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Performance Matters

Performance Management – Cabinet Secretariat

Volume 3 April 21, 2011 Issue 1

From the Desk of the Cabinet Secretary

It is fair to say that Performance Management culture has taken firm roots in our Central Government. Today 74 departments and more than 800 responsibility centres attached to them are required to prepare a Results-Framework Document (RFD). Since the approval of the Performance Monitoring and Evaluation System (PMES) by the Prime Minister in September 2009, we have had three rounds of RFDs (2009-2010, 2010-2011 and 2011-2012). Experts agree that with each round the quality of dialogue and documents have improved steadily.

The rapid adoption of this policy is the result of Prime Minister's leadership and clear directions in this regard; leadership of Secretaries of the departments and ministries; and a cadre of dedicated and enthusiastic civil servants who are ready to go beyond the call of duty to do the right thing. However, the pristine simplicity of the concept has to be also one of the main reasons for this widespread adoption of the RFD policy. The essence of the RFD policy is captured succinctly in the phrase: "What gets measured gets done."

In this context we have to also acknowledge the fact that we have learnt a great deal from implementing a similar policy in the public enterprise sector. The policy of Memorandum of Understanding (MOU) in our public sector was the precursor of this RFD policy. The experience of designing and implementing MOUs in public sector has made the task of designing and implementing RFDs in Government much easier.

This issue contains an article on the government performance management system in Malaysia. In the developing world, Malaysia is considered a pioneer in designing and implementing performance management systems. It implemented results-based program agreements even before many OECD countries did so. It was one of the first countries to implement an effective system of Citizen's Charters and ISO 9001 certification in government departments. As the article shows, in spite of being a leader in this area, they are constantly trying to improve their systems. That just goes to show that performance management is a process and not an event. We need to constantly strive to make a good thing even better.

K.M. Chandrasekhar

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On why public officials need to remember there is

No Perfect Performance Measure

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Give me a performance measure and I can tell you what's wrong with it. I'm good at this. I may not be good at much else; I can't even hit a *minor*-league curve ball. But I can identify the flaws in a performance measure in my sleep.

I can tell you why it won't capture what you really want (or need) to capture. I can tell you why it will distort the behavior of people in undesirable—perhaps counterproductive—ways. I can tell you why it will encourage the budget folks to give you less money, not more. If you come up with a performance measure, I can identify at least one flaw— usually several.

Of all of the public-sector performance measures with which I am familiar, the best is the childhood immunization rate for measles. If this measure goes up, the world is a better place.

Why? Because the measles vaccine works to produce the very result you want. If you give a child the vaccine as the U.S. Centers for Disease Control recommends (two doses with the first given after the child is one-year old), the probability that the child is immune to the measles is 99 percent. That's impressive. Most of the things that we do in government do not have close to a 99-percent success rate.

An additional plus is the "herd effect." If you give the vaccine (again, as recommended by the CDC) to 1,000 children in a neighborhood, even those few children for whom it doesn't work will be better off. These unimmunized children will be much less likely to come into contact with a child who has the measles and, thus, are less likely to get it. With a success rate so high, vaccinating lots of children helps even those few for whom the vaccine is ineffective (or who didn't get the vaccine).

Of course, to drive organizational behavior, we cannot use the *immunization rate.* This performance measure (for any governmental jurisdiction) is easy to understand. If you have mastered long-division, you get it. But public health agencies and the people who work in them don't produce immunizations or immunization rates. They produce vaccinations.

For a government jurisdiction to get its immunization rate up, it will need to set a service-delivery target for vaccinations produced by its public health department. Then, the department will need to break that overall target down into targets for subregions, and then into targets for teams within those subregions.

The operational theory here isn't very complicated. If every team makes its production target for vaccinations, so will all of the subregions and thus the entire jurisdiction. And, if every jurisdiction makes its production target, it will improve its immunization rate to the desired level.

But what is the consequence of assigning performance targets to subregions and teams? One of the purposes of such targets is to put pressure on the subregions and their teams to produce. And they will feel the pressure.

Indeed, once one subregion hits its target, the pressure is really on. Excuses (presented as explanations) won't work any more. One subregion has achieved its target. Why can't the others? "Aren't you as good as they are?" "How come you can't do it?"

How will the teams (and their members) respond to this pressure? They can react as desired, working harder and smarter. They can do whatever is necessary to achieve their target.

"Whatever is necessary." Hmm. What might this include? Those who set the target thought working smarter and harder is the proper definition of "whatever is necessary."

Suppose, however, the team is really feeling the pressure. Suppose it is already working harder. Suppose it can't figure out how to work smarter. What other options does it have?

Harder and smarter is not the only option. And a desperate team might resort to another one.

Even the immunization rate, this wonderful performance measure, may (under at least some circumstances) not be perfect.

> Don't go looking for the perfect performance measure. It doesn't exist. So, start with a good measure or two. Identify their flaws. Be alert for them. Can you live with them? Make some adjustments? Still, you'll never eliminate all of the flaws. Get over it.

So get over it. Don't go looking for the perfect performance measure. Don't spend countless meetings debating whose measure is without defects. Don't hire expensive consultants to create the penultimate measure. (I am sure, nevertheless, that some ingenious subscriber will report having invented a flawless measure.)

Instead, start with a good measure (or two). Not great, not perfect, just good. But from the beginning, try to identify its inadequacies. Recognize what problems the measure might create; then, as you implement your performance strategy, be alert for the emergence of such flaws.

Next, decide: Can you live with these flaws? Or must you make some adjustments? Perhaps some minor adjustments? Or maybe some major changes?

Then, if necessary, implement the improvements. But don't believe after this round of improvements—or the tenth round—that you will have eliminated all of the flaws. You won't. Get over it.

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Performance Management in Malaysia:
An Integrated Approach to Results-Based Budgeting

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Since independence in 1957, the Malaysian public sector has been the main driving force of national development. Although its contribution to GDP has reduced over time it continues to define and play a significant role through policy formulation. The continuing challenge posed by external and internal needs and demands requires that public sector reform in Malaysia continues to be an ongoing process. The concerted drive by the government and all its administrative machinery throughout the last fifty four years has been guided by this philosophy. As part of the ongoing government performance improvement efforts, there have also been a number of reforms to the budgetary processes in government.

Results-based Budgeting in Malaysia

The earliest budget reforms can be traced back to the late 1960s when the government introduced the **Program Performance Budgeting System** (PPBS) in 1969. Although PPBS advocated the use of Key Performance Indicators (KPIs) and focused on performance, there were several weaknesses in the implementation of the PPBS. The budgetary process was still based on items of expenditure while information on the performance of Program and Activities were available. Budget process was used more as a tool for funds appropriation and disbursement rather then a strategic management tool. Little if no relationship was established between resource utilisation and performance management.

PPBS was reviewed and the **Modified Budgeting System** (MBS) was introduced in 1990 with focus on empowerment and delegation of authority down to the operational level. MBS which is a more contemporary results-based budgeting system that focuses on outputs and impact of programs and activities. The MBS is a system of management designed to establish logical linkages on the relationship between inputs, outputs and impacts. MBS leveraged on the Program-Activity Structure that was first introduced under PPBS. The MBS is based on management principles of "Letting managers manage" i.e. managers nearest to where outputs are generated should be given as much flexibility/authority as practicable to manage their resources; however this authority must be matched with requisite responsibility where accountability for results at all levels of management are expected.

The objective of implementing MBS was to improve resources allocation through more efficient management of government programs through delegation of authority and improved accountability. MBS featured the use of an *expenditure target*[1] for recurrent expenditure, the use of program agreements and exceptions reports for enhanced accountability, mandatory cycle of program evaluations to ensure performance through efficiency and effectiveness and urging a more generalized approach to expenditure control.

1 Dollar figure provided to each ministry to start the budget process to which existing budget policy must comply

Weakness in the Current System (MBS)

In the twenty years of its implementation, MBS introduced fiscal discipline, elements of strategic planning and policy ingredients, enhanced delegation of authority while reinforcing the concept of accountability for results. The implementation of MBS in the early years had positive impact; however there were weaknesses especially in its implementation.

On a broader front there was a need to rationalise expenditure to be more efficient and effective in the face of greater fiscal challenges resulting in a prolonged budget deficit, while at the operational level there was a need to:

- shift focus from outputs to outcomes;
- deal with the lack of strategic alignment and vertical Integration from national priorities down to implementation levels;
- deal with cross cutting programs and linkages to reduce overlapping programs and redundancies;
- overcome the long standing issue of dichotomous budgeting determined along the lines of Capital and Operating expenditure.
- overcome the lack of a systematic monitoring and evaluation system; and
- to further improve accountability for results at all levels.

Although MBS was advocated as a strategic tool for performance management and budgeting, its implementation over time reverted to budgetary compliance due to various reasons.

Introduction to Integrated Results Based Management (IRBM)

In early 2009, a tentative blue print for a review of the Modified Budgeting System (MBS) to make it compliant with the contemporary ***Managing for Development Results***[2] (MfDR) and ***Results Based Management*** (RBM) initiatives was developed.

MfDR and **RBM** focuses on the appropriate and timely achievement of relevant goals and objectives through strategic planning, systematic implementation, performance monitoring, measurement and reporting as well as systematic utilisation of performance information to improve policy decision at all levels. It emphasises the importance of achieving results through systematic goals and objectives achievement and clearly states how this should be achieved.

MfDR and RBM emphasises the importance of the various elements of planning, budgeting, monitoring and evaluation. However there have been limited attempts at integrating the various components to make it more dynamic and practical in its usage. Although, both MfDR and RBM advocated a whole a whole of government approach to the various components, early versions of the RBM were either centred only on planning, the budgeting system or through the personnel performance system.

Integrated Results Based Management (IRBM)[3], on which the *Outcome Based Budgeting*[4] (OBB) System was developed, provides detailed and practical focus to a systematic and structured approach to performance management. OBB requires that linkages be established with policy-making, resources management, program performance and other factors in performance management. A critical component

2 Marrakesh Roundtable on Results 2004, OECD-DAC Joint Venture on MfDR
3 1999 A. Rasappan, "Public Sector Budget Reforms in Malaysia"" Special Paper for World Bank PEM workshop, July 1999
4 Currently under development and implementation in the Malaysian Public Sector to replace the MBS

of the IRBM system is the strategic use of an integrated performance monitoring and, evaluation and performance reporting system.

