quality of governance is the key to future progress and prosperity.

The panelists of the first panel discussion on 'Performance Management in Government' were Shri M.K. Narayanan, Shri C.M.Vasudev, Shri E.Sreedharan, Shri P.C.Halder, and Dr. Prajapati Trivedi.

A few salient points which emerged during discussions are summarised below:

Degree of accountability and transparency is much greater in government vis-à-vis private sector. Unlike in the corporate world where profits are the motive and a major indicator of performance, in the Government, emphasis is on the service delivery to the poorest of the poor and realization of social objectives. Inclusiveness, balanced outlook and integrity of mind are the hallmark of government's performance. Also, there is need for sensitivity for the people's expectations/ aspirations. Results and means by which targets are achieved are also very important. Public confidence and high ethical level must be integrated with measurable parameters. Perception Management is also an important aspect of performance management. Qualitative requirements are essential, in comparison to quantitative measurable indicators, due to severe constraints and road blocks faced in Government.

Cabinet Secretary Chairing Panel Discussion on 'Performance Management in Government

There are two aspects of the Performance Management - Performance Management of government programmes and Performance evaluation of individuals. As regards the Performance Management of government programmes, planning is generally perceived robust but cost of implementation is quite high. Performance should be related to the economical, efficient and effective citizen centric delivery of services. Monitoring of utilization of funds is an important aspect. Measurement of programme must be preceded by objective budgeting, impartial assessment and users' expectations. To have a better objectivity, the outcome should be assessed by an independent agency having domain knowledge. In-built incentive is required within the system to complete a scheme on schedule. Another aspect of Performance Management is the timely availability of the resources critical for service delivery. Also there should be clear cut delegation of powers, reducing the layers to facilitate decision making.

As regards the performance evaluation of individuals, there is an urgent need to tackle the aspect of knowledge deficiency in different layers of administration. A holistic assessment is required to judge strength, weaknesses and domain competence of the officer for 360^{0} evaluation of performance. In order to have optimal performance there is an urgent need to inculcate a strong value based work culture in organizations. External and internal targets must be set separately so as to adhere to the project schedule.

Performance Management should avoid multiplicity of layers and agencies in performance of government. Performance depends 80% on the system and 20% on the people. There is need to eliminate avoidance of responsibility at various levels and increase in quality of governance. Trickle down approach should be adopted by using '*performance agreement*'. Performance Management System should include i) Performance information system ii) Performance evaluation system iii) Performance incentive system.

The panelists of the second panel division on 'Civil Service: Accountability to People' were Shri Wajahat Habibullah, Shri V.N.Dhoot, Shri. D.Swarup, and Shri G.K.Pillai.

This also generated a number of good ideas, some of which are summarised below:

Two key issues in accountability and mechanisms to enforce it are: Accountability- to whom? And Enforceability mechanisms – how? There is need for focus on the accountability to people, which has been limited in the past. RTI Act 2005 is one of the mechanisms which would enforce the accountability of the Government to people. It has placed a statutory obligation on all public authorities to make all relevant information available on a regular basis. While emphasizing on proactive disclosure the role of e-Governance would have to go beyond the delivery of services to areas prescribed by the RTI Act. Public participation in the decision-making process would lead to strengthening of governance in the critical areas which affect the delivery of services to the common man e.g. Ration cards, blueline buses, allotment of land etc.

Cabinet Secretary chairing panel discussion on 'Civil Services : Accountability to People'

Civil Services of India are highly acclaimed abroad. There is a tradition of accountability in Civil Services, which needs to be nurtured. There should be a fair exchange of personnel between private sector & public services.

One of the major aspects of accountability is legal and administrative accountability framework. The Constitution of India sets out guiding principles for good governance in terms of "Social and economic justice for all". Transparency and accountability is crucial for achieving this. There is no reference to accountability in Constitution or law until the enactment of the RTI Act.

There are different sources of pressure, with respect to accountability. These are: Parliament, Judiciary, Media, Audit and Parliamentary scrutiny (parliamentary questions and debates). We are accountable for management of public funds, regulatory aspects (all rules and regulations are to be followed), ensuring propriety (compliance to parliamentary intention), value for money (efficiency, economy and effectiveness), compliance with law, public policy and performance against objectives/targets (this is where the issue of clear cut setting of goals becomes important which is a performance indicator).

