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Performance Matters

Performance Management – Cabinet Secretariat

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From the Desk of the Cabinet Secretary

Ability to deliver promised results is a necessary condition for improving the perception of a Government, but it is not necessarily a sufficient one. Citizens also expect that results should be delivered with courtesy and in a timely fashion. Further, if citizens have a grievance, they expect a satisfactory response. Above all, they expect us to conduct ourselves in manner that is consistent with the highest standards of public service code of conduct.

Recognizing this reality, the Results-Framework Documents (RFDs) for 2010-2011, include a set of mandatory success indicators to measure effective design and implementation of Citizen's Charters and Grievance Redress Mechanisms. This issue of *Performance Matters* contains details of the four workshops organized by us to facilitate the development of these instruments.

This issue also initiates a discussion on the role of "ethics management" and "knowledge management" as instruments of "performance management." We invite you to reflect on the article on the experience of the Office of Government Ethics (OGE), created to develop one set of written "government ethics" standards for all Government departments in the US that, if followed, would prevent an employee from inadvertently violating a criminal conflict of interest or civil ethics statute.

Similarly, let us also examine the relevance for our context of the lessons from the experience of OECD countries with the use of knowledge management techniques in central government departments to (a) overcome the tendency to treat departments as silos, (b) and create a joined-up government with a knowledge sharing culture. As the article summarizing knowledge management practices in OECD countries argues, knowledge has become a critical determinant of the competitiveness for the public sector. The latter, as we know, is a key determinant of a country's competitive advantage.

K.M. Chandrasekhar

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Ethics Management in Government: Experience in American Government

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Each of the three branches of federal government of the United States – executive, legislative and judicial – have "ethics" programs designed to prevent, address, and manage conflicts of interest on the part of the individual officers and employees of that branch. The executive branch ethics program is overseen by the U.S. Office of Government Ethics and comprises four elements: enforceable standards, a financial disclosure system, a program for training and counseling, and enforcement mechanisms. The full content and scope of these elements were not enacted or developed together. Most have evolved over the last 30 years. But experiences during this period have led to changes in the program and will undoubtedly lead to more.

Enforceable Standards

Prior to the 1960s the United States addressed conflicts of interest of its federal officers and employees (including judges) almost exclusively through criminal statutes and proceedings. As a particular scandal developed new conflict laws were enacted to address the conduct. Scandals involving officials making unfounded claims against the Government treasury or personally profiting during the U.S. Civil War (1860s) from contracts for goods that never arrived or were defective, gave rise to a series of criminal laws designed to prohibit Government officials (and those who colluded with them) from personally profiting by their involvement in Government decisions and processes. The basic prohibitions encompassed by those early statutes remain today.

In the early 1960s renewed interest in public service as a respected profession, generated in part by the election rhetoric of President John F. Kennedy, brought increased attention to the relationships that should exist between Government employees and the public. This resulted in two major changes. First, the individual criminal statutes dealing with conflicts of interest were re-enacted together in one chapter of the criminal code and standardized terms were used throughout the provisions. Second, the Kennedy Administration began a project to establish an administrative (non-criminal) code of conduct for executive branch officials that addressed not only actual conflicts of interest but activities that give rise to the appearance of such conflicts. This approach was based upon a belief that the public's trust in the Government was damaged whenever it appeared that a conflict of interest had occurred. Thus, a shift in focus from simply criminal prohibitions to more preventive and aspirational standards began.

In 1965, following President Kennedy's assassination, President Johnson issued Executive Order 11222 setting forth six basic principles of public service and some specific restrictions regarding gifts and other issues. The Civil Service Commission (now called the Office of Personnel Management) developed a model regulation for executive branch agencies to use in developing their own regulatory standards of conduct based upon the Executive Order. Each agency was then responsible for interpreting and enforcing its own standards. While the Civil Service Commission had some limited role, there was essentially no centralized authority responsible for ensuring consistency of the program throughout the branch. Not surprisingly, over the next 15-20 years, it became apparent that while the words of each agency's standards were similar, the application by individual agencies was quite disparate.

After the Watergate scandal, a number of good governance measures were enacted in an effort to help restore the public's confidence in the Government. Included with those measures as a part of the 1978

Ethics in Government Act was the creation of the Office of Government Ethics (OGE). OGE was given the responsibility for the overall direction of executive branch policies relating to preventing conflicts of interest. OGE, as a small agency, leveraged its position by building upon the then current responsibilities of each agency head. OGE began by reinforcing the concept that each agency head was ultimately responsible for the ethics program of his or her agency but then requiring each agency head to appoint an ethics official and to provide sufficient resources so that the ethics official (and any additional necessary staff) could carry out the day-to- day activities of an ethics program composed of elements specified by OGE. As a part of its oversight responsibilities, OGE periodically reviews agency ethics programs to ensure that their programs are being carried out within a consistent framework. It is through this network of ethics officials that OGE began working and continues to work to bring consistency to the program within the branch.

In 1989, President George H.W. Bush issued Executive Order 12674 setting forth fourteen fundamental principles of ethical service. The Order directed OGE to write "a single, comprehensive, and clear set of executive branch standards of conduct that shall be objective, reasonable, and enforceable." In carrying out this directive, OGE made a conscious decision to move from the more limited regulations developed in the 1960's to more extensive, detailed regulatory standards that addressed core subjects much more specifically. The specific subjects chosen were those that raised the most questions based upon agencies' years of experience with the application and enforcement of the earlier standards and the criminal statutes. Each section of the standards was followed by examples of its application.

The intent of this change was to bring some consistency in interpretation among the agencies, to provide more actual concrete examples and thus notice to employees who were subject to the standards, and importantly, to create one set of written "government ethics" standards, that if followed, would prevent an employee from inadvertently violating a criminal conflict of interest or civil ethics statute. In drafting the standards, every attempt was made to ensure that an employee who followed the guidance of the administrative standards need not fear his or her conduct would violate a civil or criminal ethics statute covering generally the same type of conduct. On the other hand, an employee who chose to act in significant violation of the standards would, however, also run the risk that his or her conduct might trigger an underlying criminal statute. For example, depending upon the facts, accepting or soliciting a "gift" might actually be viewed as accepting a bribe or engaging in extortion; misusing Government resources might actually be criminal conversion of Government property.

These standards were drafted, reviewed internally within the executive branch and published for public comment. OGE received over 1,000 comments from interested parties. Those comments were addressed and the final regulation was published in August of 1992. The effective date of the regulation (standards of conduct) was 6 months beyond publication in order to give agencies time to make their employees aware of the new code and its provisions.

These administrative standards of conduct have now been in effect for seventeen years. When they were new, agencies properly focused their training resources on the requirements of the standards as a minimum level of acceptable conduct. Now OGE believes employees should be comfortable with the standards and is focused on raising the level of discourse from simply complying with standards to aspiring to the highest principles on which those standards are based.

The administrative standards of conduct are not the only aspect of the ethics program that has gone through a change since the 1960's. As a part of the 1989 Ethics Reform Act, the criminal statutes were amended to include the options of civil and injunctive authority. Previously, a statutory conflict of interest could only have been charged as a felony or a misdemeanor; now civil actions could be brought and injunctions sought for the same conduct, giving prosecutors a wider range of options to address statutory violations. In addition, Congress enacted some civil ethics restrictions applicable to high level officials of all three branches that limit outside earned income, compensated and uncompensated service in certain fiduciary positions, and the receipt of honoraria. These restrictions were enacted in conjunction with a significant pay raise to relieve the pressure to accept private compensation in order to meet the expenses of living and working in Washington.

The most recent addition to the body of ethics standards is Executive Order 13490, "Ethics Commitments by Executive Branch Personnel," signed by President Obama the day after his inauguration. Among other things, this Executive Order requires every full-time, political appointee appointed on or after January 20, 2009 to sign an Ethics Pledge, which covers issues related to the acceptance of gifts, recusals under specific circumstances, post-employment, lobbying, and employment decisions.

Thus, over the last 50 years the U.S. federal government has moved away from purely criminal conflict of interest restrictions as the only standard governing public service. In addition to the new requirements under the Ethics Pledge, there are now civil "ethics" restrictions primarily dealing with outside activities that produce compensation, conflict of interest statutes that provide the prosecutor with criminal or civil options for penalties, and, in the executive branch, comprehensive administrative standards of conduct designed to be a single source of guidance to employees with regard to conflicts and ethics restrictions.

Public and Confidential Financial Disclosure

The 1965 Executive Order issued by President Johnson that required the first administrative standards of conduct, also required high level executive branch officials to file confidential financial disclosures with the Civil Service Commission and for the Commission to issue regulations requiring confidential financial disclosure reports from other agency employees in order to help determine potential, actual, or apparent conflicts of interest of the officers and employees. Each agency initially collected and reviewed these forms before sending copies of the senior officials' forms to the Commission. And, like the first standards of conduct, agencies managed this program in very disparate ways. Some agencies collected the reports and used them in very constructive ways to help counsel employees on how to avoid potential conflicts that were disclosed on the reports. Other agencies failed to collect or to properly review the reports and did not use them as a counseling tool.

This experience was one of the considerations of Congress when as a part of the 1978 Ethics in Government Act, it enacted the statutory requirement that high level officials of all three branches file public financial disclosure reports. The public financial disclosure was intended and continues to –

- increase public confidence in Government;
- demonstrate the high level of integrity of the vast majority of government officials;
- deter conflicts of interest from arising because official activities would be subject to public scrutiny:
- deter persons whose personal finances would not bear public scrutiny from entering public service; and
- better enable the public to judge the performance of public officials in light of an official's outside financial interests.

The information required to be reported is specifically set out by law and the information requested is directly related to conflict of interest statutes or regulations. (Just within the executive branch there are currently approximately 24,000 filers of public reports.)

As a prevention measure using the public financial disclosure requirement, OGE inserted itself into the confirmation process of the President's nominees to the highest positions in the executive branch. Each of the nominees is required to file public financial disclosure no later than five days after nomination although in practice the forms are filed quite early with the White House and are used as a consideration in the President's decision of whether to nominate the individual for a particular position. The forms are shared by the White House with OGE and the agency in which the individual would serve. When the individual is nominated, the agency conducts a final review and forwards a copy to OGE, who then certifies the form and sends an opinion letter to the Senate. OGE recognized this as an opportunity to review with the agency and the White House the financial holdings and relationships of a nominee and to require the nominee to agree to take whatever steps are necessary to avoid potential conflicts before he or she assumed the new position. These steps can include divestiture, resignation from outside positions, recusal, waiver or a blind trust.

The critical step OGE took in 1979 that was not clearly set forth in the financial disclosure statute was to work with each of the Senate confirming committees to assure that OGE could complete this review before the Senate confirmed the individual. This had two advantages. The first was time. Normally, confirmation must occur before appointment. The second was consistency. Historically each Senate confirming committee had made their own decisions about financial conflicts not necessarily based upon applicable laws and regulations. By providing its analysis and opinion to the committees, OGE could shoulder more of this responsibility and the committees could focus on suitability rather than financial conflicts. Thus, OGE's review and opinion has become an integral part of the confirmation/appointment process and new appointees are now aware before they take office of the conflict of interest requirements to which they must adhere. This process is one of the most important conflict prevention tools for senior level officials available in the program.