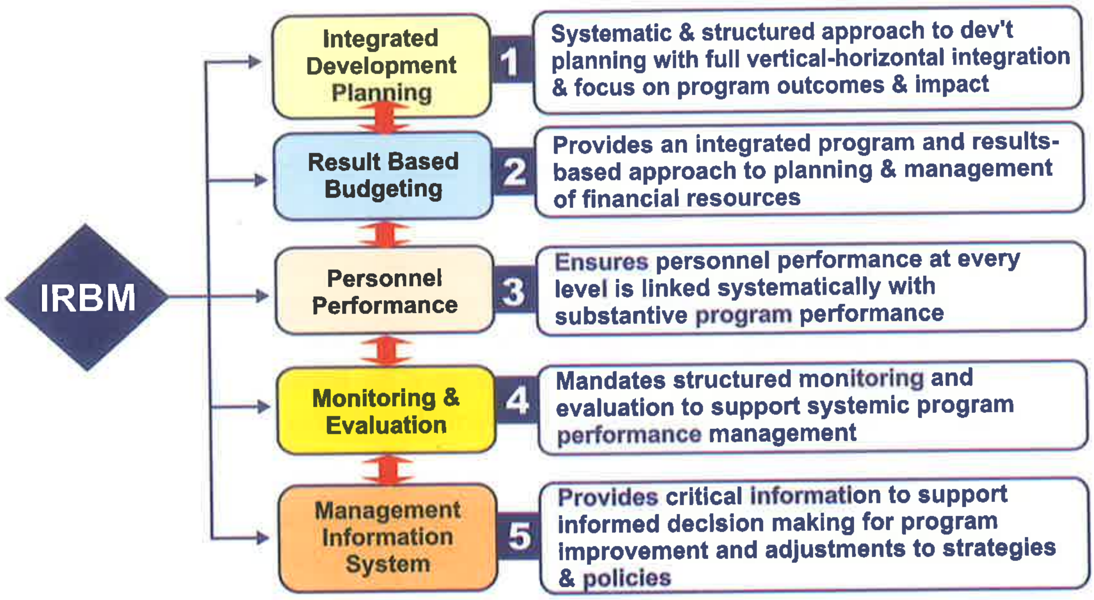
Efforts in improving the public sector efficiency and effectiveness can subsequently lead to improved public service delivery by maximising value for money through integrated strategic planning, systematic implementation and resource usage, performance monitoring, measurement and reporting.

The IRBM system is made up of 5 key components as shown in Figure 1[5] below.

- Integrated Development Planning (IDP)
- Results Based Budgeting System (RBB), and
- Results Based Personnel Performance System (PPS)
- Results Based Management Information System (MIS),
- Results Based Monitoring and Evaluation Framework (M&E).

The primary components under IRBM provide the necessary framework for planning, budgeting, monitoring and reporting on organisational performance and subsequently linking organisational performance to personnel performance. The complementary components of M&E and MIS provide the dynamics to the entire framework. It brings to life static information by establishing tight causal linkage. This is especially important for the Central Budget Office when deciding on resource allocation. However these two complementary components of the Integrated RBM model possess the biggest challenge in its implementation.

Figure 1
Integrated Results-Based Management : 5 Main Components



5 Economic Planning Unit, *Design and Conceptualisation of Outcome Based Approach to the 10th Malaysia Plan*, Final Report 2010, A. Rasappan,

A Comprehensive and Integrated Approach to Planning, Budgeting and Performance Management for Outcome

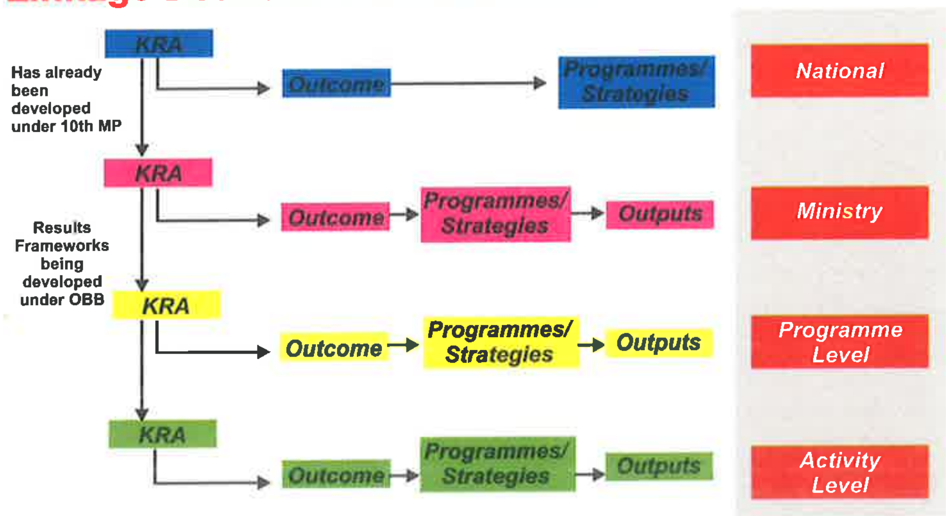
Integrated Development Planning (IDP) under Outcome Based Approach (OBA); A country's development plan must meet three criteria to achieve results; it must be strategic, operational and participatory. With these principles in mind, the IDP mapped out the national development priorities for a country and helped provide it with a structured and systematic roadmap for development programmes and projects over the plan period. The approach encourages all development partners (central and line ministries and operating departments etc.) to participate in development planning process of the 10th Malaysia Plan[6] (10th MP).

Outcome Based Budgeting (OBB); OBB is a strategic management tool that assists in improving resource management and public sector accountability. The cornerstone of the OBB is its detailed focus on performance measurement and its linkages with policy-making and resource management. It has a strong focus on the results from operations of programs and activities undertaken by government agencies. It recognizes the close link that needs to be established between the inputs and outputs, outcomes and thence the impact.

The main component of the OBB system is the *Integrated Performance Management Framework* (IPMF)[7], which is reminiscent of the Program Agreement used under MBS. It is an agreement, which details the level of performance that can be achieved by an entity for a given budget year with its allocation approved while holding the manager accountable for results as defined in the agreement.

OBB by way of the IPMF requires considerable strategic inputs and needs assessment before goals and objectives are set for each program and projects. The inputs in the document have to be driven from the top with the departmental heads being the main stakeholders in the proposed results.

Figure 2
Linkage Between OBA and OBB



6 A five year medium term planning framework
7 It is agreement that sets out the performance that need to be achieved by a program manager based on specified resources requirements .

Integrated Performance Management Framework (IPMF); The IPMF will ensure that national policies and programmes priorities are communicated effectively down to the implementation levels to ensure that the programmes and projects that are implemented at the operational level contribute efficiently and effectively to the achievement of these national policies and priorities. The IPMF represents the results framework that shows tight causal linkages within the ministry and its linkages to national level performance indicators. This strategic performance information will then be linked to resource requirements using the IPMF. (See Figure 2 above)

Personnel Performance System (PPS); Under OBB, managers will be held accountable for results. To facilitate the process of assigning accountability to managers, the comprehensive results framework will identify results at the ministry (tier 1), programme (tier 2) and activity (tier 3) levels.

Management Information System; Currently, the lack of a structured performance information system has resulted program and agency performance being measured based on expenditure. This has resulted in wasteful expenditure especially at year ends, where in an attempt to justify greater performance. Under OBB, a comprehensive online system with capabilities for budget submission, budget review and verification, performance monitoring and reporting will be developed. The Management Information System (MIS) will identify information needs at the different levels by the users.

Monitoring and Evaluation; The structured nature of the IPMF ensures that all critical program information regarding the program are identified and recorded while assigning responsibilities to those who should meet them. This will allow the management to establish linkages between what the program is set to deliver under the IPMF and the people responsible for it. The program monitoring system should provide early warning to enable management to pinpoint the problem area and its root causes so that the necessary and remedial actions can be taken.

Performance Information can be aggregated into an early warning system or dashboard for management that will generate information on shortfalls or over expenditure, variances in achievement and the identification of weaknesses and the remedial actions that need to be taken. The information will be used to make decisions regarding resource allocation and human resource deployment, and decisions on policy adjustment and program improvement.

Way Forward

The current fiscal challenges, especially the continued deficit and ballooning debts faced by Malaysia has prompted us to look at various mitigating measures. Budgeting and public expenditure was one of these key measures that are being reviewed. Based on lessons learnt from leading practices such as Canada, New Zealand, Singapore, Australia and the United Kingdom a comprehensive review was carried out starting with the national planning system that focused on outcomes under the 10th MP. This was followed through with the development and implementation of the OBB to be implemented in the 2013 budget.

Integrated RBM, which advocates a whole of government approach where planning, budgeting, personnel performance, monitoring and information reporting play an integrated role using a Program and Activity structure. It incorporates a longer-term macro planning framework through better and more effective horizontal and vertical integration for national development and capacity-building in physical and human infrastructure to meet national needs and challenges of globalization.

Workshop on Results-Framework Document (RFD) for Responsibility Centres

Inaugural Address of Cabinet Secretary

(February 22, 2011, Vigyan Bhawan, New Delhi)

While inaugurating a one-day Workshop on RFD for Responsibility Centres, Cabinet Secretary Shri K. M. Chandrasekhar said that Results-Framework Document (RFD) policy is a positive policy to help achieve greater heights. He informed that the RFD policy covers not only the 62 departments and ministries of the Central Government, but also 760 responsibility centres attached to these departments. He added that many State Governments have also shown interest in adopting this policy. In fact, Governments of Maharashtra and Punjab have already taken steps to implement RFD policy at the state level. The workshop organised by Performance Management Division, Cabinet Secretariat, was attended by over 1100 delegates from different responsibility centres from different parts of the country under various Ministries/Departments of the Government.

Shri K. M. Chandrasekhar, Cabinet Secretary, delivering the inaugural address

Following is the text of Cabinet Secretary's inaugural address on the occasion:

This workshop on Results-Framework Document, or RFD, is an important milestone in our journey towards achieving our vision of a government that works better and costs less. It is indeed remarkable how far we have travelled on this path in pursuit of this vision. Today the RFD policy covers not only the 62 departments and ministries of the Central Government, but also 760 responsibility centres attached to these departments.

You will hear about the details of the RFD policy from various experts throughout the day. However, I want to speak about a few general points that we need to keep in mind while striving for a change in the way we conduct our business in the Government. In particular, today I want to share my thoughts with you on the following three broad issues:

Shri Arun Maira, Member, Planning Commission, delivering his lecture on strategy

1 Why has the RFD policy spread so widely and so fast among Central Government organizations?

2. What is at stake and why is the RFD policy important for the nation?

3. Is this policy enough? If not what other complementary steps are required?

Let me start with the issue of rapid and effective implementation of the RFD policy. As many of you may be aware, the origins of this policy can be traced to the speech of the Hon'ble President of India to the Parliament in June 2009. In this speech Hon'ble President said that the Government of India will initiate steps within the next hundred days towards

"Establishing mechanisms for performance monitoring and performance evaluation in government on a regular basis."