In the valedictory session, the Cabinet Secretary finally summed up the discussions by suggesting that each and every Department, Chief Secretaries, Heads of Services would need to draw a clear road map for Performance Management and Civil Services Accountability to people. Sometimes, strategies are formulated but their implementation is weak. He emphasized that these two aspects of governance must not remain just sound bytes but vigorously implemented at every level to create a truly competitive and productive work force.

The Chief Justice of India addressed the gathering. He said that every year many talented individuals who join the ranks of various civil services are required to work in different parts of the country where they themselves may be unfamiliar with the language and the local customs. However, with their resourcefulness and adaptability, they begin their engagement with governance and developmental activities. Despite so many difficulties, the members of civil services have maintained their high tradition and good standard. It is through the members of civil services the programmes and policies of the Government are implemented. He spoke about the various factors on which good governance depends. He also mentioned that we all need to rank accountability as the first principle behind all governmental activities. We need to strive for a high degree of accountability – between the government agencies and citizens, as well as between the various levels in the governmental agencies themselves.

Address by Hon'ble Chief Justice of India

The CJI also mentioned about the difficulty of the role of a civil servant - an emphasis on excellence with the objective of equity in delivery of public-services in addition to a high degree of transparency and accountability. He concluded his address with reference to some observations made by Sir John Donaldson on the nature of public administration.

The conference ended with a vote of thanks by the Additional Secretary, Administrative Reforms and Public Grievances.

PRIME MINISTER'S AWARDS FOR
Excellence in Public Administration

NOMINATIONS INIVITED FOR THE YEAR 2008-09
Last date of nominations August 17, 2009

The Government of India has instituted "Prime Minister's Awards for Excellence in Public Administration" to acknowledge, recognize and reward the extraordinary and innovative work done by officers of the Central and State Governments. All officers of Central & State Governments individually or as a group or as organizations are eligible for consideration

Nominations of civil servants are invited from Central Government Ministries/ Departments/ State Governments/Non-Governmental Organizations and other stakeholders for the year 2008-09. The last date for receipt of nominations is August 17, 2009.

Objective of the Scheme
The Scheme rewards the outstanding and exemplary performance of civil servants. Discharge of routine duties and responsibilities and/or implementation of programmes/projects in the normal course, do not qualify for the Award. Initiatives and projects whose qualitative and quantitative outcomes/results are of a very high order, and benefit a large number of citizens/stakeholders could be considered.

Eligibility under the Scheme
All serving officers of the Central and the State Governments, either individually or as a team , or as organisations are eligible for the Awards. Under the team nomination, all the members of the team should have been actively and directly involved in the initiative nominated.

Details of Award
There would be a maximum of 15 Awards, given under individual, team and organisation categories. The Award would carry with it : i) A medal; ii) A scroll, and iii) A Cash Award

In the individual category, the Award amount would be Rs.1 lakh. In case of a team, the total Award amount for the team would be Rs.5 lakhs subject to a maximum of Rs.1 lakh per member. The Award amount for an organization would be Rs.5 lakhs. The Award amount is exempt from income tax under section 10(17A)(i) of the Income Tax Act, 1961. *Contact details for further clarifications*

Director (Administrative Reforms)
Department of Administrative Reforms & Public Grievances
5th Floor, Sardar Patel Bhavan, Sansad Marg, New Delhi-110001
Telefax: 011-23362369, Fax:011-23742133
e-mail: s.meenakshi@nic.in

Performance Appraisal of Civil Services Employees

Excerpts from the Background Paper prepared by Prof. T.V. Rao, Chairman, TVR Learning Systems Ltd. and Adjunct Faculty IIM Ahmedabad, Prof. Biju Varkkey, Faculty Member HRM, Indian Institute of Management Ahmedabad and Mr. Hasmukh Adhia, IAS, Principal Secretary to Government of Gujarat on the occasion of civil services day 2008. You can read the full version on our website: www.performance.gov.in

The first and foremost thing to consider is that Performance Appraisal is in itself a very difficult ball game, even for the private sector, but in case of the Government, it is even more so, because of multiplicity of objectives, large span of supervision and existence of myriad obstacles to performance.

If the system has to be effective, the following points are important.