Public financial reporting helps ensure that every citizen can have confidence in the integrity of the most senior officials of federal Government. However, in order to further guarantee the efficient and honest operation of the Government, the executive branch continues to require other, less senior, executive branch employees whose Government duties involve the exercise of significant discretion in certain sensitive areas, to report, on a confidential basis, their financial interests and outside business activities to their employing agencies. These confidential reports facilitate the agency's review of possible conflicts of interest and provide a vehicle on which to base individualized ethics counseling and training. Approximately 260,000 individuals file financial disclosure reports on a confidential basis throughout the executive branch.

While the prevention of conflicts is a significant purpose for collecting and reviewing these disclosure reports, the reports can be used, however, to help in prosecutions of individuals who have violated conflicts or other statutes. In some instances the employee will disclose information that, on its face, will indicate a violation of a statute or regulation. The form is then used as a basis for further investigation and for possible prosecution. In other instances, information will become available about activities and interests of the employee in which a subsequent investigation reveals the employee has intentionally failed to properly report. In those cases, the employee can be charged criminally with knowingly filing a false statement on the financial disclosure form. This charge would be in addition to whatever other charges might be involved and is especially useful when the proof of the underlying illicit act is difficult to obtain or prove in a court proceeding but the proof of the false statement on the report is not.

Systematic Training and Counseling

One of the real strengths of the ethics program of the executive branch is the systematic training of employees with regard to the regulatory standards and conflict of interest statutes. All new employees must be given an opportunity to familiarize themselves with the standards of conduct when entering Government service, and agencies are required to provide training to the highest level officials once a year. In addition, every agency has an ethics official(s) who is available to answer any questions employees might have about the application of the statutes or the standards. Employees who seek advice from these ethics officials and follow that advice (even if the advice turns out to be wrong) will not suffer any penalty for their conduct. This aspect of the program is intended to encourage employees to ask questions first before they engage in conduct about which they are unsure.

In a survey of a cross section of executive branch employees, OGE found that employees who had received ethics training were more aware of the ethics requirements and more apt to seek guidance when questions arose. Not surprisingly, the survey showed that employees judged the ethical culture of their agencies by the actions of their immediate supervisors and their executive leadership. To OGE this was a clear indication that more training resources should be directed to those in supervisory positions.

Experience has also shown that as training increases, so does the use of counseling services. Training and counseling go hand in hand. The training sessions are intended to raise the consciousness of employees to the issues that can raise questions of conflict. If the employee subsequently has a question that is not clearly answered to his or her satisfaction by the written standards, the employee is strongly encouraged to seek assistance from an agency ethics counselor prior to engaging in the conduct that is of concern. Individual employee counseling is provided primarily at the agency level where there is apt to be a more direct understanding of the responsibilities of the employee in the programs administered by the agency. (OGE's training and counseling is more detailed and specific and is primarily provided to agency ethics officials.)

Effective Enforcement Mechanisms

The criminal statutes, the civil statutes and the standards of conduct each are enforced using standard procedures which are not unique to these restrictions and did not have to be designed specifically for these restrictions. Alleged violations of the criminal conflict of interest statutes are investigated by the agency Inspectors General or the Federal Bureau of Investigation just as alleged violations of other provisions of the criminal code.

Prior to 1989, only the most serious cases were prosecuted; less serious but nonetheless violations of the criminal conflicts laws were not pursued for reasons related to such things balancing prosecutorial resources and jury appeal. With the 1989 addition of civil penalties and injunctive relief and with the pro-active ethics program having been in existence for 10 years, the Department of Justice began to pursue more conflict allegations. Each year, OGE also publishes each year a description of all prosecutions as well as all civil settlements. That document is sent to all ethics officials and is posted on OGE's website for public review.

The regulatory standards of conduct are enforced administratively by the agency in which the employee serves following standard procedures that must be followed in order to take any disciplinary action (including reprimand, reassignment, suspension, demotion or dismissal) against an employee. Thus, the standards of conduct did not have to include a detailed enforcement mechanism; they simply referenced the existing standard system. The enforcement authority has been consciously left as a responsibility of the head of each agency as an effective management tool and as a way of holding the head of the agency accountable for the standards of the agency. OGE reviews the agency ethics program to determine whether the program is being carried out properly.

Conclusion

The United States has moved from managing conflicts of interest through primarily reactive criminal prosecutions to a proactive training, education, and counseling program focused upon the criminal, civil, and administrative standards and the detection and resolution of potential conflict of interests from financial disclosure reports. This proactive program is supported by an effective enforcement system with a range of penalties.

The rights of employees to fair notice of the standards to which they will be held accountable does undoubtedly help make the U.S. system for managing conflicts appear heavily rule-based. These rules, however, flow from fundamental principles of public service which embody aspirational goals. It is the challenge of conveying both aspiration goals and enforceable standards to employees that makes the program challenging and vibrant.

The Right Kind of Accountability

John D. Donahue is the Raymond Vernon Lecturer in Public Policy and Faculty Chair of both the MPP Program and the SLATE curriculum initiative. His teaching, writing, and research mostly deal with public sector reform and with the distribution of public responsibilities across levels of government and sectors of the economy, including extensive work with the HKS-HBS joint degree program. He has written or edited twelve books, most recently *The Warping of Government Work* (2008) and *Collaborative Governance* (with Richard J. Zeckhauser, forthcoming). He served in the first Clinton Administration as an Assistant Secretary and then as Counselor to the Secretary of Labor.

There's just no accountability in government." This statement and close variants are heard frequently, but only from people who don't know much about government. Nobody who has seen (or even better, been) a governor announcing an austerity budget, or a defeated mayor on some Wednesday morning in November, or a corrections director pinned in the glare of a media investigation can truthfully say that people in the public sector aren't held to account for their actions.

Similar charges of a lack of accountability are often leveled against private-sector organizations. The automaker ignores the climatic havoc that its products slowly but surely wreak; the fastfood chain pays no penalty for the damage its products do to customers' arteries or its wrappings do to the environment; apparel manufacturers are oblivious to the squalid labor conditions their suppliers maintain. Yet managers in these companies can and do get fired over profit declines and stock-price slumps.

Sometimes, in either sector, there really are big lapses in accountability. But, most of the time, in both business and government, there are reasonably sophisticated and reliable mechanisms for holding people to account. It is not that one sector is systematically more accountable than the other. It's that the characteristic forms of accountability differ between the sectors -- and for mostly good reasons.

It is no slur against government to say that productive efficiency is not and should not be its strong suit. The public sector's cardinal virtue -- precious when present, crippling when absent -- is legitimacy in the eyes of its citizens. Public organizations, almost by definition, are answerable to a broad range of constituencies whose interests, on a wide spectrum of dimensions, must be taken into account. Let's call this "extensive accountability." Private organizations, conversely, are characterized by what can be termed "intensive accountability." They are answerable to a narrower set of masters, but in a far more focused way. This intensive accountability is inherently more conducive than extensive accountability to pure productive efficiency -- rooting out avoidable costs, eking out each tiny improvement that might yield a competitive edge or add an extra hundredth of a percent to the rate of return, sweating every detail of the production process.

Government does the right thing, as the cliché goes, while business does things right. Despite the many vivid counterexamples one could cite on both sides, this remains a generally accurate summary of the differing incentives, constraints and pressures that shape the behavior of public and private organizations. Expecting government to match business on cost reduction or process refinement is as quixotic, by and large, as expecting business to respond -- without the prod of lawsuit or regulation -- to the complaints of an unmonied interest injured by its operations. There is a built-in trade off between intensive and extensive accountability.

Appreciating these two forms of accountability can help public managers anticipate challenges when building or shifting accountability arrangements. A school superintendent shouldn't be surprised when public schools -- adept at juggling competing demands from parents, local boards, federal overseers, teachers and students, as well as other constituencies -- are uncomfortable with the cold, inflexible intensity of high-stakes testing. An economic development director should anticipate that a firm negotiating a location deal could cope with tough targets on job counts and payroll but will quickly grow exasperated with requirements concerning the environment, local hiring or corporate philanthropy.

Understanding the difference between intensive and extensive accountability can also help managers understand both the payoffs and risks of outsourcing specific public tasks. For well defined, relatively routine functions where the ends are established and it's down to a matter of means, outsourcing can offer big advantages for government -- much bigger than outsourcing within the private sector. Shifting some function from one private firm to another may generate gains from specialization, optimal scale and the spur of competition. Shifting some function from government to a private firm can do this, too, but it also transfers the task from an institutional setting in which productive efficiency is a secondary concern into one in which productive efficiency is the prime directive. But where means do matter -- where it isn't just a question of getting the work done well and cheaply -- engineering extensive accountability into the relationship with a private provider can be hard to do, and sometimes impossible. The conversation about accountability in government would make more sense, and inspire more smart management, if it focused on "what kind?" instead of "how much?"

Punjab Government Implements Results-Framework Documents (RFDs)

(Report of the Workshop on RFD, Chandigarh, June 22-23, 2010)

Mahatma Gandhi State Institute of Public Administration, Punjab (MGSIPAP) organized a two days sensitisation workshop for Senior Officers, Cabinet Ministers and Chief Parliamentary Secretaries of the Government of Punjab on "Introduction of Results-Framework Document (RFD)." For this purpose, Sardar Manpreet Singh Badal, Finance and Planning Minister invited Dr. Prajapati Trivedi, Secretary (Performance Management), Cabinet Secretariat, Government of India, to conduct and provide mentor support on the process of preparing Results-Framework Documents of various departments in the State of Punjab. Dr. Prajapati Trivedi accepted the invitation and conducted this workshop during June 22 – 23, 2010. Shri J.N.L. Srivastava, Member Ad-hoc Task Force (ATF) remained present throughout the workshop to clarify various concepts related with the methodology of preparing RFD.

Cabinet Members of the Punjab Government discussing RFD

Sardar Manpreet Singh Badal requested his Cabinet Colleagues and Chief Parliamentary Secretaries to attend the special session on Results-Framework Document on 22.06.2010 at 6.00 p.m. onwards at the Institute's Campus. Shri S.C. Aggarwal, Chief Secretary to Government of Punjab, requested Financial Commissioners/ Principal Secretaries and Administrative Secretaries to attend the two days workshop to sensitise on the methodology of preparing RFD of their respective departments. Institute invited all the Head of the Department and few Managing Directors of the Boards and Corporations to attend this workshop and bring documents like i) what are the objectives of the department? ; ii) what are the priorities of the department? and iii) to what extent the objective of the department has been achieved?, which will help them to prepare Results-Framework Document.

Sardar Manpreet Singh Badal inaugurated the workshop on 22nd June, 2010. Shri S.C. Aggarwal, Chief Secretary presided over the technical sessions. 125 Senior Officers across the departments of Government of Punjab, attended this workshop. The workshop was divided into three main sessions. First was the introductory session where the entire concept was clarified to the participating officers. Explaining the concept of RFD, Dr Trivedi said "at the beginning of each financial year, with the approval of the Minister concerned, each department will be required to prepare a Results-Framework Document consisting of the priorities set out by the Ministry concerned, agenda as spelt out in the manifesto, if any, announcements/ agenda as spelt out by the government from time to time. The Minister in charge will decide the *interse* priority among the departmental objectives. Once the priorities, direction and deliverables are decided by the Minister, it would then be the responsibility of the department to achieve these results".