As promised, within the stipulated hundred day deadline, the Hon'ble Prime Minister announced the details of the Performance Monitoring and Evaluation System on September 11, 2009. In the first phase of implementation, 59 departments and ministries were covered for the year 2009-2010. The second phase of the policy included 62 departments for the year 2010-2011. In 2011-2012, some 760 responsibility centres attached to various Central Government departments will be covered by this policy. The main reason for organizing this workshop is, in fact, to assist these responsibility centres with the development of their organizational RFDs.

I am also happy to note that many State Governments have also shown interest in adopting this policy. In fact, Governments of Maharashtra and Punjab have already taken steps to implement RFD policy at the state level.

There are many reasons that explain the rapid adoption of this policy. These would include Prime Minister's leadership and clear directions in this regard; leadership of Secretaries of the 62 departments and ministries; and a cadre of dedicated and enthusiastic civil servants that are ready to go beyond the call of duty to do the right thing. However, the pristine simplicity of the concept has to be also one the main reasons for this widespread adoption of the RFD policy.

The essence of the RFD policy is captured succinctly in the phrase: "What gets measured gets done." Development of RFD is based on answers to three simple questions: First, RFD seeks to know what are the organizations key objectives? Second, what actions department proposes to achieve these objectives? Finally, how do we measure progress in implementing these actions? The answers to these questions constitute the core of the RFD.

In launching the Results-Framework Document policy we are not alone. Rather, we are part of a distinct global trend in public management of a clear movement away from the so called "Administrator Model" to the "Management Model." The Management Model represents an internal culture of making managers manage, as opposed to the Administrative Model which values compliance to pre-determined rules and regulations. It requires the managers to assume greater responsibility while at the same time, giving them greater operational freedom and holding them accountable for results. Many countries, including Canada, New Zealand, Australia, Netherlands, Denmark, the United Kingdom, the United States and Finland, have made significant progress using such techniques with New Zealand being clearly the leader of this pack.

L-R: Ms. Neelam Nath, Secretary, Dept. of Ex-Servicemen Welfare, Shri Deepak Gupta, Secretary, Ministry of New and Renewable Energy, Shri Vivek Mehrotra, Secretary, Ministry of Minority Affairs

Finally, we have to also acknowledge the fact that we have learnt a great deal from implementing a similar policy in the public enterprise sector. The policy of Memorandum of Understanding or MOU in our public sector was the precursor of this RFD policy. The experience of designing and implementing MOUs in public sector has made the task of designing and implementing RFDs in Government much easier.

Now I turn to the importance of the RFD policy. It would not be an exaggeration to say that no civilized society can function effectively without an effective government. This statement was as true for Chanakya in the 3rd Century BC and for Sher Shah Suri in the 16th century AD as it is for us today.

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All countries use government as a mechanism to provide services that benefit all citizens: police, judicial services, national defense, and municipal services. Government also serves as a means of making some of the most important collective decisions such as the nature of the health system, education system, water and sewage system, roads and highways system. Given this pervasive nature of government, its performance has a direct bearing on the welfare of citizens.

Our work on performance management is inspired by our belief that returns from improving effectiveness of the government are immense. Further, we believe that the majority of these benefits will accrue to the socially and economically weaker sections of our society. Hence, we do not believe that there is a trade-off between efficiency and equity in this area. Extra effort spent on improving government efficiency is likely to do more good on the margin than spending more money on a program that does not work effectively.

L-R: Ms. Rita Menon, Secretary, Ministry of Textiles, Shri Mukul Joshi, Secretary, Department of Pharmaceuticals

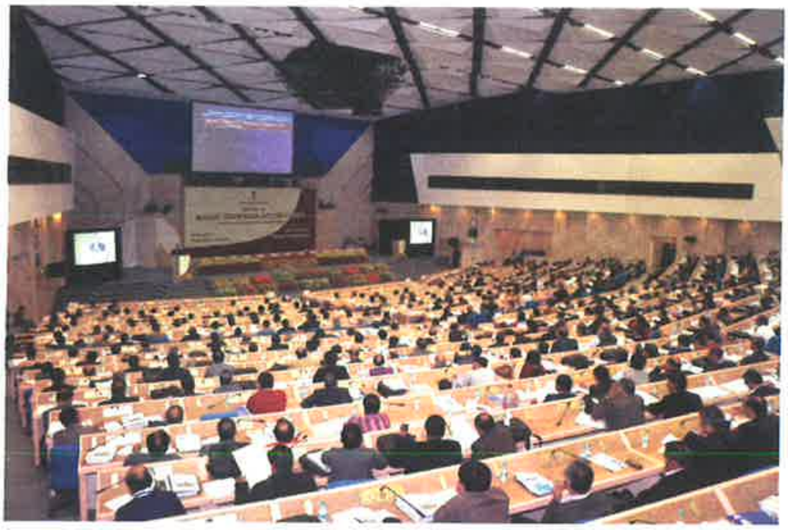
We seek to create a government that not only does the right things but does them right, that is more efficiently and effectively. Enhanced government effectiveness not only affects the welfare of citizens in the short run but also in the long-run. In the increasingly globalized world, government effectiveness is the key determinant of a country's competitive advantage. Experts agree that in the long run, race among nations will be won or lost not on the basis of comparative advantage arising from resource endowment, but by the competitive advantage created by effective governments.

Finally, I turn to the third broad question I raised at the beginning: Is this policy enough? If not what other complementary steps are required to achieve our goal?

Let me suggest that our 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. I see from the agenda that both of these instruments will be discussed in details and hence I shall not dwell on them at length. Suffice to say that Citizen's Charter outlines the service standards to which all citizens are entitled. Similarly, Grievance Redress Mechanism outlines a transparent and effective system of grievance redress for citizens.



Also, a complete system for performance management in government should focus on three interrelated systems: (a) Performance Information System; (b) Performance Evaluation System and (c) Performance Incentive System. Let me describe each of these three subsystems briefly.

Without proper information regarding the activities of the government departments and agencies, it is impossible to even begin to evaluate performance, much less improve performance. However, an adequate performance information system does not imply collection of huge amounts of data. A thoughtfully designed information system allows evaluators timely access to necessary information in an appropriate format. Often, a properly designed system reduces the data overload on agencies. When evaluators are not sure about what matters most, they tend to collect as much information as they can to insure against the risk of not having the necessary data when required.

Once we have the necessary information, it is possible to design an effective evaluation system. Availability of data, however, does not automatically guarantee a sound evaluation system. As we will see latter, many of the existing evaluation systems in India are conceptually flawed. Hence, no amount of success in gathering information can allow us to manage performance effectively.

Civil servants, like most other people, respond to incentives. No matter how sophisticated an information and evaluation system you may design, if you do not link the evaluation of government departments to the welfare of the government managers, you cannot expect to improve the performance of government departments. I hasten to add that it is not necessary for the incentives to be monetary, but it is necessary to have incentives. Good performance or lack thereof must have some consequences.

While all three subsystems are necessary for designing an effective performance management system, an evaluation system provides the necessary platform to design an appropriate incentive system and an adequate information system. The other two systems can be designed once the government is clear about what it is that it wants to achieve. The answer to this is provided by the evaluation system embodied in the RFD.

Above all, we must remember that a performance management system is useful if we have chosen the right direction. That is why having a sound strategy is as important as an effective RFD system. Indeed, that is why this workshop will begin with a session by Mr. Arun Maira, Member Planning Commission and an expert in the art and science of strategy making.

In short, performance improvement is a multidimensional concept and requires a multidimensional approach. There is no one simple answer to improve performance. Effort has to be made on many fronts to achieve our vision in this area.

In closing let me say that today the question is not whether to improve performance of government departments, the real question is how? To be sure, this is not the first time in history that this question has been raised. It has been the preoccupation of policy makers in all civilized societies. However, just like all other technologies evolve so does the management technology. While the question still remains the same-that is how to improve government performance, the answer to this question has evolved over time and the RFD policy represents the latest phase of that evolutionary process.

BUDGET SPEECH *(FEB 28, 2011)*

Performance Monitoring and Evaluation System

"Pursuant to the recommendations of Second Administrative Reforms Commission, the Government has set up a Performance Monitoring and Evaluation System (PMES) to assess the effectiveness of Government departments in their mandated functions. It involves preparation of a Results-Framework Document (RFD) by each department, highlighting its objectives and priorities for the financial year and achievements against pre-specified targets at the end of the year. This document would be available for public information on the departmental websites. In the first phase, 62 departments have been covered under PMES."

Para 129 of the Budget Speech

The Union Finance Minister, Shri Pranab Mukherjee arrives Parliament House to present the General Budget 2011-12, in New Delhi on February 28, 2011. The Ministers of State of Finance, Shri S.S. Palanimanickam and Shri Namo Narain Meena are also seen.

ISO 9001 Certification of National Authority Chemical Weapons Convention

CABINET SECRETARIAT

On November 26, 2010, the National Authority Chemical Weapons Convention (NACWC) Cabinet Secretariat was awarded an ISO 9001: 2008 certificate by *Bureau Veritas*, a France-based certification body. This makes NACWC not only the first department of GOI to be fully ISO 9001 compliant but also the first National Authority among the 188 members of OPCW to achieve this certification

BUREAU VERITAS
Certification

Certification
Awarded to

NATIONAL AUTHORITY
CHEMICAL WEAPONS CONVENTION (NACWC)
CABINET SECRETARIAT

CHANAKYA BHAVAN, CHANAKYAPURI, NEW DELHI – 110 021, INDIA.

Bureau Veritas Certification (India) Private Limited certify that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the standard detailed below

STANDARD

ISO 9001:2008

SCOPE

To implement the Chemical Weapons Convention (CWC) on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and Matters Connected therewith or incidental thereto and to act as the National Focal Point for the Organization for the Prohibition of Chemical Weapons (OPCW) and Other States Parties.

Permitted Exclusion(S)
7.3 – Design and development.
7.5.2 – Validation of processes for production and service provision.

Original Approval Date: **26 November 2010**
Next Recertification Due Before: **24 October 2013**
Subject to the continued satisfactory operation of the organisation's Management System, this certificate is valid until: **25 November 2013**
To check this certificate validity please call: **+91 22 6695 6300**
Further clarifications regarding the scope of this certificate and the applicability of the Management System requirements may be obtained by consulting the organisation.

Certificate Number: **IND10.7656**

R. K. SHARMA
Director

NABCB

Certification / Managing Office Address: "Marwah Centre" 6th Floor, Krishanlal Marwah Marg, Opp. Ansa Industrial Estate, Off Saki Vihar Road, Andheri (East), Mumbai – 400 072, India.