1. First of all, the objectives of PA should be spelt out clearly and should be understood across the organization.
2. Simplicity and practicality is the key. In our opinion, the current system is overloaded with multiple objectives and larger span of controls.
3. The greater focus should be on performance management and public accountability, rather than career management of civil servants.
4. Performance Management and improvements and target achievements should dominate PMS than ratings and reports.

Three objectives of civil service PMS

The three main objectives of PMS for civil service could be as follows:

1. To have a system of measuring the performance of each civil servant which can be used for assessing him/her at the time of promotion or for any Performance Related Incentive Scheme (PRIS). (Current system will do).
2. To have continuous feedback mechanism for civil servants to improve performance with focus on training and development requirements. (though proposed in the new system, we re-emphasize it to give feedback its due importance).
3. To improve accountability of civil servants vis-à-vis stakeholders and citizens

It is a well researched fact that when the PA is linked to pay and promotion, it creates antipathy among the employees, and hence the developmental or self improvement aspect of it is lost sight of. It is therefore better not to have one single performance appraisal system in which all these three objectives are sought to be achieved.

Appraising performance of employees of any organization is a complex task. The same complexity applies for government where performance of civil servants has to be appraised. A robust system is a pre-requisite, but not everything. Though from the sustainability perspective a PMS system will be better, the complexities will increase with its introduction. However by focusing on development, PMS system will contribute to improving quality of governance to a large extent.

Performance Appraisal cannot merely be treated as an annual exercise of filling in a few forms confidentially and deciding the fate of an individual and consequently the fate of the society he/she is expected to serve. It does not merely deal with annual appraisals, but with the work itself. It also deals with careers of civil servants, their work, pleasure derived, benefits to society and methods and mechanisms of maximizing each and all of these. From the point of view of the government and the governed, all stakeholders have to ensure that the performer (civil servant in this case) gets a clear understanding of what is expected. It is the responsibility of the government and senior civil servants (in supervisory roles) to ensure that roles are specified and continuously performance is planned, standards are set and acceptable expectation measures are well defined. It is the responsibility of the employee to ensure accounting for the time and work put in, with justifiable results.

It must be remembered that even an employee who is earning a monthly salary of Rupees ten thousand is being paid one rupee a minute and senior civil servant who is paid one lakh rupees a month is being paid ten rupees a minute with the expectation to contribute in multiples of the receipt by providing the right (and best) service to society. Today, when civil servants contribution is watched by external stakeholders and good governance being the goal of governments, performance accountability is most important. However, bringing in performance accountability through a PA/PMS system will not solve all governance problems. It will however be a positive step towards achieving good governance goals and building a motivated civil service.

We must point out however that a good PA presupposes presence of congenial work atmosphere (also called efficiency enablers) which may be missing in many Government offices. As mentioned earlier, PA/PMS does not solve all the problems of Governance by itself. Notwithstanding that, we need not wait for all problems to end before we introduce PMS on the line suggested in this paper. We must all try simultaneously to improve all areas of Governance including PMS. To an extent PMS will bring about some backward and forward changes in the governance, which is always welcome. For instance deciding Key Performance Indicators for each civil servant, in line with the department/ministry objective and commitments made in citizen's charter/Sevottam will bring about clarity in the vision and goals of a department or an organization. Similarly, this may necessitate drawing up formal duty charts for everyone in the Government thus bringing role clarity.

Lastly, the biggest issue for PMS or any equivalent system is about correct implementation. The current system of ACR has its merits but in the absence of giving proper priority to that work, the ACRs are written routinely and hence fail to distinguish good and bad workers. Whatever be the system, the success will ultimately depend on the importance given to that activity, the training imparted and proper monitoring and accountability. In fact it may be necessary for the Government to have a band of well trained HRM professionals who work closely with personnel/general administration department.

The most important part is training of employees on PMS and change management efforts. In addition to building PMS capabilities, the training also serves the purpose of removing misunderstanding about PMS and obtain buy-in of all stakeholders.

Introducing 360 degree for all employees as a developmental tool for performance enhancement will be a major step for achieving better performance. All employees should have the opportunity to participate in the exercise and obtain independent feedback as well. It will be an opportunity for all employees to discover how they can improve effectiveness. The 360 degree system will eventually compliment the country's move to good governance

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Contacts :

Editor
PERFORMANCE MATTERS
Chanakya Bhavan (1st Floor)
New Delhi 110021
Phone : 24675762

Email: performance-cabsec@nic.in **Website:** www.performance.gov.in