In the second session onwards, the officers were divided into five groups, each consisting of 10- 12 members, to work out prototype of document for the department of the group's choice. The 5 groups worked on developing RFD for the departments viz. Irrigation, Health & Family Welfare (two groups opted for it), Higher Education and Woman & Child Development. Keeping in view the objectives and priorities of the department, participants deliberated on various aspects and prepared the prototypes draft RFD. The 3rd part of the programme which took place in the afternoon of the 2nd day consisted of presentation of the draft document by each Group. One of the group's RFD was adjudged best amongst the five groups and was awarded winners trophy.

The special feature of this workshop was sensitisation session held for the benefit of the ministers in the evening on 22nd June. About 10 ministers participated. Finance Minister announced that the Cabinet had decided in its meeting dated 17th June to adopt the RFD model for effective performance management in the State Government.

Dr.Upinderjeet Kaur, Minister for Education, presided over the evening session and concluded it with a note of hope and commitment. On behalf of her colleagues, she announced that State Govt. will adopt RFD and set an example for other States.

The concluding session was presided over by the Chief Secretary of the State, who appreciated the efforts made by each group and the critique which was offered by the groups during the presentation of the draft document. The Chief Secretary exhorted the officers to continue the creative efforts and announced that all the departments are being called upon to submit their Results-Framework Document by 31st of August for the remaining 6 months of the current fiscal year, so that the same can be analysed in September and implemented from 1st of October. Once in place, Punjab will become one of the first few states in the country to adopt the RFD system.

Shri S.C. Aggarwal, Chief Secretary made the commitment about enforcing the RFD regime in a two-day sensitisation workshop and directed the heads of departments to adhere to the deadline.

Finance and Planning Minister, Sardar Manpreet Singh Badal had also accepted the concept and assured financial aid to all departments to introduce the RFD in a speedy manner. Shri B.K. Srivastava, Director General of MGSIPAP said that the Institute will provide technical and training support to the Govt. at Chandigarh and it will also go into details of consultation with stake holders, public representatives and officers at the cutting edge through a series of RFD workshops at the regional and district centres of the Institute.

Dr. R.K. Sharma, Head of the Administrative Research Division of the Institute thanked Dr. Prajapati Trivedi, his team and the participating officers for the support and participation. He said that many more such training workshops will be held in the Institute in near future.

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Review of Draft Results-Framework Documents (RFDs) of Government Departments in Punjab

The Institute organized presentation-cum-discussions on draft RFD of various departments of the State with the members of Advisory Task Force (ATF) from September 13th to 17th 2010. Shri J.N.L. Shrivastva, IAS (Retd), Prof. Biju Varkkey, IIM Ahmadabad, Shri. K.Padmanabhaiah, IAS (Retd), Shri Arun Kumar, IAS (Retd), and Shri. S.P. Jakhanwal IAS (Retd) were members of the Advisory Task Force. Dr. Prajapati Trivedi, Secretary, Performance Management Division, Cabinet Secretariat, New Delhi, provided mentoring support for this event. An exclusive session on RFD explaining the concept, methodology, duties and responsibilities of ATF members was arranged on September 9, 2010, for the members of ATF, who were drawn from the list of retired IAS Officers of Punjab cadre. Shri Rajan Kashyap, IAS (Retd); Shri A.K. Kundra, IAS (Retd); Shri K.B.S. Sidhu, IAS (Retd) and Shri K.S. Kang, IAS (Retd) opted to be member of ATF from Punjab State. Shri Preet Mohinder Singh, Principal, Staff Training Institute, SADB participated in the meetings as a State Resource Person. More then 30 departments reported for the discussions and presentation of their RFDs to the ATF members during the review meetings.

Professor Biju Varkkey of IIM Ahmedabad (left) attending the ATF meeting in Chandigarh, Punjab

Administrative Secretaries of Home Affairs & Justice, Cooperation, Higher Education, School Education, Labour, Forests, Industries, Medical Education & Research, Transport, Agriculture, Defence Services Welfare, along with their team of Senior Officers attended this event. In this first round officers from Social Security, Irrigation & Power, Local Government, Grievances Redressal and Pension, Housing & Urban Development, Information Technology & Administrative Reforms departments made no presentations.

The ATF members gave valuable suggestions to the departments for improving the quality of their RFD. ATF members also appreciated the efforts made by the Institute in creating awareness about RFD both at the political and administrative levels. The RFD can be an extremely effective instrument for governance especially for ordering the priorities of departments and their objective appraisal and evaluation. It was observed by the ATF members that the RFD would prove more valuable if it is backed by strong information management system and implementation of reform measures within the departments.

The members felt that the quality of presentations among various departments had significant variations. In some cases, especially where the Administrative Secretaries had taken personal interest, the documents were more articulate, crisp, concise and properly targeted. In certain cases, the exercise was found to be restrictive and incomplete. It can be presumed that with more experience, the RFD exercise would become more fruitful.

The institute organized the second round of presentation-cum-discussions on 6th, 7th & 11th October 2010 for the departments whose RFDs were not found up to the mark or those who could not present their document during the first ATF meeting.

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Knowledge Management: Knowledge of Development, for Development, and by Development

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The importance of knowledge for promoting economic development has become part of development orthodoxy. It has acquired the status of an axiomatic belief that is rarely contested. Instead, most discussion on the subject now appears to focus on methods for creating knowledge-based societies.

This article examines certain key issues that have been ignored in our rush to create knowledge based societies and suggests priorities for sequencing of policies in developing nations. I believe that we have moved too quickly, without raising issues that may dampen our enthusiasm for the emerging field of knowledge for development (K4D). Difficult as it may seem, it is time to pause and raise these issues.

Let me start with an area in which we appear to have the greatest degree of agreement among commentators. Most would readily agree that knowledge is only a means toward an end and not an end in itself. For developing nations, the primary (if not the sole) purpose of knowledge acquisition is economic development and poverty reduction.[1] Unfortunately, however, we do not have adequate understanding of the process of economic development. The experts on economic development have not yet managed to explain adequately the ingredients of sustainable economic development. To be sure, there is a long history of attempts by some of the most distinguished development economists to explain the causes of economic development.[2] Yet all one can say is that poverty has increased while theoreticians have been searching for a good model to explain its origins and find ways to eradicate it. For fifty years we have looked for an answer, and for fifty years we have been disappointed. If we still do not fully understand the fundamental causes of poverty and methods for promoting development, how can we be sure that we are using knowledge appropriately for economic development? As we shall see in what follows, without knowledge of development, it may be risky to use knowledge for development.

We cannot move further along in this debate without first defining the term knowledge. Knowledge means different things to different people. In the discussions on K4D, there are at least three schools of thought with different implicit definitions for this term. The first school defines knowledge as being synonymous with science and technology in general and with ICT (Information and Communications Technology) in particular. Proponents of this school of thought measure the readiness of countries for K4D by counting, among others, such things as computers per capita or telephone connections per capita. This group deals with more macro issues of studying the relationship between economic development and knowledge. The second school of thought uses the term knowledge synonymously with the term information. This school emphasizes knowledge management—that is, managing the supply of and demand for facts and figures, lessons of experience, and sources of information. Finally, there are some purists, comprising the third school of thought, who define knowledge as an understanding of the relationships between the causes and effects of observed phenomena. The effectiveness of any knowledge

1 Here we are using "poverty reduction" and "economic development" as two sides of the same coin. The finer points regarding the distinction between the two terms would not affect the thrust of our arguments. To us, poverty reduction is a modern term for the age-old problem of economic development.

2 Students of development economics consider the following, among others, as household names: Rosentien Rodan (Big Push), W.W. Rowstow (Take-off), Sir Arthur Lewis (Unlimited supply of Labor), and Harrod-Domar (Growth Models).

strategy depends critically on the recognition of the distinctions between the three related dimensions of knowledge espoused by these schools of thought.

If resources were unlimited, then it would be fine to move simultaneously on all fronts and promote knowledge in all its dimensions. Unfortunately, scarcity of resources forces us to prioritize and decide what ought to be our starting point for implementing a knowledge strategy in developing countries. In what follows I suggest one way to establish this priority.

In a poor society, what aspect of K4D is needed most for economic development? Common sense tells us that we should ensure that the country is making the best use of its limited resources. To determine whether a country is making the best use of its limited resources, we need information on what its resources are and how well it is using them compared to other countries. Such a country would also benefit from being aware of best practices and lessons of experience. For example, a village in a developing country would probably benefit more from knowing how to make a more efficient bullock cart than from learning about Windows XP. Therefore, it stands to reason that knowledge management is the most relevant starting point for a knowledge strategy for development.

The definition of knowledge that emphasizes Science and Technology (S&T) treats knowledge as a factor of production. Proponents of this aspect of K4D take examples of developed economies and correlate them with the existence of other S&T-related factors. This may establish a correlation between knowledge and development, but it does not establish direction of causality. This brings us to another important distinction—knowledge for development versus knowledge by development. It appears that economic development leads to a thirst for knowledge because knowledge is a "luxury good" and not a necessity. To absorb a higher level of S&T, an economy needs to reach a certain level of well-being. Given a choice between food and the Internet, food would win by a wide margin in most developing countries. As with any luxury good, the demand for knowledge would be expected to grow with greater levels of economic well-being. In fact, knowledge is the positive counterpart of the so-called "Giffen goods," which have extremely negative income elasticity. The demand for knowledge should grow exponentially with greater economic development. That is to say, development should lead to a more knowledge-based society. This greater knowledge base, in turn, would cause more development and thus lead to an ever-widening "knowledge divide" (This is also consistent with increasing digital divide).

The definition of knowledge that emphasizes the understanding of causal effects is no doubt related to the S&T-centered definition, but with an important difference. Like the S&T-centered definition, this type of knowledge, too, is a luxury good. However, this type of knowledge can be created outside the society in question. For example, an underdeveloped country may not have the resources or the inclination to study the causes of its misery, yet outside professionals from development agencies and academic institutions can help it identify and explain the relationships between causes and effects. This activity does not depend on the underdeveloped society's reaching a particular level of absorptive capacity. This causality-centered definition of knowledge is complementary to the definition which emphasizes knowledge management. The latter includes production and distribution of knowledge. Discovering causal linkages can be viewed as a subset of knowledge production.

It is important to recognize the distinctions between the three dimensions of knowledge because they have very different implications for the knowledge strategies of developing nations. Experience suggests that the first priority should be given to making best use of the existing stock of knowledge in a developing country by intensive knowledge management. As the society begins to develop and its hunger for knowledge increases, a shift to an S&T-centered knowledge strategy becomes warranted. The infrastructure created for knowledge management will facilitate the causality-centered knowledge strategy to yield greater dividends. An S&T centered strategy can be effective only if we have a good understanding of the causal relationships. Figure 1 summarizes this prescriptive statement. It shows the relative proportions of the three types of K4D activities in countries at different levels of development.