About the certifying body Bureau Veritas

Bureau Veritas is one of the most reputed international certifying bodies. It is an international group specialized in the inspection, analysis, audit, and certification of products, infrastructure (buildings, industrial sites, equipment, ships, etc.) and management systems in relation to regulatory or voluntary standards. Recognized and accredited by major national and international organizations, *Bureau Veritas* is present in 140 countries through a network of 900 offices and laboratories. It has more than 39,000 employees and a client base of more than 370,000.

What is ISO 9001: 2008?

ISO 9001 is an International Standard that specifies requirements for a quality management system where an organization:

L to R: Dr. G. Narendra Kumar (Joint Secretary, NACWC), Dr. Prajapati Trivedi (Chairman, NACWC, & Secretary, Performance Management), Ms. Bhaswati Mukherjee, Ambassador of India to Netherlands, and Dr. Pankaj Sharma (Minister, Embassy of India, Netherlands)

a. Needs to demonstrate its ability to consistently provide the outputs that meets the requirements of Service Recipients (customers / clients) and applicable statutory and regulatory requirements, and

b. Aims to enhance Service Recipients satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity.

ISO 9001 standard has been developed by ISO (the International Organization for Standardization) - a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. Details of the implementation process are given in a later section (page 3 of 4).

What were the objectives of this exercise for NACWC?

a. To establish a Quality Management System (QMS) meeting the best management practices to enhance effectiveness and efficiency of NACWC.

b. To ensure that NACWC consistently meets the requirements agreed with all interested parties, i.e., OPCW, State Parties and concerned ministries.

c. To provide a basis for ensuring confidentiality of information related to the activities of NACWC.

d. To implement policy and objectives to give long term direction in implementing the convention.

e. To establish self renewing mechanisms through internal audits and management reviews, thereby ensuring continual improvement.

What are specific gains to National Authority from ISO 9001 certification?

a. Identified processes needed for effective and efficient implementation of Chemical Weapon Convention

b. Defined documented procedures

c. Measured Process improvements leading to better service delivery

d. Reviewed Process Effectiveness Criteria

e. Created review mechanisms

f. Established Self Audit system

g. Applied SMART & CREAM criteria on Result-Framework Document (RFD) for National Authority

ISO 9001:2008 Certificate being presented to the Director General of OPCW, Ambassador Ahmet Üzümcü

h. Improved scheduling of all tasks for CWC

i. Improvement of monitoring mechanisms through the metrics of:

Time : Adherence to Schedule.

- Quality: Number of non-conformities.
- Quantity: Work turnout

j. Alignment of organisation's quality policy and quality objectives

k. Control of external and internal documents with revision status

l. Speedy retrieval of records and files with a target of 60 seconds

m. Competency enhancements of all associates

n. Clarity in roles and responsibilities

o. Developed formats for better flow of information and improved communication.

p. Deployed system of informed, effective decisions based on data

q. Consistent, reliable processes with common framework

r. Standardization and consistency in services provided to the agencies and public

IMPLEMENTATION PROCESS

Stage-I

This Module includes the awareness program on the basic concepts and requirements of Quality Management System (QMS) Standard. Training was be provided to key personnel of NACWC.

Stage- II

This Module includes the review of existing processes, starting from procurement, including vendors of products & services, contractors to the dispatch of finished products, as well as servicing. The past incidents were also reviewed.

Stage- III

As per the requirements of QMS documentation in the form of Manual, System Procedures, process instructions and formats were prepared with the assistance of concerned personnel.

Stage- IV

Auditors training was provided under this module, which included audit objectives, audit planning, check list preparation, audit execution and audit reporting. Workshops were conducted to bring home the concept of auditing.

Stage- V

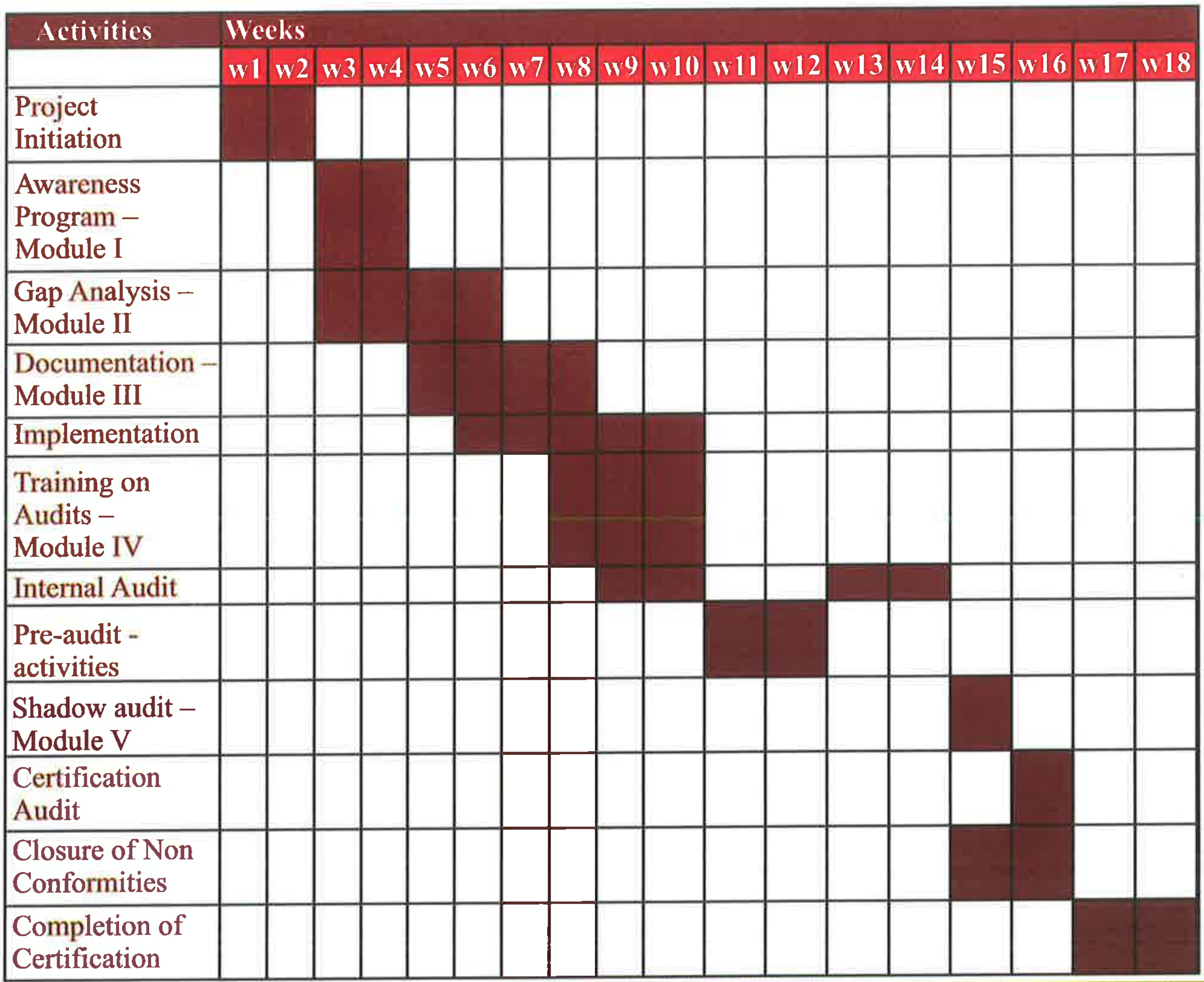
In order to ensure that the established system is being implemented effectively, experts carried out pre-assessment audit of established systems in NACWC. At this point of time assistance in Management Review was also provided. This has provided the necessary confidence to NACWC to offer for third party certification.

Stage- VI

Certification Assessment- Certification body assessed the requirements of ISO 9001:2008 and checked its implementation in NACWC. Certification Assessment for NA CWC was done by Bureau Veritas - BVQI (www.bureauveritas.com)

IMPLEMENTATION SCHEDULE FOR NACWC

Initiation Date: 26th July 2010 Completion Date: 26th November 2010



WORKSHOP ON

RESULTS-FRAMEWORK DOCUMENTS (RFDS):

AN INSTRUMENT FOR IMPROVING GOVERNMENT PERFORMANCE

April 26-27, 2011, Delhi

Inauguration by

SHRI K. M. CHANDRASEKHAR, CABINET SECRETARY

Performance Management Division, Cabinet Secretariat, is organizing a 2-day workshop for officers of the 18 new departments included in Phase III of the RFD policy for the year 2011-2012. We expect each of these 18 departments to nominate four senior-level officers to participate in this workshop on the art and science of designing an effective Results-Framework Document (RFD). This workshop will be held on April 26-27, 2011, at the Indian Institute of Foreign Trade (IIFT), New Delhi. We are honoured that Cabinet Secretary has agreed to inaugurate this workshop.

Volume 3 April 21, 2011 Issue 1

Effective Stakeholder Consultations:

Approach followed in Department of Drinking Water and Sanitation, Ministry of Rural Development for preparation of Strategic Plan 2010-2022

Concept

The Department drew up an Action Plan to prepare the Strategic Plan with the intention of laying down a medium-term perspective plan for rural water supply and rural sanitation sector. The idea was to prepare a plan that would guide the Department in the rural drinking water and rural sanitation sector in the two years of the current plan, the 12th and 13th Plan periods i.e. next 12 years upto 2022. This would enable the Department to work towards an aspirational goal for the sector in the rural areas.

Shri Arun Misra, Secretary, Department of Drinking Water and Sanitation

The aspiration was to move up the water ladder in the rural areas: from providing water through hand pumps and borewells, open wells to provide piped water supply schemes through public taps and then to household connections and metering. In the sanitation sector, the aspiration was to move up from providing toilet in every household and ensure its use to enable a sustainable system for solid and liquid waste management for clean environment in the villages. With these aspirations in mind it was decided to prepare a plan for 12 years rather than for 5 years as required by the Cabinet Secretariat (PM).

Inputs to the Process

The Department had conducted a Round Table of national experts, State Governments, NGOs, academicians on 21.10.2009 to discuss the status and further roadmap for the sector.

Position Papers

Position Papers, one on rural drinking water and another on rural sanitation, were prepared based on inputs from this Round Table consultation, the existing NRDWP and TSC Guidelines, 11th Plan document, decisions taken by the Cabinet and Cabinet Committees, the recommendations of the Technical Expert Group (TEG) (set-up by the Department to go into the functioning of the Department), Parliamentary Standing Committee reports, evaluation studies, reports prepared by UN organisations, World Bank, NGOs etc. These background notes were discussed in meetings of the Working Groups, one set-up for rural water supply and another for rural sanitation. The Notes as amended based on the discussions in these Working Groups were circulated to all the State Governments and various stakeholders.