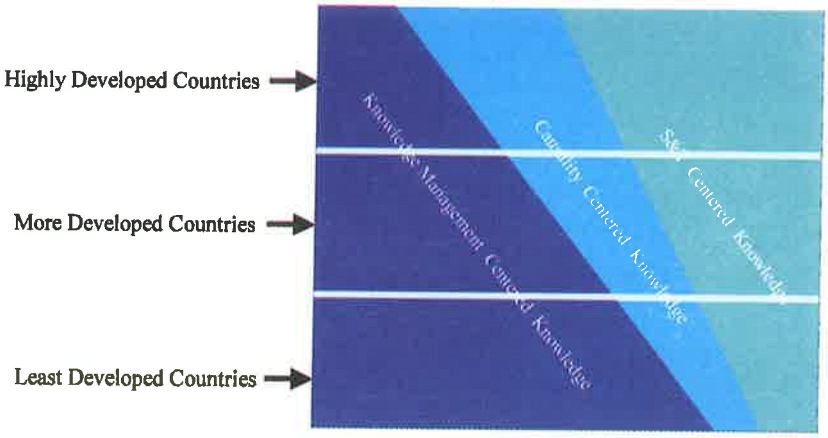


Figure 1: Relative Importance of the Three Dimensions of Knowledge

In short, as far as sequencing is concerned, we have two broad options. We can either start with a knowledge management centered strategy or an S&T centered strategy. In the preceding paragraph, I have argued that we should start with the former. Figure 2 illustrates the two broad options for knowledge strategies. If we skip the key step of developing a knowledge management infrastructure in a country, we are in danger of creating a knowledge strategy that is as unsustainable as the inverted pyramid in Figure 2(a). On the other hand, a knowledge strategy that starts out with developing a solid knowledge management system can be depicted by the stable pyramid in Figure 2(b). Pumping external knowledge into a poorly developed knowledge management system is like drinking water with a sieve.

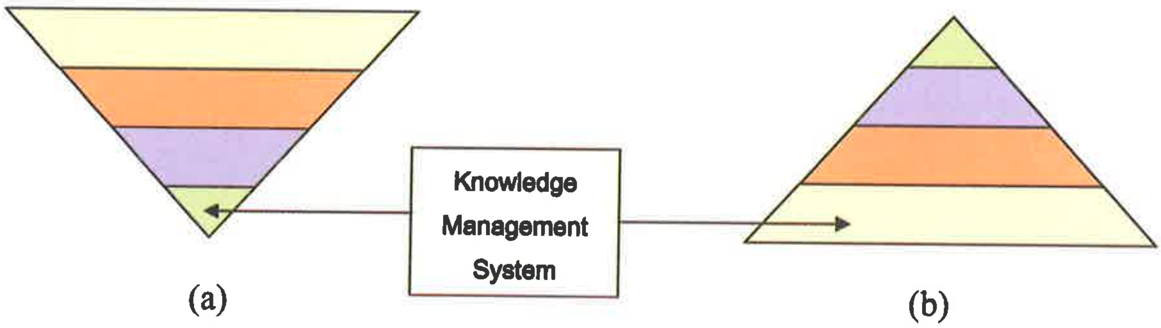


Figure 2: Options for Sequencing Knowledge Strategies

If we agree with the broad thrust of the arguments presented here, these key actions follow:

- First, there must be a single point of accountability for knowledge management in a country. There should be a Chief Knowledge Advisor (CKA) with direct access to the chief executive in government. This person should be accountable for breaking the "silos mentality" between various ministries and for promoting a culture of information and knowledge sharing within the country.
- Second, the government should not appoint a person to this position until it has a clear idea of the success indicators for measuring the appointee's performance. Without this effort, we may end up creating one more information silo within the government.
- Finally, the first assignment of the CKA should be to prepare a national action plan for efficient management of existing knowledge. The plan should have clear milestones and specific accountabilities for achieving them. Rather than a theoretical plan, it should be a plan against which the performance of the CKA can be measured.

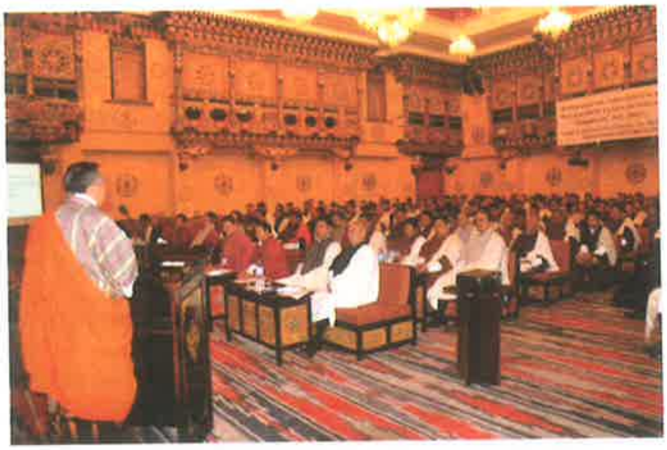
Workshop in Bhutan on Government Performance Management

The Royal Government of Bhutan organized a one-day workshop on Government Performance Management in Thimpu, Bhutan on July 14, 2010. The Workshop was inaugurated by the Hon'be prime Minster of Bhutan and was attended by 150 senior officials of the Bhutanese Government. The participants included all the heads of the Government departments and major public institutions.

Briefing the Hon'ble Prime Minister of Bhutan

This highly interactive workshop was conducted by Dr. Prajapati Trivedi, Secretary, Performance Management, Cabinet Secretariat, Government of India. After an introductory lecture on the International experience in designing and implementing Government Performance Management Systems, participants were divided into 10 groups. Each group reviewed the draft of the Performance Compact of the Ministry of Agriculture and gave suggestions to improve it in light of the international experience. Each group was headed by a Secretary to Bhutanese Government and the discussions were very animated and lively.

It is worth noting that the Royal Government of Bhutan is already implementing a system similar to that of RFD and these documents are called Performance Compacts. The Performance Compact is a signed agreement between a Minister/Head of Agency and the Prime Minister outlining aspirations on key performance indicators, supporting initiatives to be undertaken, and decisions/resources required to achieve agreed aspirations over a time period.



Hon'ble Prime Minister of Bhutan inaugurating the Workshop

The Royal Government of Bhutan adopted the Performance Compact signing system in 2009 with a pledge to significantly improve Gross National happiness of its population by delivering to its citizens, social and economic development over the 10th Five year Plan period.

The first compacts were signed on Healthcare and Tourism on December 9th, 2009 and since then seven more compacts on various agencies got signed. It is a part of the "Accelerating Bhutan's Socio-Economic Development" initiative, in which the government prioritized eleven sectors in the current five year plan with concerted efforts for successful implementation.

Towards this end, each agency sign a performance compact defining the most important initiatives they will undertake over the next 3 years, holding themselves accountable to specific targets. Specific targets have been set and are measured and monitored on regular frequency by the Performance Facilitation Unit (PFU).

Quotable Quotes on Knowledge

The greatest obstacle to discovery is not ignorance - it is the illusion of knowledge.

Daniel J. Boorstin

Knowledge is power.

Sir Francis Bacon

To be conscious that you are ignorant is a great step to knowledge.

Benjamin Disraeli

If you have knowledge, let others light their candles at it.

Margaret Fuller

When you know a thing, to hold that you know it; and when you do not know a thing, to allow that you do not know it - this is knowledge.

Confucius

When a man's knowledge is sufficient to attain, and his virtue is not sufficient to enable him to hold, whatever he may have gained, he will lose again.

Confucius

This is the bitterest pain among men, to have much knowledge but no power.

Herodotus

There is only one good, knowledge, and one evil, ignorance.

Socrates

No man's knowledge here can go beyond his experience.

John Locke

True knowledge exists in knowing that you know nothing.

Socrates

It is the province of knowledge to speak. And it is the privilege of wisdom to listen.

Oliver Wendell Holmes Jr.

Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful.

Samuel Johnson

Workshop to Review Progress in Developing Departmental Strategies

A workshop was organized by Performance Management Division, Cabinet Secretariat on 8th July, 2010 at Indian Institute of Foreign Trade (IIFT) to take stock of the work done by the departments with regard to first two steps of strategy formulation. The suggested four step process is as follows :

Step 1: Define the aspiration; Step 2: Assess the situation;

Step 3: Develop the Strategy; Step 4: Plan Implementation


Mr. Nandan Nilekani, Chairman, UIDA, delivering his inaugural speech

The finalization of strategic plan for next 5 years is a mandatory success indicator for departments in their Results-Framework Documents (RFDs) for 2010-11 and they have to complete the process by December 31, 2010. Results-Framework Document (RFD) is an instrument to ensure that things are done right—that is effectively and efficiently. However, we also need to make sure that right things are getting done. A departmental strategy is the mechanism to ensure that the departments are moving in the right direction and doing the desirable things from the national point of view. Another way of looking at the relationship between RFD and departmental strategy is as follows: RFD is an instrument to implement a strategy and convert departmental vision into reality. Thus, they are complementary instruments.


Mr. Arun Maira, Member, Planning Commission

The Workshop on July 8, 2010 was led by Mr. Arun Maira, Member, Planning Commission, who is the designated Chief Coach and Mentor for development of strategies for 62 departments implementing RFDs. The workshop was attended by 109 officials from 62 ministries/departments, in addition to the facilitators for strategy development and ATF members. The workshop was inaugurated by Mr. Nandan Nilekani, Chairman, Unique Identification Authority of India. Dr Prajapati Trivedi, Secretary, Performance Management presented the context of the workshop under RFD framework and Mr Arun Maira, Member, Planning Commission presented the strategy formulation process and framework for making organizational strategies to the immense benefit of the participants.

Once the participants were initiated to the background and purpose of the workshop, they were divided in six groups relating to their respective syndicates of 10 ministries/departments each to do the group exercises on degree of completeness of the work done so far and identify the areas of gaps, process adopted to reach the present stage, and key learnings. One of the key messages that emerged in the workshop was that the process of strategy formulation has to be very robust and wide stakeholder consultations hold the key to formulation of a good strategy.

Knowledge Management in OECD Governments: Lessons

Elsa Pilichowski is responsible for public employment issues in the Directorate for Public Governance and Territorial Development at the OECD. She led the work on "Survey on Knowledge Management Practices for Ministries / Departments / Agencies of Central Government in OECD Member Countries." She can be reached at: Elsa.PILICHOWSKI@oecd.org

In many countries, the management of knowledge has only just become an important management theme in public organisations, although it has been on the agenda of international conferences on management for the past five to 10 years. Large multinational firms have been implementing knowledge management strategies which have been well documented. Various surveys of knowledge management practices in private firms show the increasing awareness of knowledge management as a critical determinant of organisations' competitiveness. They also make evident the increasing use of knowledge management strategies, tools and processes.

Governments are often thought to be late comers in management reforms, sometimes for good reasons such as policy continuity, the need to ensure that good checks and balances are in place, or concerns for equity; often also because institutions, public processes and civil service rules are designed in such a way that management changes are more difficult to implement.

There is nothing new to Knowledge Management (KM). It is simply using established management tools (*e.g.* performance management tools, human resources and incentives tools, new information technology, etc.) through the perspective of improving knowledge sharing within an organisation and with the outside world. KM requires cultural change and it is certainly not just the automation of processes. Experience in large private sector firms comparable with large central government organisations shows that a good knowledge management strategy systematically encompasses all of the management tools at the disposal of top management.

Central Government organisations have different incentives and different management strengths and weaknesses from private companies to manage knowledge better:

- On the one hand, the pressure of competitiveness and the incentives to lower costs are traditionally less important in central public organisations, although increasing with time. In terms of internal management, central public organisations traditionally function with a more vertical hierarchy and fewer incentives for innovation and team work. Outcomes are less clear and less measurable in public organisations, as well as less commonly understood by their staff.

- On the other hand, the activities of central public organisations are more knowledge intensive and staff are usually highly educated. Central governments would also not be able to function properly if they did not have good mechanisms with which to share knowledge across government organisations to maintain a whole-of-government perspective on policymaking and service delivery. In addition, in view of the size and variety of government organisations, there is an existing critical mass of knowledge within government itself. Finally, whereas in the private sector knowledge is a competitive advantage, the public sector operates in an environment in which, for reasons of wider public interest, transparency is widely encouraged and the bulk of knowledge is widely accessible.

Because of these structural differences, it would be impossible to make an assessment of where central government organisations stand in terms of knowledge management compared to private firms. What can be more easily assessed is whether they have changed to systematically promote knowledge management and whether knowledge sharing is now at the core of management concerns.

Indeed, the management of knowledge is of increasing importance for governments:

- Knowledge has become a critical determinant of competitiveness for the public sector. In a knowledge-intensive economy, goods and services are increasingly intensive in intangible capital, making knowledge an important element of competitiveness between public bodies. Public bodies increasingly compete with each other for the use of knowledge-intensive inputs (*e.g.* researchers) and for the provision of knowledge-intensive outputs (*e.g.* universities).

- In addition, private firms produce goods and services that are increasingly intensive in intangible capital, directly competing with the goods and services traditionally produced by the public sector.

- Ageing civil servants and faster staff turnover also create new challenges for the preservation of institutional memory and the training of new staff.

- Increasingly knowledgeable citizens require governments to be on top of newly created knowledge, as it is increasingly rapidly produced by more differentiated actors.

- Finally, public policy goals (*e.g.* "fighting exclusion") have become more ambitious and complex than before.

The aim of the OECD survey of knowledge management practices for ministries/agencies/departments of central government was to document the changes of knowledge management practices in central government organisations. What the OECD has measured through the survey is the relative priority of knowledge in management processes and the organisations' perceived achievements with knowledge sharing. The rate of participation to the survey – more than 80% of pre-identified organisations – as well as the quality of the responses, make the results of the survey a reliable tool to analyse where central government organisations stand in terms of knowledge management practices and to make cross-national and cross sectoral analysis.

In January 2002, the Public Governance and Territorial Development Directorate (GOV, formerly the Public Management Service – PUMA) launched the first international survey of knowledge management practices for ministries/departments/agencies of central government in OECD member countries.

The OECD received responses from 132 central government organisations of 20 OECD member countries. The following seven types of ministries/departments/agencies had been pre-selected as priority organisations for the survey:

- Ministry of Economy, Trade and Industry
- Ministry of Education
- Ministry of Finance/Budget

- Ministry of Foreign Affairs
- Ministry of Health/Social Affairs
- Ministry of Home Affairs/Interior
- Ministry of State Reform/Civil Service/Public Administration

Definition

In the survey, the term "knowledge management" is used loosely to refer to a broad collection of organisational practices related to generating, capturing, disseminating know-how and promoting knowledge sharing within an organisation, and with the outside world, including:

- organisational arrangements (decentralisation of authority, opening up bureaucratic divisions, use of information and communication technologies etc.);
- personnel development (mentoring and training practices, mobility etc.) and management of skills;
- transfer of competencies (databases of staff competencies, outlines of good work practices, etc.);
- managerial changes and incentives for staff to share knowledge (staff performance assessment and promotion linked to knowledge sharing, evolution of the role of managers, etc.).

Main Findings:

1. *KM ranks high on the management agenda* of a good majority of central government organisations across OECD member countries: KM strategies have been devised, and KM has been clearly signalled as a management priority. In most other organisations, KM is seen as one of the top five future internal management priorities.
2. *Central government organisations are making concrete efforts to improve their KM practices increasingly using:*
   - traditional knowledge sharing devices (training for internal knowledge sharing and holding meetings for external knowledge sharing). Most have the technology in place to implement the basic levels of e-government;
   - less traditional tools such as quality groups/communities of practices, and central KM units;
   - collaboration in the elaboration and implementation of policies and the co-organisation of projects with outside organisations, giving organisations more opportunities to share knowledge with the outside world.
3. *Cultural change is taking place:*
   - Knowledge sharing seems to be less seen as an impediment to one's career and staff more spontaneously share knowledge.
   - The role of managers is evolving significantly as they have to oversee the work of more knowledgeable staff.

- Organisations have opened up to the private sector, to the academic world and to consultants and international organisations for their information supply.

4. *It is not clear that this cultural change is the result of deep organisational changes.* Indeed, organisations might have underestimated the "human factor" in their efforts to improve KM practices. KM strategies have often not been well disseminated, and rewards for knowledge sharing remain informal and limited in a lot of organisations. In addition, difficulties of implementation of KM strategies have arisen from staff resistance (and in particular middle management in a lot of organisations), the difficulty in capturing employees' undocumented knowledge, and the organisational focus on ICTs.

5. As a result, while increased openness, transparency policies as well as investments in ICTs have resulted in a perceived increased efficiency, transparency and outward focus, some structural changes expected from better KM practices have not yet been achieved in a lot of organisations, including: the improved competitiveness of the public employer, a more horizontal and less silo type of hierarchical structure, a better make up for the loss of knowledge and the promotion of life long learning.

6. In fact, the improvement of KM practices goes well beyond the need for new tools and processes or formal strategies and requires time and long-term efforts to change behaviour, and to impact on the culture of the organisation. Indeed, it seems that good KM practices might be best enhanced by long term behaviour reflecting trust among civil servants, team spirit and selflessness and best supported by a relatively stable organisational and cultural environment. Organisations whose tasks are also more outward focused have more demanding KM requirements and as a consequence tend to have better KM practices.

7. Finally, improved KM practices come with an added cost in terms of information overload and wasted time in consultation for a majority of organisations and a dilution of responsibilities for a large minority of organisations. This shows that KM policies have to be well designed taking into account these important side effects on productivity and on the internal governance system.

Performance Matters

Volume 2 October 21, 2010 Issue 1

Maharashtra Government Implements Results-Framework Documents (RFDs)

(Report of the Workshop on RFD in Mumbai on May 13-14, 2010)

A two-day workshop on the Performance Monitoring and Evaluation system was held on 13-14 May, 2010, at the Sahyadri State Guest House in Mumbai. The seminar was organised by the Department of Administrative Reforms and Information Technology, Government of Maharashtra, in collaboration with the Performance Management Division of the Cabinet Secretariat.

Hon'ble Chief Minister of Maharashtra delivering the Innugural Address

Under the guidance of Hon'ble Chief Minister of Maharashtra, a Delivery Monitoring Unit (DMU) was set up in the Chief Minister's Secretariat on 1st January, 2010. It is now proposed to adopt the Performance Monitoring and Evaluation System in the Government of Maharashtra on the lines of the Government of India.

Secretary, Performance Management, Cabinet Secretariat, Government of India, Member, Planning Commission, experts from IIM, Ahmedabad and a few Joint Secretaries of Government of India, who had adopted and implemented the PMES, had a detailed interaction with the departmental secretaries and their nodal officers during the above Seminar.

The Hon'ble Chief Minister, Hon'ble Minister of State for Administrative Reforms and General Administration and the Chief Secretary were present at the seminar. It was decided by the Hon'ble Chief Minister that the PMES should be introduced in the State in a time-bound manner provisionally with the following timelines:-

1.	Sensitisation of Departmental Secretaries and Nodal Officers and training.	:	31.05.2010
2.	Preparation of the Result Framework Document and approval by the concerned Minister	:	15.06.2010
3.	Approval to departmental RFD by the Task Force and Cabinet Sub Committee of Ministers.	:	30.06.2010
4.	Informing the Cabinet about the adoption of PMES and approval of the RFD	:	31.07.2010
5.	Uploading of RFDs on the Government of Maharashtra website.	:	31.08.2010
6.	Training of the Nodal Officers/concerned staff.	:	15.09.2010
7.	Formal launch of PMES	:	02.10.2010

Institutional Arrangement

It is proposed to set up a Task Force under the Chairmanship of the Chief Secretary to ensure observation of the above timelines by the concerned departments and implementation of the PMES. The Task Force consists of–

1. Chief Secretary - Chairman

2. Principal Secretary, FD - Member

3. Principal Secretary, PD - Member

4. Principal Secretary to CM - Member

5. Principal Secretary, IT, GAD - Member-Secretary

A Representative each of the Cabinet Secretariat and IIM, Ahmedabad as invitee members. Former Civil servant with experience and eminence in the field of administrative reforms as Member.

It is also proposed to set up a Cabinet Sub Committee of Ministers to give formal approval to the RFDs of each department in th e presence of concerned Ministers and Secretaries.

The PMES will be anchored by the Department of Administrative Reforms and supported by the Department of Information Technology. It is proposed to review the allocation of subjects to different Secretaries of GAD and hand over the function of Administrative Reforms to the Principal Secretary / Secretary in charge of Information Technology.

YASHADA Yeshwantrao Chavan Academy of Development Administration is expected to play an important role in training and capacity building of the line departments required for the introduction of PMES and preparation of RFDs. As Administrative Reforms and Training and E-Governance have close convergence with the subject of Training, YASHADA may also be considered to be given to Secretary, IT.

It is also proposed that the DMU will continue to monitor the regular performance of the departments on the fiscal and financial parameters and will feed into PMES apart from giving regular feed back to the

Hon'ble Chief Minister. The Mumbai Transformation Support Unit and Maharashtra Economic Development council along with MEDC will provide necessary support system to the DMU in this regard.

Principal Secretary and Commissioner (Investment and Protocol), Government of Maharashtra at Maharashtra Sadan, New Delhi will be an important nodal point to facilitate flow of information regarding the release of Government of India grants and help the line departments in coordination with the Government of India departments as and when required. The Principal Secretary and Commissioner (Investment and Protocol) will provide the status of release of grants to Government of Maharashtra on monthly basis.

Principal Secretary and Commissioner (Investment and Protocol), Maharashtra Sadan, New Delhi should also be responsible to report the action points emerging out of the review meeting conducted by the Government of India Ministries.

The management of PMES will primarily be the responsibility of the concerned departments though the necessary support is proposed to be given by the Department of Administrative Reforms, Information Technology, YASHADA etc. Ultimately the concerned Secretaries will be considered accountable for timely uploading of the information on the PMES on the website along with the Nodal Officers. They will also take decision if required, to bring this system with rest of the MIS that they are following independently.

HAVE YOU VISITED OUR WEBSITE LATELY?

FAQs on Results Framework Document (RFD)

The set of FAQs on RFD was prepared at Fiscal Policy Institute, Government of Karnataka, Bangalore. In this effort, Mr. P. R. Devi Prasad (IES), Director FPI was ably supported by Ms. Anita V. Nazare and Ms. Nelleri Umeshwari, both working as Special Officers. We welcome additional questions from readers for the future edition of Frequently Asked Questions (FAQs).