E-community

In order to involve the civil society organization, assistance of the UN Solution Exchange and WESNET was taken. UN Solution Exchange posted three queries each on rural water supply and rural sanitation. The first query was the aspiration and goals, second on the status of the sector and the present challenges and the third on strategy and implementation plan. The response was very enthusiastic, the inputs provided by the UN Solution Exchange were valuable in refining our strategy.

Consultative Workshops

The Department decided to go in for wide consultations with various stakeholders in preparing the strategic paper. For this purpose, it held four regional consultative workshops: (i) Chandigarh (June, 2010) for Northern States, (ii) Bangalore (July, 2010) for Southern States, (iii) Guwahati (August,, 2010) for Eastern and North-Eastern States and (iv) Ahmedabad (August, 2010) for Western and Central States.

In all the four workshops, the Secr etary, Department of Drinking Water and Sanitation, JS (Water), JS(Sanitation), DDWS, GoI, attended. Principal Secretaries, Chief Engineers and other senior officers of Rural Water Supply and Sanitation Departments from participating States attended. They also brought representatives of Panchayati Raj Institutions (PRIs), NGOs, Resource institutions and Village Water and Sanitation Committee members to the workshop. Representatives from World Bank, UNICEF, Water-aid participated in all the workshops. A total of about 100 to 140 delegates attended each of the workshops.

Structure of Workshops

The structure of the workshops was as follows:

The concerned State Minister incharge of Rural Water Supply and Sanitation or the Chief Secretary or Additional Chief Secretary from the host State participated in the workshop lending their commitment to the process. This would be followed by a brief introduction by Secretary (DDWS), GoI to set the tone for the workshop. Thereafter the participants split into two groups: one on Drinking Water and another on Sanitation and the workshop sessions continued simultaneously in separate halls. Short presentations on rural water supply and sanitation from the concerned Joint Secretary (Water) and JS (Sanitation), DDWS, GoI laid the agenda for the workshops. Eminent NGOs, experts from the region were also invited to speak. The first group work session was held in the fore-noon on the Aspirations and Status. Each Sub-Group elected its own chair and presenter and was facilitated by officers of DDWS, Experts and Water and Sanitation Programme (WSP) - World Bank. This was followed by group presentations. In the afternoon session there were presentations on best practices in the region from some of the States in between. This was followed by group work on Strategies and Implementation plan and presentations by the groups. After presentations of the group reports, there would be a Wrap up Session for discussions on the recommendations and other issues chaired by Secretary (DDWS), GoI before the workshop concluded.

Additionalities in Consultation process

As an additionality to the consultation process, the Department also engaged stakeholders in State workshops held in Madhya Pradesh, J&K, Assam, Chhattisgarh and Rajasthan. These State w orkshops were one/two-day workshops in which State and district level officials participated. Secretary (DDWS), concerned Joint Secretaries or Directors, DDWS, GoI participated. There were presentations on new technologies, best practices from other States and from scientific institutions.

A meeting was also held on specific issues relating to planning for tackling of water quality habitations, technologies available, time-frame required and difficulties faced by the State Government.

Learnings from the process

The following inputs accrued from this consultative process spread over the last six months:

(i) In terms of generation of new contents and new ideas there were not many new ideas though certain successful experiments from States came to light.

(ii) NGOs, experts, PRIs, VWSCs representatives got an opportunity to express their views and interact with high level policy makers from GoI and State Governments. This helped in making the process of planning more interactive and infused confidence among the grassroot level stakeholders that the Government was responsive and sensitive to their needs.

(iii) Representatives of State Governments and implementing agencies got an opportunity to express the difficulties faced by them in implementing the programme and give suggestions on how to make it more effective.

(iv) Participants pointed out the gaps where policy required to be more clearly defined. This helped the Department in taking up such issues for detailed guidance. Two examples being, a policy on utilization of sustainability funds and criteria for allocation of incentive funds and their utilization etc.

(v) Consultative workshops held at national, regional and State level enhanced the visibility of the programme and have re-prioritised this programme among States and in districts.

(vi) Listening to good experiences and best practices adopted by other panchayats, districts and states enabled other participants to learn from them for more effective delivery.

Role of DDWS

Hon'ble Minister for Rural Development allowed the Department to work freely within the broad framework. Secretary, Department of Drinking Water and Sanitation by personal participation in all the Consultative Workshops ensured participation at the highest level by the States and brought in broader picture encompassing other related sectors and guided the workshop. The Joint Secretaries moderated the water supply and sanitation sessions and consolidated the views of the workshop. NIRD, Hyderabad assisted in logistic arrangements with the help of the host State Government. They also facilitated in organizing the workshop i.e. sending invitations for conducting the workshop and recording the proceedings of the workshop. They were supported in this by the WSP-World Bank, the Advisors and other officers of the Department.

Preparation of Draft Strategic Plan

NIRD and the WSP of the World Bank prepared a draft Strategic Plan document on the various inputs referred to above, the recommendations of these workshops and discussions held in the Department. This first draft Strategic Plan was discussed in meetings of the Working Groups held on 22.10.2010 and 01.11.2010.

The final draft so prepared was circulated to the State Governments for their written comments. A National Consultative Workshop was held in December, 2010, to get the views of the State Governments, selected experts, representatives of NGOs, scientific and academic institutions, practitioners in the field, PRIs before the draft was finalized and necessary approval of the competent authority was obtained.

High Power Committee (HPC) on Government Performance

The High Power Committee (HPC) on Government Performance in its meeting held on March 11, 2011, took the following important decisions:

i. Directed departments preparing RFDs to provide mid-year milestones for targets which have the end date in the second half of the year. This would facilitate mid-term review by the PMD, Cabinet Secretariat, of the progress against these mid-year milestones.

ii. Directed departments to inform PMD, Cabinet Secretariat, if other departments and ministries affecting their performance do not adhere to timelines stipulated by those departments and ministries. Thus, if a department feel that the timelines stipulated by Ministry of Finance, Planning Commission, or any other department have not been met, they should not wait for the mid-term review or the end-year evaluation and inform Performance Management Division (PMD), Cabinet Secretariat, immediately.

iii. Directed PMD to undertake an in-depth review of five RFDs selected randomly each year. This review would also involve examination of results on ground and its connection with success indicators and targets in departmental RFDs.

iv. Directed PMD to ensure consistency and coordination with Ministry of Statistics and Programme Implementation (MOSPI) monitoring and evaluation exercise.

v. Approved extension of RFD system as follows:

a. Following departments / ministries to be asked to prepare RFDs:

1. D/O Defence Production
2. D/O Disinvestment
3. D/O Ex-Servicemen Welfare
4. D/O Official Languages
5. D/O Legal Affairs
6. D/O Legislative
7. D/O Justice
8. D/O Space
9. D/o Defence Research and Development
10. M/O Railways
11. Planning Commission
12. Cabinet Secretariat

b. Only the responsibility centres of the following departments / ministries to be asked to prepare RFDs:

1. D/O Financial Services
2. D/O Economic Affairs
3. D/O Expenditure
4. M/O External Affairs
5. D/O Revenue
6. M/O Home Affairs

c. Following departments / ministries to be exempted from preparing RFDs for now:

1. D/O Defence
2. D/O Internal Security
3. D/O Jammu & Kashmir (J & K) Affairs
4. M/O Parliamentary Affairs
5. D/O Atomic Energy

vi. Directed PMD to conduct each year a quality review of 24 RFDs of the Responsibility Centres (RCs), selected randomly from RFDs prepared by about 760 RCs.

vii. Approved the proposal for inclusion of RFD, corresponding achievements and the composite score in the annual reports of departments / ministries for the year.

viii. Approved the Revised Guidelines for the year 2011-2012 subject to the following modifications:

a. Delete the following tasks that are expected to be completed by March 31, 2011:

1. Finalize a Strategic Plan
2. Develop RFDs for all Responsibility Centers (Subordinate Offices, Attached Offices, Autonomous Bodies)
3. Create a Sevottam compliant system to implement, monitor and review Citizen's Charter
4. Create a Sevottam Compliant system to redress and monitor public Grievances

b. Add following new mandatory indicators:

1. Develop an Action Plan for E-Office Implementation
2. Implement 3 major recommendations of ARC II from the set of 10 key recommendations identified by DARPG.
3. Identify potential areas of corruption related to departmental activities and develop an action plan to mitigate them
4. Develop an action plan to implement ISO 9001 certification

c. The total weight for mandatory indicators in RFDs will be 15 %.

d. Add Section 6 in all RFDs. This section should contain the broad outcomes and the expected impact the department has on national welfare. In other words, this section should capture the very purpose for which the department / RC exits.

This section should contain the broad outcomes and the expected impact the department has on national welfare. This section should capture the very purpose for which the department / RC exits.

This section is included for information only and to keep reminding us not only the purpose of the existence of the department / RC but also the rationale for undertaking the RFD exercise. The evaluation will be done against the targets mentioned in Section 2. The whole point of RFD is to ensure that RCs (and departments) serve the purpose for which they were created in the first place.

The required information under this section should be entered in Table 3. The Column 2 of Table 3 is supposed to list the expected outcomes and impacts. It is possible that these are also mentioned in the other sections of the RFD. Even then they should be mentioned here for clarity and ease of reference. For example, the purpose of Department of AIDS Control would be to control the spread of AIDS. Now it is possible that AIDS control may require collaboration between several departments like Health and Family Welfare, Information and Broadcasting, etc. In Column three all departments / ministries / RCs jointly responsible for achieving national goal are required to be mentioned. In Column 4 organization is expected to mention the success indicator (s) to measure the organizational outcome or impact. In the case mentioned, the success indicator could be % of Indians infected with AIDS. Columns 5 to 9 give the expected trend values for various success indicators.