Sl. No.	FAQs	Answer
1.	What is RFD?	A RFD provides a summary of the most important results that Department/ Ministry expect to achieve during the financial year.
2.	What is the main purpose of RFD?	RFD has two main purposes; *(a) Move the focus of the department from resource-allocation to result orientation.* *(b) Provide an objective and fair basis to evaluate department's overall performance at the end of the year.*
3.	Who uses RFD?	People's representatives; Principal Secretaries/ Secretaries of respective departments, Reviewing and implementing officers/implementing staff and Citizens.
4.	Why do we need RFD?	RFD is essentially a record of understanding between the Minister representing the people's mandate and the Principal Secretary/Secretary of the Department responsible for implementing this mandate. It addresses three basic questions: *(a) What are department's main objectives for the year?* *(b) What actions are proposed to achieve these objectives?* *(c) What are the relevant success indicators and their targets to know the degree of progress made in implementing these actions?* RFD also provides direction to the department. It helps maintain continuity by setting targets each year. It helps the concerned Minister to review and keep abreast of the progress of the department.

Sl. No.	FAQs	Answer
5.	Why should a department state the Vision, Mission, Objectives and Functions?	The department should state Vision, Mission, Objectives and Functions for Strategic Planning Exercise. Also, aligning these with each other and the allocation of business for the department builds a sense of ownership among the employees.
6.	What is a Strategic Planning Exercise?	A Strategic Planning Exercise involves; (a) prioritizing objectives, (b) assigning relative weights to the objectives, (c) specifying means (action) to achieve these objectives, (d) specifying success indicators to measure the impact/outputs, (e) assigning relative weights to success indicators and (f) specifying targets for success indicators. Of the above a to f, a and b have to be arrived at by the Minister in consultation with the Principal Secretary/Secretary/HoD of the department. Principal Secretary/Secretary/HoD to evolve c, d, e and f in consultation with the implementing agencies.
7.	Who decides priorities in RFD?	The Minister in-charge will decide the *inter se* priorities among departmental objectives.
8.	When to take up prioritization?	The prioritization must be made at the time of formulating the budget proposals.
9.	How to assign relative weights to the objectives?	Objectives are the desired "end". The key objectives are selected from the list of objectives. The key objectives are prioritized and assigned weights based on their importance and relevance. The weights of all the objectives must add to 100.
10.	How to specify means (action)?	The policies, programmes and projects associated with the objectives are the desired "means". These are listed as "actions" under each objective to achieve the "end".
11.	How to specify success indicators?	Success indicators are also known as 'Key Performance Indicators (KPIs)' or 'Key Result Areas (KRAs)'. Success indicators are identified for each action. There can be one or more success indicators for an action. The success indicators identified will be assigned weights. Success indicators must ideally measure the outcomes and

<table>
<tr><th>Sl. No.</th><th>FAQs</th><th>Answer</th></tr>
<tr><td></td><td></td><td>impacts. However, sometimes due to lack of data one is able to measure activities and outputs.</td></tr>
<tr><td>12.</td><td>How to assign relative weights to success indicators?</td><td>After assigning weights to the key objectives and stating the means/action, success indicators are listed against each action. The actions and success indicator for one identified objective have to be assigned weights. This would indicate the priority/ relevance of the action and also success indicator to achieve the objective. The weights of the objectives must be split among the various success indicators.</td></tr>
<tr><td>13.</td><td>How to ensure a common understanding of success indicators among all?</td><td>The success indicators must be described in detail in Section 4 of the RFD. The proposed measurement methodology must also be provided along with rationale in order to ensure a common understanding among all.</td></tr>
<tr><td>14.</td><td>Why should the unit of success indicator be mentioned?</td><td>Success indicators are either measured in absolute numbers or in percentages. Mentioning the unit of success indicators provides clarity in understanding the progress made with regards the most important results of the department. Also, the success help focus on the results while providing an objective and fair basis to evaluate the department's overall performance at the end of the year.</td></tr>
<tr><td>15.</td><td>How to specify targets for success indicators?</td><td>The targets are specified on a five point scale as follows;
<table><tr><td>Excellent</td><td>Very Good</td><td>Good</td><td>Fair</td><td>Poor</td></tr><tr><td>100%</td><td>90%</td><td>80%</td><td>70%</td><td>60%</td></tr></table>
The targets set must be achievable. For any performance below 60% the department would get a score of 0%.</td></tr>
<tr><td>16.</td><td>What is the intended use of success indicators?</td><td>The success indicators help the supervisory and implementing officers to track progress, take up mid-course corrections, monitor and also evaluate using trend values for success indicators. Further, the targets associated with the success indicators provide clarity in measuring progress.</td></tr>
<tr><td>17.</td><td>How to specify objectives, actions and success indicators when other departments are involved to achieve the objective/s?</td><td>The specific performance requirements from other departments that are critical for delivering the agreed results must be mentioned. Against each objective the action to be taken by the other department and the success indicator must be</td></tr>
</table>

Sl. No.	FAQs	Answer
		clearly indicated. For example: The objective of Health Department is to provide access to citizens for primary health care. For this it is essential to establish Primary Health Centres (PHCs). The construction of the PHCs is generally taken up by the PWD. In this context, unless the PWD constructs the buildings, the Health Department cannot achieve the target of providing access to a specific population. The success indicators have to be stated considering the involvement of both the departments against the actions required to achieve the objectives. Similarly, if administrative or technical sanctions are required to be obtained from the competent authorities the action, success indicators and targets have to be aligned.
18.	What is meant by Results? (general meaning) (in the context of RFD)	The conclusion or end to which any scheme/ project /programme leads, or which is obtained by any process or operation; consequence or effect; as the result of a course of action. The outcomes of the department's efforts for the year.
19.	How to ensure ownership of RFD across Departments?	Through workshops/advocacy which helps to appreciate the significance of using RFD from the top level managers to implementation level officers.
20.	What happens if results are not achieved as shown? How often is the departmental performance reviewed against RFD targets?	After six months the RFD and achievements have to reviewed against the performance goals laid down at the beginning of the year. A High Power Committee reviews RFDs and the goals may be reset taking into account the priorities at that point of time. At the end of the year, HPC reviews the final achievements against the targets in the RFD.
21.	Will it be part of Annual Report for the department / ministry?	RFD should be a part and one of the source documents for preparing Annual Report for the department / ministry.

Sl. No.	FAQs	Answer
22.	What are the in-house authentic references to prepare RFD?	Policy documents, Sanction Proposals of the scheme, Budget proposals, Departmental Medium Term Fiscal Plan (DMTFP), Departmental Medium Term Expenditure Framework (DMTEF), Annual Report, Performance Budget, Budget speech, etc.,
23.	How and when to measure Results and disclose such results?	The department/s should review and prepare a report listing the achievements of their ministry/ department against the agreed results at the end of the year.
24.	Does the aggregated RFDs mean it is a total annual performance of Govt for given funds?	YES.
25.	Do we need to reflect Plan and Non-Plan schemes?	YES.
26.	How does RFD benefit Department functionaries?	RFD helps to keep a track on the agreed objectives against the success indicators and to rate the performance of the department at the end of the year.

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Workshops on Sevottam Compliant Citizen's Charter and Grievance Redress Mechanism

Last year, the Government of India took a very significant step by introducing the Results Framework Document (RFD) that lays down success indicators against which a ministry/department agrees to measure its performance. This year, 62 ministries/departments have prepared their RFDs. Mandatory success indicators common for all departments include designing and implementing Sevottam compliant Citizen's/Client's Charter (CC) and Grievance Redress Mechanism (GRM), followed by an independent audit.

Hon'ble Minister of State, Personnel and Pensions, Shri Prithviraj Chavan inaugurating the first Workshop on August 30, 2010

To facilitate implementation of these mandatory indicators by the 62 ministries/departments, four workshops on '*Designing and Implementing Sevottam Compliant Citizen's/Client's Charters and Grievance Redress Mechanism*' were organized between August 30, 2010 and September 22, 2010. Jointly organized by the Cabinet Secretariat and the Department of Administrative Reforms and Public Grievances, these workshops were inaugurated by the Hon'ble Minister of State, Personnel and Pensions, Shri Prithviraj Chavan, Shri K. M. Chandrasekhar, Cabinet Secretary, Shri Sam Pitroda, Adviser to Prime Minister, and Shri Nandan Nilekani - Chairman, UIDAI respectively. The workshops were also addressed by Shri Arun Maira - Member, Planning Commission. Inaugurating the second workshop of the series, Sh. K.M. Chandrasekhar, Cabinet Secretary called upon ministries and departments to reexamine and re-work their Citizen's Charter. He reminded senior Government officials that "a Citizen's Charter is the most visible part of a government department. From the perspective of a citizen, it is the first interface, wherein, he learns about the services, procedures and outcomes of a particular organization. Success or failure of an organization depends on this interaction." Exhorting central ministries and departments to set an example for their subordinate organizations and act as a mentor and guide to State Governments and their field

Cabinet Secretary, Shri K. M. Chandrasekhar inaugurating the Second Workshop offices, including the third tier of local governance, Shri Chandrasekhar said, "Thus it is more imperative and compelling to do this right here in the Government of India, so that our Charters act as role models for others to follow."

Shri Sam Pitroda, Adviser to the PM, inaugurating the Third Workshop

Nearly 300 participants representing over 70 government organizations attended the workshops and used the opportunity to understand how Sevottam compliant Charters and GRM are to be designed, implemented, assessed and evaluated. The workshops were organized by Department of Administrative Reforms and Public Grievances (DARPG) and Performance Management Division (PMD), Cabinet Secretariat, with consultancy support from FICCI Quality Forum.

Backgrounder on Workshops

The Prime Minister approved the outline of a "Performance Monitoring and Evaluation System (PMES) for Government Departments" vide PMO I.D. No. 1331721/PMO/2009-Pol dated 11.9.2009. Under PMES, each department is required to prepare a Results-Framework Document (RFD). A RFD provides a summary of the most important results that a department/ministry expects to achieve during the financial year.

The High Power Committee (HPC) on Government Performance chaired by the Cabinet Secretary decided that all RFDs for 2010-2011 will include the following mandatory success indicators:

Mandatory Success Indicators	Unit	Weight	Target / Criteria Value				
			Excellent	Very Good	Good	Fair	Poor
			100%	90%	80%	70%	60%
Create a Sevottam compliant system to implement, monitor and review Citizen's Charter	Date	1%	Dec. 30 2010	Jan. 10 2011	Jan. 15 2011	Jan. 20 2011	Jan.25 2011
Create a Sevottam Compliant system to redress and monitor public Grievances	Date	1%	Dec. 30 2010	Jan. 10 2011	Jan. 15 2011	Jan. 20 2011	Jan.25 2011
Independent Audit of Implementation of Citizen's Charter	%	1%	100	95	90	85	80
Independent Audit of implementation of Public Grievance Redress System .	%	1%	100	95	90	85	80

The purpose of these Guidelines is to provide guidance to Ministries/Departments to design and implement Citizen's Charter and Grievance Redress Mechanisms for Sevottam compliance.

Concept of Citizen's / Client's Charter

The Citizen's / Client's Charter is a written declaration by a Government department that highlights the standards of service delivery that it subscribes to, availability of choice for consumers, avenues for grievance redress and other related information. In other words, it is a set of commitments made by a department regarding the standards of service which it delivers.

Though not enforceable in a court of law, the Citizen's / Client Charter is intended to empower citizens and clients so that they can demand committed standards of service and avail remedies in case of non-compliance by service provider organizations. The basic thrust of the Citizen's / Client's Charter is to render public services citizen centric by making them demand driven rather than supply driven. Central Ministries/ Departments are expected to design a Client's Charter instead of a Citizen's

Charter in case they are not dealing with the public directly. The difference between the two service recipients is as follows:

Citizens

Citizens are individuals, groups of individuals (companies, trusts, associations, unions etc.) and the common public at large. They are outside the government and are generally referred to as *external clients*. Being outside the government machinery, the general presumption is that they do not have sufficient knowledge of the government's internal processes. Therefore the onus is on the service provider to ensure that citizens are well aware of the service standards and the expectations from service recipients. It cannot be presumed that all citizens are literate or understand the official language, and it may be necessary to communicate with them in the local language also.

Clients

Clients could be government agencies and government employees availing services from another government agency. Services here will exclude administrative control activities, references and opinions to be provided on policy-related matters which cannot be disposed-off within pre-defined time norms. Clients are part of the government and are generally referred to as internal clients. Being part of the government machinery, the general presumption is that clients have sufficient knowledge of the government's internal processes. Therefore the onus of ensuring that clients who are also part of the government are well aware of the service standards and the expectations from service recipients is equally divided between the service provider and the service recipient. It is presumed that all clients are literate and communicating with them in the official language of the service provider agency is sufficient.

Mr. Nandan Nilekani, Chairman, UIDA, inaugurating the Fourth Workshop

Citizen's Charter / Client's Charter or Citizen's / Client's Charter

The Charter prepared by the department may be either called a Citizen's Charter or a Client's Charter depending on whether the organization is serving internal or external clients. It can be called 'Citizen's / Client's Charter' in case the service recipients are a combination of the two.

Concept of Grievance Redress Mechanism

Grievances are expressions of resentment against specific acts of omission or commission that are wrong or perceived as wrong, and requiring corrective action to be taken. In other words, if a grievance is received, it needs to be redressed. For the present purpose, grievances include complaints by service recipients against non-delivery of services as expected by service recipients, but do not include requests for service delivery in the normal course.

Grievance Redress Mechanisms (GRMs) are process systems set up by organizations to receive record, investigate, redress, analyze, prevent, or take any other appropriate action in respect of grievances lodged against them. GRMs in Central Ministries / Departments include grievances received by them from the public and clients / service recipients as well as from their own employees. As such, these include issues related both to service delivery as well as to employment related matters (e.g. transfers, promotions, pensions, pay fixation).

Performance Matters

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Government Transformation through Agencification

Pradip N. Khandwalla was Director and a distinguished professor at the Indian Institute of Management, Ahmedabad (IIMA). He has authored over a dozen professional books and 110 papers and articles in Indian and foreign journals. Educated at Bombay University (B.Com.), Wharton School, University of Pennsylvania (M.B.A.), and Carnegie-Mellon University (Ph.D.) and taught at McGill University, Canada, for several years before returning to India in 1975.

There are several critical problems of public administration in India. These are: unstable tenures of the operating heads of government bodies; lack of domain expertise in many of these heads; a mismatch between needed managerial competencies and personality traits for the job and the actual competencies and traits; a huge overload on the members of the elite services, especially the IAS; a highly inertial system clogged by rules and regulations and standardization; absence of incentives for good performance and penalties for inferior performance; absence of an inclusive performance incentive system; and stagnation and the lack of human resource development for the legions serving under their elite services lords.

In India, the tenures of the operating heads of most public administration bodies, such as district collectorates, district development offices, various departmental undertakings, agencies, and the public enterprises owned by the states are IAS officers, tend to be both short and uncertain. For instance, the average tenure of the district collector as well as the block development officer was 14 months in two backward districts of the State of Rajasthan; it was barely a year for district magistrates in the state of UP; and during a spate of short-lived governments in UP, a BJP Government transferred over 450 senior officers, a Samajwadi Party Government transferred over 300 such officers, and a BSP Government transferred over 1250 officers in the three months it was in office.

While the officers of the IAS and other allied services are put in charge of general departments, they may be far less than optimal choices as heads of commercial bodies, or bodies requiring a good deal of domain knowledge, such as scientific and technical establishments, or heads of government bodies dealing with socio-economic development, especially because they are, more often than not, not selected on the basis of merit but on the basis of administrative convenience.

Psychological and other studies of IAS officers have revealed a big gulf between the personality structures needed in the roles (especially in roles for facilitating social development) and the actual reality. As study has noted "...the Service is elitist in character, low in values of modernization, sticks to bureaucratic behavioural values of formal authority, is rule oriented, impersonal, and displays poor accountability. It does not undertake risks, lacks initiative and is inadequate in responsiveness."

Then there is the problem of severe overload. In UP, a study indicated that the typical district magistrate chaired about 50 committees, including 30 committees dealing with rural development issues (Shridharan, 1990). Since meetings would not be held without the presence of the chairperson, decisions would keep being postponed. A joint secretary in the Central Government may not be less overloaded. In a study, Khandwalla found that a fairly typical joint secretary handled some 10 to 15 different departments and public enterprises (Khandwalla, 1990).

Besides the foregoing, a great deal of rigidity has been built into the administrative system by rules and regulations and standardized ways of recruitment, selection, purchases, bidding reporting and so forth that makes the system inflexible in dealing with diverse and changing needs. In addition, there are minimal incentives for superior performance or penalties when performance falls short. Performance, when it is measured, is not measured in terms of the satisfaction of the needs of the citizens, or for the impact of government activities on disadvantaged groups, or the satisfaction of the employees of the government bodies, but in terms of meeting expenditure targets, and less commonly, meeting physical targets. Finally, below the elite services personnel, there is very little upward mobility and human resource development.

This cocktail of all these deficiencies tends to make Indian public administration somnolent. The consequences are tardy implementation of projects, programmes, and schemes, cost overruns, poor quality of services provided by public bodies, high transaction costs of organizations and citizens when they have to deal with government bodies, and grave public dissatisfaction. Corruption inevitably creeps in to overcome roadblocks. The quality of life of the people and inclusive growth are the ultimate sufferers.

Agencification, a tool that evolved in the 1980s that now has got acceptance in various parts of the world, can address all of the foregoing ills of Indian public administration, and eliminate or mitigate them.

'Agencification' of Government

The most impact making step of what is now called New Public Management for revamping public administration has been the migration from bureaucratic administration to professional management of the bulk of the Government through 'agencification'. Britain has been the pioneer. A number of other countries have adopted agencification, though with country-specific variations. These include the likes of Canada, Singapore, New Zealand, Thailand, and Japan.

The British Government began setting up these agencies in the late 1980s (Commonwealth Secretariat, 1995). The basic idea was to carve out of government departments, bodies called executive agencies to carry out, under competitively selected professional managers on fixed tenures, specific executive functions within a framework of policy and resources provided by the relevant minister. This way, public policy continued to be made by the party in power while execution was left largely to these professionally managed specialized bodies in the public sector. By 1995, in Britain, about two-thirds of the chief executives of these agencies were recruited on the basis of open competition, and over a half of these were non-bureaucrats. These CEOs were employed on term contracts with performance incentives and enjoyed considerable operating autonomy provided in the agency's mandate document.

A small team consisting of civil servants identified each candidate for agency status on the basis of answers to some tough questions: need the function be carried on at all; if yes, could it be privatized or contracted out; if no, would the agency be the best structure for it? If yes, the formation of the agency could be recommended to the Government.

Once the agency was approved, its mandate, mission and objectives, structure, accountability etc., were crystallized into a 'framework document'. It spelt out the policy framework, the resources the agency could tap, and the constraints subject to which pricing and other operating decisions could be taken by the agency's CEO. The agency was required to publish its annual report and accounts. Ministerial responsibility for the agency to the Parliament was restricted to policy questions, not operations. Parliamentary questions on operations were answered by the CEO. The main contents of the mandate documents of British executive agencies included the agency's responsibilities, its standards and targets, its operating framework, the financial arrangements agreed to by the agency and the department to which it was attached, the annual performance agreement, and what was to be published in the agency's annual report and accounts.

An exhaustive evaluation of Britain's executive agencies indicated that by 2002, 75% of the former central government employees (totalling about half-a-million) were working in 127 executive agencies as the latter's employees (Alexander and others, 2002). These agencies were providing an unimaginable variety of services. agencies collected customs and excise duties, oversaw employment services and benefits, provided vehicle and driver licenses, issued passports, managed child support, operated prisons, ran R&D labs, did weather forecasting, and many other tasks. In size, these agencies ranged from 40 employees to 90000 employees. Several could raise own funding, fully or partially. These 'fund' agencies were not subject to advance parliamentary approval for their income and expenditure, but they were expected not to have deficits. These agencies especially became sharply aware of costs, and looked continually for ways to cut them without impairing their quantitative and qualitative service delivery targets.

Unlike bureaucracies, the agencies had the autonomy to hire and fire, and they recruited over 95 per cent of their staff. All new/renewed pay agreements with the staff and managers had to be performance-linked, and the agencies had the freedom to deviate from government payscales.

'Agencification' has worked in Britain and elsewhere. In Britain, the running costs of the Government, as a share of public spending, declined by over 10% between 1992 and 1995, partly because of the efficiencies achieved by executive agencies. A comprehensive review of executive agencies reported: "... executive agencies...brought about revolutionary changes in the culture, processes and accountabilities of those services delivered directly by central government." The report concluded that the agency model had led to clarity and focus on specified tasks. It had inculcated a culture of service delivery; the empowerment of frontline staff; greater accountability and openness; installed structures and systems appropriate to the operating context; generated innovations; produced stronger branding of the services offered; improved risk management; and resulted in greater tendency to bring problems out into the open rather than keeping them under the rug.

The executive agency is not a policy-making body; but it is by now a time-tested, highly effective executing body in the public sector, analogous to the self-contained, quasi-autonomous division of a corporate body. 'Agencification' seems to represent the best hope of making the machinery of the governments in India efficient, economical, sensitive to citizens' needs and staff needs, clean, objective and agile. This it promises to do basically by transforming bureaucratic management into professional, stakeholders-sensitive, performance-oriented semiautonomous management. At the minimum, each executive agency must have the following features:

1. A specific mandate that spells out the agency's mission and objectives, and an annual MoU-type mechanism for control and accountability purposes that spells out the agency's deliverables for the year (the basis for its annual evaluation) and the financial and other support the Government would provide to the agency.

2. A professional as CEO, with domain expertise, selected on a competitive and transparent basis by a selection board consisting of competent professionals, domain experts, management experts, and seasoned administrators. The head must be appointed for a fixed tenure, and the appointment should be contractual.

3. The pay of the head must be linked, at least partially, to clearly spelt out performance indicators.

4. The head must have considerable autonomy, subject to the agency's mandate, to organize the agency's activities in a way that is most likely to achieve the agency's goals within budgeted costs and timelines. This autonomy includes hiring and deploying the staff the agency needs, and paying and rewarding staff (within broad mandate guidelines) in a way that best achieves results. The agency also must have substantial financial autonomy (again, within broad mandate guidelines) to raise funds so as to reduce the burden on the Government.

5. The agency must attempt to provide its clients 'best value for money'. This it can do by comparing its cost of providing a service with what the cost would be if the service were to be outsourced. If there is a substantial gap, either it should take steps to eliminate the gap, or outsource the service.

6. The agency must specify publicly what standards of service its clients can expect, and there must be an effective mechanism available to an aggrieved client for the redress of grievance should the client feel that the standard is not met.