1	2	3	4	5	6	7	8	9
S. No.	Outcome / Impact of Department / Ministry	Jointly responsible for influencing this outcome /impact with the following department (s) / ministry (ies)	Success Indicator	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014

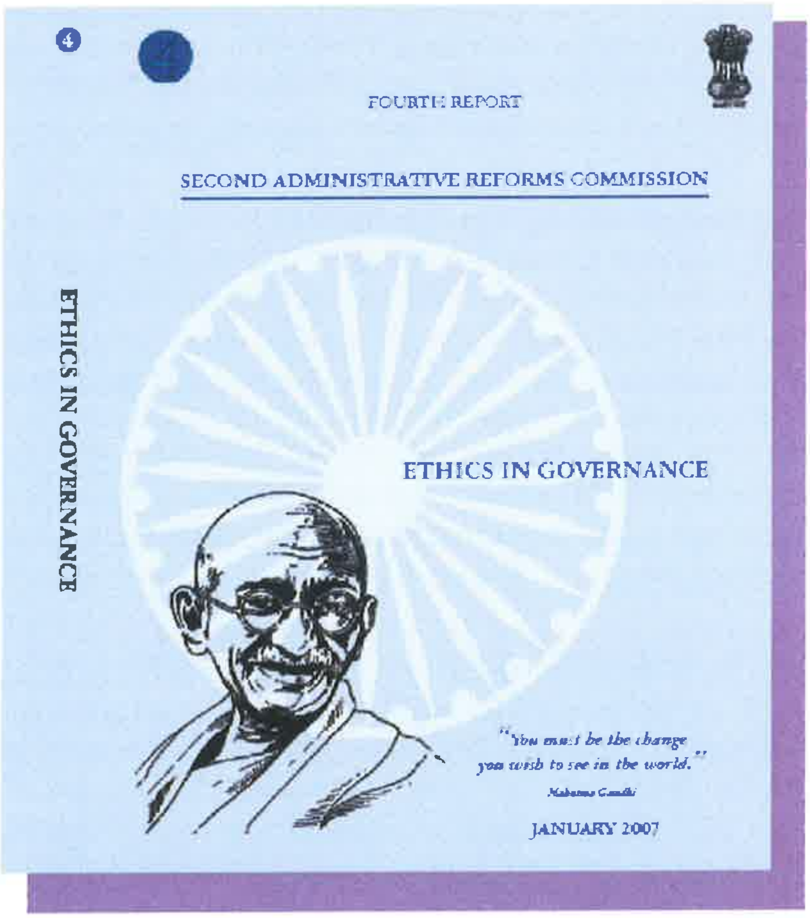
Performance Matters

Volume 3 April 21, 2011 Issue 1

Ethics in Governance

(Excerpts from the introduction to the 4th Report of the Second Administrative Reforms Commission)

1.1 Ethics is a set of standards that society places on itself and which helps guide behaviour, choices and actions. The Commission is painfully aware that standards do not, by themselves, ensure ethical behaviour; that requires a robust culture of integrity. The crux of ethical behaviour does not lie in bold words and expressions enshrined as standards, but in their adoption in action, in sanctions against their violations, in putting in place competent disciplinary bodies to investigate allegations of violations and impose sanctions quickly and in promoting a culture of integrity.



1.2 Corruption is an important manifestation of the failure of ethics. The word 'corrupt' is derived from the Latin word 'corruptus', meaning 'to break or destroy'. The word 'ethics' is from the original Greek term ethikos, meaning 'arising from habit'. It is unfortunate that corruption has, for many, become a matter of habit, ranging from grand corruption involving persons in high places to retail corruption touching the everyday life of common people.

1.3 Anti-corruption interventions so far made are seen to be ineffectual and there is widespread public cynicism about them. The interventions are seen as mere posturing without any real intention to bring the corrupt to book. They are also seen as handy weapons for partisan, political use to harass opponents. Corruption is so deeply entrenched in the system that most people regard corruption as inevitable and any effort to fight it as futile. This cynicism is spreading so fast that it bodes ill for our democratic system itself.

1.4 There are two, somewhat contrary, approaches in dealing with corruption and abuse of office. The first is overemphasis on values and character. Many people lament the decline in values and the consequent rise in corruption. The implicit assumption is that until values are restored, nothing much can be done to improve the conduct of human beings. The second approach is based on the belief that most human beings are fundamentally decent and socially conscious, but there is always a small proportion of people, which cannot reconcile individual goals with the good of society. Such deviant people tend to pursue personal gain at the cost of public good and the purpose of organized government is to punish such deviant behaviour. If good behaviour is consistently rewarded and bad behaviour consistently punished, the bulk of the people follow the straight and narrow path. However, if good behaviour is not only not rewarded, but is actually fraught with difficulties and bad behaviour is not only not punished, but is often extravagantly rewarded, then the bulk of the people tend to stray from the honourable path.

1.5 In the real world, both values and institutions matter. Values are needed to serve as guiding stars, and they exist in abundance in our society. A sense of right and wrong is intrinsic to our culture and civilization. But values need to be sustained by institutions to be durable and to serve as an example to others. Values without institutional support will soon be weakened and dissipated. Institutions provide the container, which gives shape and content to values. This is the basis of all statecraft and laws and institutions. While incentives and institutions matter for all people, they are critical in dealing with the army of public servants - elected or appointed - endowed with authority to make decisions and impact on human lives and exercising the power to determine allocation of resources. Public office and control over public purse offer enormous temptation and opportunity to promote private gain at public cost. Therefore, creation of institutions and designing of incentives are of utmost importance in promoting ethical conduct of public servants.

1.6 In our society, corruption and abuse of office has been aggravated by three factors. First, there is a colonial legacy of unchallenged authority and propensity to exercise power arbitrarily. In a society which worships power, it is easy for public officials to deviate from ethical conduct. Second, there is enormous asymmetry of power in our society. Nearly 90% of our people are in the unorganized sector. Quite a number of them lead a precarious existence, depending on subsistence wages with no job security. And nearly 70% of the organized workers with job security and regular monthly wage are employed by the state directly or through public sector undertakings. Almost all these employees are 'educated' in a largely illiterate and semiliterate society and economically even the lowliest of public servants are better off than most people in the country. What is more, their employment in government comes with all the trappings of power. Such asymmetry of power reduces societal pressure to conform to ethical behaviour and makes it easy to indulge in corruption.

1.7 Third, as a conscious choice, the Indian state in the early decades after Independence chose a set of policies whose unintended consequence was to put the citizen at the mercy of the State. Over regulation, severe restrictions on economic activity, excessive state control, near-monopoly of the government in many sectors and an economy of scarcity all created conditions conducive to unbridled corruption. In addition, many state subsidies and beneficiary-oriented programmes in a situation of asymmetry of power converted the public servant into patron and master and reduced most citizens into mendicants. This at once enhanced opportunities to indulge in corruption and reduced the citizens' capacity to resist extortionary demands.

1.8 The experience of the past six decades in our country and elsewhere offers us valuable lessons in curbing corruption. It is generally recognized that monopoly and discretion increase the propensity to corruption while competition and transparency reduce corruption. This has been dramatically witnessed in India in the wake of economic liberalization. As competition came in and choice expanded, corruption plummeted. Telephones, steel, cement, sugar and even two-wheelers are among the many sectors, which have seen enhanced supply and choice, reducing or even eliminating corruption. Similarly, wherever technology and transparency have been introduced, corruption has been significantly contained. Computerization and access to information have made many services from railway reservation to issuing of driving licenses increasingly free from corruption.

1.9 A factor which increases corruption is over-centralization. The more remotely power is exercised from the people, the greater is the distance between authority and accountability. The large number of functionaries between the citizen and final decision-makers makes accountability diffused and the temptation to abuse authority strong. For a large democracy, India probably has the smallest number of final decision makers. Local Government is not allowed to take root and power has been concentrated both horizontally and vertically in a few hands. The net results are weakened citizenry and mounting corruption.

1.10 It is well recognized that every democracy requires the empowerment of citizens in order to hold those in authority to account. Right to Information, effective citizens' charters, opportunity and incentives to promote proactive approach of citizens, stake-holders' involvement in delivery of public services, public consultation in decision making and social auditing are some of the instruments of accountability that dramatically curbed corruption and promoted integrity and quality of decision making.

1.11 In the ultimate analysis, the state and a system of laws exist in order to enforce compliance and promote desirable behaviour. Therefore, enforcement of rule of law and deterrent punishment against corruption are critical to build an ethically sound society. A detailed analysis of our anti-corruption mechanisms and the causes of their failure is necessary in order to strengthen the forces of law and deter the corrupt public servants.

1.12 Perhaps the most important determinant of the integrity of a society or the prevalence of corruption is the quality of politics. If politics attracts and rewards men and women of integrity, competence and passion for public good, then the society is safe and integrity is maintained. But if honesty is incompatible with survival in politics, and if public life attracts undesirable and corrupt elements seeking private gain, then abuse of authority and corruption become the norm. In such a political culture and climate, desirable initiatives will not yield adequate dividends. Competition and decentralization certainly reduce corruption in certain sectors. But if the demand for corruption is fuelled by inexhaustible appetite for illegitimate funds in politics, then other avenues of corruption will be forcibly opened up. As a result, even as corruption declines in certain areas, it shifts to other, sometimes more dangerous, areas in which competition cannot be introduced and the state exercises a natural monopoly. What is needed with liberalisation is corresponding political and governance reform to alter the incentives in politics and public office and to promote integrity and ethical conduct.

1.13 All forms of corruption are reprehensible and we need to promote a culture of zerotolerance of corruption. But some forms of corruption are much more pernicious than others and deserve closer attention. In a vast majority of cases of bribery, the citizen is a victim of extortion and is compelled to pay a bribe in order to get a service to which he is entitled. Experience has taught most citizens that there is a vicious cycle of corruption operating and they often end up losing much more by resisting corruption. Delays, harassment, lost opportunity, loss of precious time and wages, uncertainty and, at times, potential danger of loss of life or limb could result from resistance to corruption and non-compliance with demands. In such cases, the citizen is an unwilling victim of coercive corruption. But there are several cases of collusion between the bribe giver and corrupt public servant. In such cases of collusive corruption, both parties benefit at immense cost to society. Awarding of contracts for public works and procurement of goods and services, recruitment of employees, evasion of taxes, substandard projects, collusive violation of regulations, adulteration of foods and drugs, obstruction of justice and concealing or doctoring evidence in investigation are all examples of such dangerous forms of corruption. As the economy is freed from state controls, extortionary corruption declines and collusive corruption tends to increase. We need to fashion strong and effective instruments to deal with this growing menace of collusive corruption, which is undermining the very foundations of our democracy and endangering society.

1.14 Corruption is a global phenomenon and has also become a serious global concern. The United Nations Convention against Corruption was adopted by the UN General Assembly in October 2003, providing an international instrument against corruption. The ADBOECD Anti-Corruption Action Plan, which has been signed by the Government of India, is a broad understanding to further the cause of inter-regional cooperation in the matter of prevention of corruption. The World Bank has also declared war against corruption by refusing to fund projects whose implementation is tainted by corrupt practices. At the annual meeting of the International Monetary Fund and the World Bank Group in Singapore in 2006, a joint statement was issued with major multilateral financial institutions agreeing on a framework for preventing and combating fraud and corruption in the activities and operations of their institutions.

1.15 In India, some recent anti-corruption initiatives are steps in the right direction. The Supreme Court has ruled that candidates contesting elections should file details regarding their wealth, educational qualifications and criminal antecedents along with their nomination papers. The Right to Information Act, which has recently been enacted, is a potent weapon to fight corruption. The introduction of information communication technologies, egovernance initiatives and automation of corruption prone processes in administration have succeeded in reducing corruption.

1.16 Much more remains to be done however, and beyond the realm of existing regulation. The escalating levels of corruption in various segments of our economy resulting in largescale generation of black money, serious economic offences and fraud, and money laundering leading even to the funding of terrorist activities against the State, have created a grave situation which needs to be dealt with severely. Benami properties of corrupt public servants need to be forfeited, as also the assets illegally acquired from corrupt practices. Whistleblower legislation has to be put in place to protect informants against retribution. Also, we have to suitably strengthen the institutional framework for investigating corrupt practices and awarding exemplary punishment to the corrupt thereby raising the risk associated with corrupt behaviour.

1.17 Ethics in governance, however, has a much wider import than what happens in the different arms of the government. An across-the-board effort is needed to fight deviations from ethical norms. Such an effort needs to include corporate ethics and ethics in business; in fact, there should be a paradigm shift from the pejorative 'business ethics' to 'ethics in business'. There is need for ethics in every profession, voluntary organization and civil society structure as these entities are now vitally involved in the process of governance. Finally, there should be ethics in citizen behaviour because such behaviour impinges directly on ethics in government and administration.

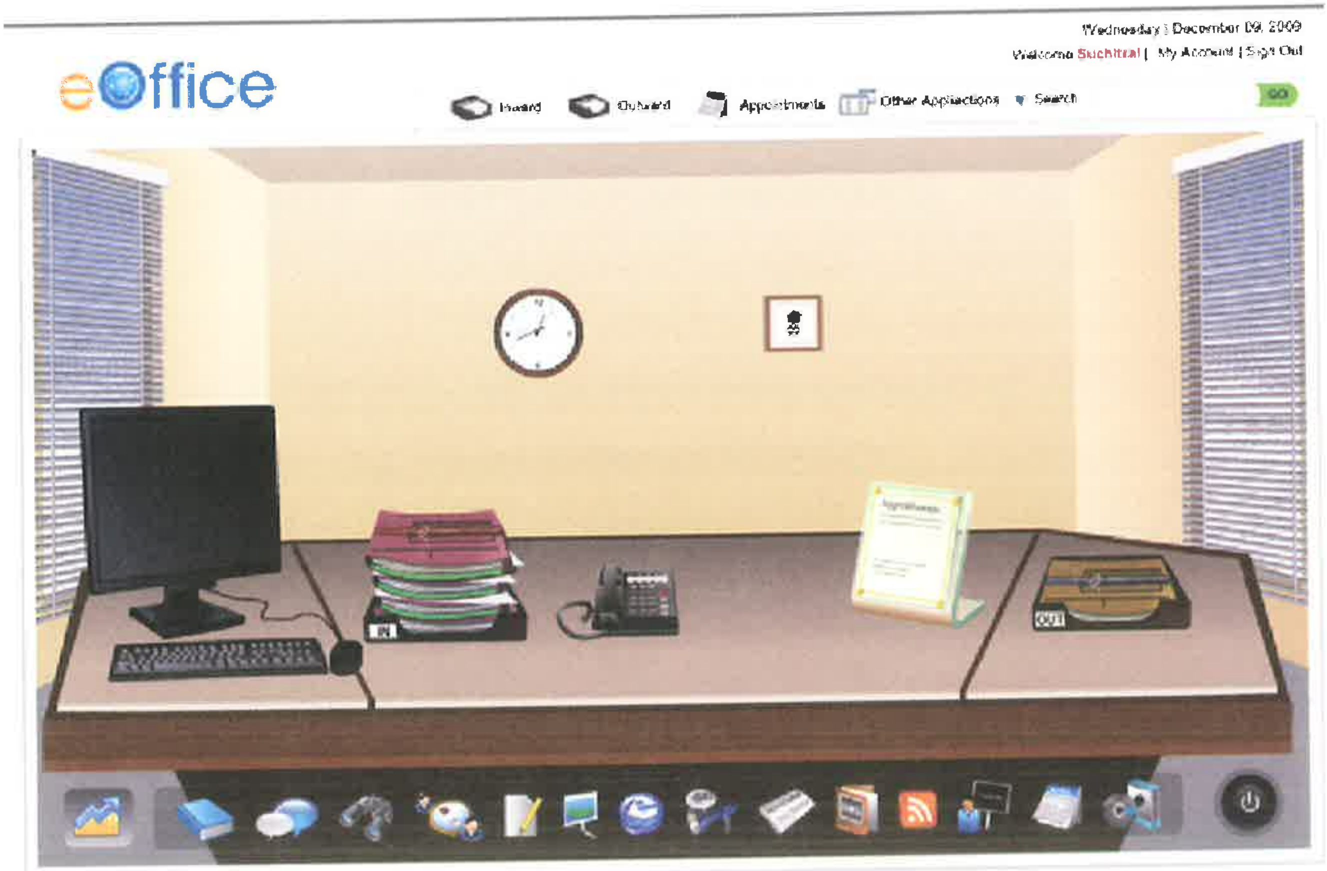
We hope that this introduction to the 4th Report of the Second Administrative Reform Commission will encourage you to read the entire Report. You can download it from the following link: http://arc.gov.in/4threport.pdf

E-OFFICE

An Instrument for transforming the way we work

Government is a vast store house of information that is critical for decision making. Automating the internal functioning of the Government is one of the key components for bringing in total and effective Governance. In the past, every department had developed systems based on its individual needs, resulting in the creation of independent systems with very little information sharing even across the systems of one department.

In the changing nature of the Government businesses, the need and ambition level of departments have increased and so has its vision. There was a need to consolidate the applications common across the departments in terms of its usage and arrive at a Common Unified Product solution that can work seamlessly across departments. Implementation in the Government structure demands a solution that will need to address the challenges of cost, ease of use, interoperability and formats of standards used for making it amenable to replication.



E-Office has been designed in sync with the need for an effective and transparent Governance and has been conceived as the instrument for the Next Generation Government. The vision of e-Office is to achieve a simplified, responsive, effective and transparent working of all government offices. The product is developed as a standard reusable product amenable to replication across the governments, both at the central and the state levels.

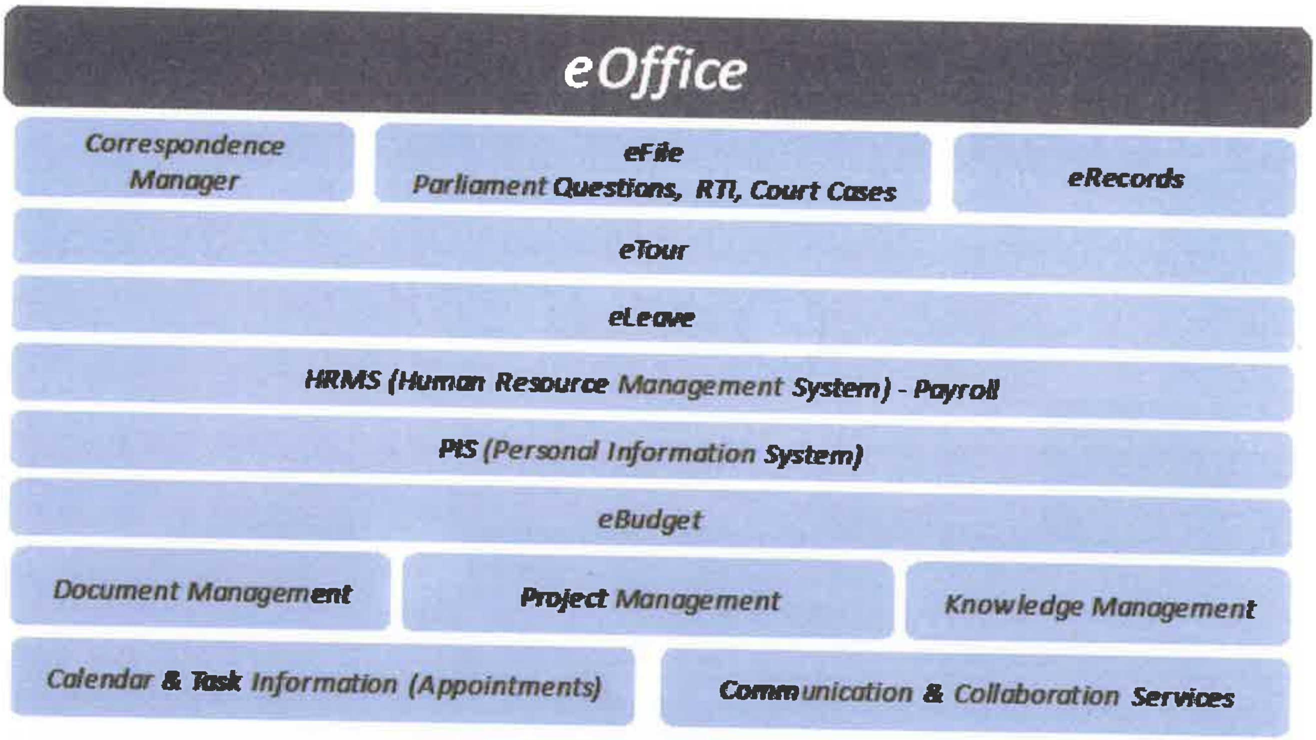
I. Expectations and objectives:

The key goals of the system are shown below:

- To improve efficiency, consistency and effectiveness of government responses;
- To reduce processing delays; and
- To establish transparency and accountability
- Open Architecture framework for flexibility to scale.
- Establish a Single Authoritative Government Directory.
- To Standardise on a Single Product for reuse across the Government
- To have a Government e-Office around a Standard Architecture & framework

II. Main Services:

The main services offered through E-Office which is an Open architecture based product are as follows:



1. eFile
2. Knowledge Management System(KMS)
3. eLeave
4. eTour

5. Personnel Information System
6. Collaboration and Messaging Services
   - Shared Calendar
   - Discussion Forum
   - Instant Messaging
7. Role based Access Services
8. Compliant to Open Standards
9. Work flow automation
10. Advanced Search functionalities

III. Technology Architecture and Framework of E-Office

1. Open Architecture & Technology Neutral
2. Common Data Sets and Standards
3. Role based access for authorisation
4. Directory based authentication

E-Office is a strategic asset for the Government departments supporting the core businesses and enhancing efficiency. The Open Architecture deployed makes it a reusable framework and product for deployment across Ministries / Departments.

5. Workflow manager
6. Open Standards & technologies based
7. Unicode Compliant - Support for local languages
8. Organization level common repository of user information for various services and applications.

IV. Benefits:

- **Single Sign On to e-Office:** With a single signing in, personalized, role-based, secure access to office information for employees is made available. Users do not have to do multiple logins to access information.
- **Central Repository of Documents** which enables an Central Common repository for all the common Government circulars/notifications, documents viz: policies, forms, acts & regulations, circulars, guidelines and manuals instead of maintaining in various locations for quick search and retrieval with Check in and Check out facilities for Version Control.