7. The agency must have an oversight board that consists principally of domain experts, representatives of the agency's principal stakeholders (including employees and 'customers'), the CEO, full-time functional directors who are professionals and selected in the same way as the CEO, some eminent members of the civil society, and, of course, the representatives of the ministry to which the agency belongs. This oversight board must assess the performance of the CEO and top level executives, and decide on their performance-linked bonuses.

Why is this form so effective, especially in comparison with babu-run bureaucracy? Organization research indicates that organizations differentiated by levels of authority, functional and role specialization, multiple operating cultures, delegation of authority, multiple locations, and so forth must also deploy powerful integrative mechanisms for high performance. The executive agency, when it operates across the nation or a state, is bound to be highly differentiated. But it has some quite powerful integrators in the design indicated above, namely, a spelt-out mandate that the CEO and his/her team members clearly understand, a performance management system that tracks the performance of all functions, roles and levels so that the organization remains focused on its mandate, performance incentives, close interaction with the 'customers' of the organization that facilitates keeping to the agency's mandate, and a stakeholders' board that also exerts constant pressure on the management for performance along the lines of the mandate.

Equally important is the freedom the agency has to mould its management style, strategy, operations and systems to its specific requirements, a freedom usually not available to bureaucracies. The professional manager head of the agency brings to the organization a variety of skills in finance, personnel management, operations management, marketing (including social marketing), and formulation of growth and competing strategies, generally in short supply in the babus. He/she also has domain expertise and a stable tenure, both usually absent in the babus who head government departments. Finally, the executive agency system brings into governance transparency, meritocracy, and accountability for results that can raise the credibility of the Government from its present low levels.

Candidates for Executive Agency Status in Indian Governments

In India, a very wide range of governmental activities, currently bureaucratically managed, can be entrusted to agencies. Based on international experience both in affluent and developmental states, it may be feasible to entrust the following activities of the Union Government to semiautonomous, professionally managed executive agencies:

1. All development programmes/projects/missions relating to poverty alleviation, rural development, industrial and agricultural development, urban renewal, infrastructure development, health, education, population control, natural resources etc. funded by the Union Government

2. All promotional bodies (tea, coffee, exports, etc. boards).

3. All commissions (like the Public Service Commission) and bureaus (such as the Bureau of Public Enterprises).

4. Quasi-judicial bodies like tribunals, vigilance.

5. Sector-specific regulatory bodies like SEBI, TRAI, the registrar of companies, bodies for drug control and control of industrial pollution.

6. Bodies that provide services to the rest of the Government like the government printery.

7. R&D institutions and other technical/academic/quasiacademic institutions owned by the Government.

8. Treasury, currency printing, accounts, purchases and stores, personnel administration, records.

9. Quasi-commercial departmental undertakings like the Indian Railways and the Post Office.

Indeed, other than apex level administration, or activities related to foreign or international treaties and inter-state relations, or activities in which the political masters need, for security or other reasons, to be very actively involved, or activities that bestow punitive powers on the functionaries such as levying penalties or prison terms, almost all other governmental activities can be delegated to executive agencies.

At the level of state governments, too, based on international experience, a large number of government bodies can be turned into executives agencies[1]:

1. General administration –e.g. accounts, treasury, personnel administration, estate maintenance, land records, land revenue, collection of taxes (e.g. property tax, sales tax, octroi, VAT, etc.).

2. Security administration -e.g. prisons, civil defense directorate.

3. Public service organizations -e.g. employment exchange, legal aid, water supply sewage collection and disposal, and other municipal services like street lighting.

4. Quasi-judicial organizations – e.g. tribunals, vigilance.

5. Sectoral regulatory and administrative bodies – registrars/boards for cooperative societies, industries, drugs, parks and gardens, education, pollution.

6. Intra-governmental services – e.g. printing and stationary, government press.

7. Development-focused organizations – e.g. directorates of agriculture, animal husbandry, social welfare; district industrial centres; infrastructure development board, investment promotion board, coffee board.

8. Specialist academic or quasi-academic bodies -e.g. state Sahitya Akademi.

9. Organizations providing inputs into policy making, executing policy, monitoring, reporting – e.g. various commissionerates, such as of industries, tourism, health, education, etc.

10. Project/mission organizations – e.g. for watershed development programme, adult literacy programme.

11. Departmental commercial undertakings – e.g. state transport corporation, electricity board.

In the Indian context, Dr. Yoginder Alagh, former minister and Planning Commission member, has suggested the need for at least three different kinds of executive agencies: 'corporatist', that deal with activities that are quantifiable and semi-commercial in nature, such as the Post Office; 'mission' agencies that manage a national or state-level mission, such as NRIEGA; and 'institutional' agencies that are quasi-academic in nature, such as research institutions run by the Government. Inevitably, they would need to be managed differently, and therefore they need distinctive kinds of CEOs. The corporatist agency needs a professional akin to the one that runs a Central public enterprise; the mission agency needs an NGO-type dedicated to the relevant cause who is also an excellent manager; and the institutional agency needs a type like the director of an IIT or IIM.

Examples of Identifying Potential Executive Agencies in the Union Government

The key questions for identifying government bodies for executive agency status, or for carving out executive agencies from bureaucratic departments are: can the government activity or activities in question be dispensed with altogether in the light of contemporary realities (e.g. liberalization of the economy, or sharp decrease in priority, or much better alternatives available in the private sector or the civil society)? If so, the activity or activities need to be dispensed with, and the question of entrusting it or them to an executive agency does not arise. If the activity or activities should remain with the Government, should they be departmentally managed because of security or other reasons? If the answer is no, then the formation of an executive agency becomes important.

The late Mr. Anil Shah, a retired IAS officer, with extensive experience in rural development while in service and also after superannuation, as well as, awareness of NPM approaches, helped the writer to do a mock classification of the nearly 30 activities carried on in the three departments of the Ministry of Rural Development, Government of India (see 'Government of India (allocation of Business) Rules 1961 (as amended up to July 12 th , 2006)') on the basis of these questions. According to Mr. Shah, no activity needed to be stopped altogether. However, except for six activities involving coordination with a foreign organization, legal matters such as land tenures, land records, land acquisition, recovery of taxes, such as, land revenue, matters relating to succession to agricultural land holdings, and matters pertaining to the Registration Act 1908, all the other 24-odd activities could be assigned to, say, five executive agencies reporting to relevant joint secretaries, with consequential improvements in efficiency, quality of services provided, cost effectiveness, innovativeness, and performance accountability. Thus, for example, in the Department of Rural Development, CAPART, National Fund for Rural Development, matters relating to rural employment or unemployment, and integrated rural development could be consolidated into one 'mission' agency; rural housing could be entrusted to a 'corporatist' agency; road works and rural connectivity could be entrusted to one more 'corporatist' agency.

Some Concerns about Agencification

A misgiving may be: if so many 'babus' from government departmental bureaucracies are transferred to the executive agencies, could they turn dynamic and result oriented in the executive agencies? This would depend heavily on the quality of their CEOs. Research on over 120 cases of turnaround from sickness, both of government and private sector companies in India and abroad, suggests that given appropriate leadership, the conduct of their employees changes hugely, with consequential improvement in the performance of the organization.

A mechanism along the lines of the Public Enterprises Selection Board that shortlists the CMDs and functional directors of the Union Government's public enterprises needs to be set up to find CEOs for the executive agencies. PESB is a small body of professional administrators and managers. While PESB looks mainly at senior managers of public enterprises and secondarily at senior members of the all India civil services, the body for selecting CEOs of executive agencies needs to look outside the Government much more aggressively, that is, at talent available not only in the elite services, but also in the civil society, the institutional sector, the private sector and the corporate public sector, and select on a competitive basis the CEOs of the executive agencies.

Besides the talent in the elite services, would there be enough talent outside the bureaucracy to man the top posts in the agencies? If, say 2000 agencies are set up in the Central, state, and local governments in India, about 6000 top-level personnel (CEOs and full-time directors) may need to be found. The talent outside the Government is fortunately very large. There are hundreds of thousands of NGOs, of which possibly 1000 are professionally and ethically managed employing thousands of dedicated professionals. Besides these, a number of large business houses have set up corporate NGOs that are also professionally managed. Thus finding the right heads for mission-type agencies should not be a problem.

There is a similar abundance of managerial talent in institutes of excellence in the public and private sectors, and so top level manning for the various R&D and academic 'institute' executive agencies also should pose no big problem.

The entrepreneurial and professional managerial talent in the public and private corporate sectors is extremely large – just the Central public sector has around 100000 managers, and about that many managers are there in public sector banks, insurance companies etc. The top level executive pool in the corporate private sector may be even larger than in the corporate public sector. Besides these, there are literally millions of entrepreneurs in the country running manufacturing and service units. Finding the CEOs and other top personnel for the 'corporatist' executive agencies, too, should pose no problem, provided the remuneration packages are attractive enough.

Would professionally managed entities like executive agencies work in the Government sector in which political interference, corruption, and bureaucratic inertia are rife? Executive agencies resemble Central Government public sector enterprises and banks in some important ways. Like the executive agencies, the CEOs and functional directors of Central PEs and banks are competitively selected, are on a contract appointment, the boards of these enterprises contain a number of part-time directors who are subject experts and/ or professional managers, as also representatives of key stakeholders. Their CEOs enter into MoUs with their respective ministries analogous to the way the executive agencies do, and there is a performance evaluation system for the enterprises, which too, resembles the one for executive agencies. If these public enterprises perform well in our context, then there should be no reason why executive agencies cannot operate effectively in Indian conditions. Data on the comparative performance of India's two corporate public sectors – the one owned by the Central Government and the other owned by the states – indicates that professionally managed executive agencies can operate effectively in India. During the period 1990-1 to 1998-9, the aggregate net losses of the 750-odd PEs owned by the states averaged 17% per annum compounded (Planning Commission, 2002), while the aggregate net profits of the 240-odd PEs of the Union Government averaged 14% per annum (Bureau of Public Enterprises, 1995-6). There are major differences in their management structures that explain why the performances of these two sectors differ so widely. While the Central PEs are professionally managed, the states-owned PEs have CEOs who are mostly IAS officers on short, uncertain tenures and their chairpersons are politicians. There are seldom any professional full-time directors or eminent professionals as part-time board members; the operating autonomy is vitiated by gross bureaucratic and political interference; and there is no MoU device that fixes accountability. Thus, professional management in the public sector vastly outperforms bureaucratic management when it comes to managing enterprise-like entities. Besides, there is evidence that executive agency-like public bodies yield excellent performance in Third World conditions, as in the case of CONAFE in Mexico and NDDB under Kurien in India..

Concluding Comments

India has public agencies and undertakings galore; they work well when the operating conditions resemble an executive agency, and the head is, by chance, an outstanding leader. But this is not right. The autonomy of such bodies should be contractual and enforceable, and not depend upon the proximity of the head to the Prime Minister or the Chief Minister. Beside, the head of the body should be an outstanding leader, not by fluke, but because the meritorious selection of outstanding leaders has been institutionalized.

There is a huge potential for improving the performance of these bodies by modifying them to incorporate the executive agency prerequisites. The beneficial transformation of the way the Indian state functions with 2000 professionally managed agencies is a distinct possibility, and one that does not require billions of rupees of investment. But it does require the commitment to the idea on the part of the political masters and the senior bureaucrats of the Government, and of the civil society and the intelligentsia.

Editor

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