- **Collaboration & Messaging Services:** The Collaboration and Messaging Services includes applications designed to address the needs of E-Office in the organization like private/shared Calendars, e-Mail, Instant Messaging, Discussion Boards.
- **Work flow automation:** Workflow automation allows an easy conversion of manual paper-based business process into electronic processes that eliminate paper forms and manual forwarding. Enables Controlled circulation of information within the department/ministry.
- **Unified view of data:** Consolidation of existing data from different sources within/across the ministry/ministries and provide a single consistent view.
- **Role based personalisation** for individual users can make it possible to present certain information only to the user with a particular designation title.
- **Unification of the information infrastructure:** Common Repository, Directory Server, Internal Communications reduce the need of having to maintain multiple infrastructure for similar requirements and purpose. It exploits the available infrastructure

The solution has been designed to provide a great degree of comfort level to the users. There is complete information sharing and linkage between the various services offered through eOffice ,for eg: eFile links with the Knowledge repository which is a store house of all Govt. Acts, Circulars, Office Orders thereby eliminating the redundant storage of documents in each application, eLeave and eTour are integrated to obtain information of users who are on leave or on tour before a decision is taken to grant the leave or tour.

VI. Mandating a structured implementation of eOffice in the Government

E-Office is expected to play a crucial role in improving the operational efficiency of Central Government Ministries and State Departments and in delivering the quality services in reduced turn out time. A strategy for implementation across the Government need to be drawn up, followed by an action plan to reach the goals in an acceptable time frame.

The Cabinet Secretariat has included "Develop and Action plan for eOffice implementation" as a Mandatory indicator in the Results Framework Document (RFD) Guidelines for 2011-12. The target date for completion of this indicator is December 31, 2011.

An Apex Technical Committee has been constituted for the Implementation of the e-Office programme to provide the overall leadership and guidance, strategy planning and decision making on policy matters.

The Committee is charged by Dr. Sam Pitroda, Advisor the Prime Minister and has the following terms of reference:

- Approve changes to the e-Office product.
- Monitor the development of Action Plans by departments for the implementation of e-Office as required under RFD
- Approve the Action Plans developed by departments for implementing e-Office under RFDs
- Monitor the progress in implementing e-Office against the targets / milestones in RFDs.

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eOffice was implemented in Cabinet Secretariat in July 2010 and other implementations that are underway are Ministry of Finance, Ministry of HRD, Planning Commission, Ministry of Rural development, Department of Food & Public Distribution, LBSNAA, Department of Administrative Reforms, Department of Personnel & Training (Training Division) and Department of Information Technology(E-Governance Division)

LAL BAHADUR SHASTRI NATIONAL ACADEMY OF ADMINISTRATION (LBSNAA)

Oath Taking Ceremony For Capacity Building Programme on eOffice

Inauguration of eOffice Knowledge Centre

Training Material

Training on eOffice

For more information on E-Office, please visit http://eofficeservices.nic.in

RFD in States

Measuring performance at district level:
An experiment in Punjab

During the year 2010-11, Punjab introduced Results-Framework Documents (RFDs) for performance management in its departments at state level. The state Performance Management Division in the Mahatma Gandhi State Institute of Public administration, headed by a former Chief Secretary, Rajan Kashyap, has now designed an RFD for Deputy Commissioners in the state. This is being adopted starting April 1, 2011.

In Punjab, like in other states, the Deputy Commissioners (District Magistrates) are at the cutting edge of the system of governance. Given their field responsibilities, and the state's priorities, the Deputy Commissioners themselves identified empirically measurable indicators for performance and success. An Advisory Task Force (ATF) of specialists from diverse backgrounds, including the civil service, the armed forces, academia, and even corporate industry refined the definition of functions and evaluation. The Document that has emerged defines a Vision common to all districts as "to provide transparent, efficient and responsive administration." The common Mission is "effective implementation of policies of government by ensuring that the entire machinery at district level delivers quality public services with maximum economy."

L-R: Mr. Rajan Kashyap, RFD Adviser, and Mr. S. C. Agrawal, Chief Secretary Government of Punjab at a workshop on district-level RFDs

The Deputy Commissioner is expected to perform three categories of duties: executive and regulatory functions, functions for delivery of public services, and activities as coordinator of priority and flagship schemes of the government. In the RFD most field activities are empirically graded against defined targets. Leaving room for credit for special initiatives and innovations by officers, 15 percent marks are set apart for any noteworthy achievements, which are objectively evaluated by authorities superior to the DCs. The grading is submitted by the reporting officer of every DC, the Divisional Commissioner to a High Powered Committee chaired by the Chief Secretary through the ATF, which serves as an authority for review.

District RFD is an ambitious project. One reason for optimism about its success is the fact that the question paper has been set by the examinee himself, that is, the Deputy Commissioner. The other cause of hope is that the initiative is fully backed by the political leadership of the state.

Review of Strategies, Citizen's/ Client's Charters Grievance Redress Mechanism and RFDs

A Pictorial Record

As our readers are well aware, the Ad-hoc Task Force (ATF) consists of distinguished academicians from IIMs, ASCI, and other highly reputable institutions, former Secretaries to Government of India, domain experts and senior management consultants. They met from 17th to 20th January, 2011 at the Indian Institute of Foreign Trade (IIFT), New Delhi, to review the progress in designing and development of Strategies, Citizen's / Client's Charters and GRM. In these meetings Secretaries of 62 Ministries / Departments were also invited.

ATF was provided with the submitted strategic plan documents, Citizen's / Client's Charters and GRM on 14th February, 2011 for review of actual documents. ATF reviewed these documents from 24th February to 9th March, 2011 at Office of PMD, Janpath Hotel, New Delhi, in a series of meetings covering the ministries/departments of their respective syndicate groups.

From 15th March to 2nd April, 2011 the review of RFDs 2011-12 of Ministries / Departments was done by ATF members with Secretaries & other senior officials of ministries / departments. The observations of the ATF on RFDs were communicated to the ministries/departments for modifying the RFDs and submitting the revised RFDs to PMD and through RFMS. Most Secretaries attended the RFD meetings.

Members of Syndicate 2 discussing RFD 2011-2012 with Shri Sayan Chatterjee, Secretary, Department of AIDS Control

Members of Syndicate 1 discussing RFD 2011-2012 with Shri Ashok Sinha, Secretary, Ministry of Food Processing Industries

Members of Syndicate 3 discussing RFD 2011-2012 with Shri Sutanu Behuria, Secretary, Department of Fertilizers

Members of Syndicate 4 discussing RFD

Shri D. K. Sikri, Secretary, Ministry of Women and Child Development discussing

Meeting of Syndicate Conveners with Dr. Prajapati Trivedi, Secretary Performance management

Members of Syndicate 6 discussing RFD 2011-2012

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Members of Syndicate 5 discussing RFD 2011-2012

Shri Vivek Mehrotra, Secretary, Ministry of Minority Affairs discussing RFD 2011-2012

CABINET SECRETARIAT

Result Framework Management System (RFMS)

The Winners' Circle

We want to recognize and thank the following departments for being the first ones to submit RFDs for 2011-2012 in RFMS. Timely submission is an important element of performance management. If the RFD is not submitted in time then the entire process of quality assurance and review is derailed. Recognizing the importance of timely submission, High Power Committee (HPC) on Government Performance decided to allot a weight of 2 % in RFDs to this aspect of performance. However, if "excellence" is defined not as just meeting the targets but as a habit of doing things beyond what is expected, then the following departments are true champions and we salute them

	Organization	Secretary
1	Department Of Fertilizers	Mr. Sutanu Behuria
2	Department of Pension and Pensioners Welfare	Mr. R. C. Misra
3	Department of Rural Development	Mr. B. K. Sinha
4	Ministry of Dev. of North Eastern Region	Ms. Jayati Chandra
5	Ministry of Petroleum and Natural Gas	Mr. S. Sundareshan

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PHASE V

Mid-Career Training Program (MCTP) for IAS officers

सत्यमेव जयते

Capstone Project on
DEVELOPING A DEPARTMENTAL STRATEGY

IMPORTANCE OF STRATEGY DEVELOPMENT

The formulation of a sound strategy facilitates a number of actions and desired results that would be difficult otherwise. A strategic plan, when communicated to all members of an organization, provides employees with a clear vision of what the purposes and objectives of the firm are. The formulation of strategy forces organizations to examine the prospect of change in the foreseeable future and to prepare for change rather than to wait passively until external forces compel it. Strategic formulation allows the departments to argue their case more persuasively for better allocation of limited resources to achieve national objectives.

L-R: Shri Padmavir Singh, Director, LBSNAA, Shri K. M. Chandrasekhar, Cabinet Secretary, Ms. Alka Sirohi, Secretary, DOPT

On the other hand, an organization without a clear strategic plan gives its decision makers no direction other than the maintenance of the status quo. The organization becomes purely reactive to external pressures and less effective at dealing with change.

Phase V training programme is meant to prepare participant for the senior most management positions in the Government. Given that developing organizational strategy is the exclusive responsibility of the top management of the organization, the Strategy Development exercise was included as the capstone project for the Phase V programme.

PURPOSE OF THE EXERCISE:

Capstone projects are intended to pull in information, knowledge and skills a participant has learned from many different areas of the program and produce a final product that demonstrates their mastery over course material. This project has similar goals. It is intended to:

1. Provide:
   a. hands-on experience in the art and science of making a strategy for a Government department.
   b. an opportunity to incorporate learnings from the course into a project
   c. focus for learning during the entire course.
2. Develop
   a. an ability to think strategically

b. presentation skills to promote a public policy cause

c. an ability to harness knowledge from a variety of sources and work collaboratively

3. Test

a. the ability of participants to work with imperfect and incomplete information

b. the ability to work under and unrealistic tight deadlines

The participants were required to work in groups of two and these groups produced 48 strategies covering some 32 departments/ ministries of Government of India. By and large all strategies were of high calibre. Given the limited time and access to stakeholders, this effort was particularly commendable and was in the finest traditions of public service.

The participants made high quality presentations on 7th and 8th January, 2011 at Mussoorie before Expert Committee. Performance Management Division asked the group of experts consisting of former Secretaries to Government of India, academics from IIM Ahmedabad, and senior management consultants to select two best strategy documents from each of the six syndicates into which 62 departments are divided for the RFD exercise. These twelve strategies were circulated to Departments / Ministries for quick guidance for comparable examples of strategy documents and to facilitate the preparation of their actual strategic plans.

Well before the start of the actual training program, to initiate the participants into the exercise of strategy development, they were invited for a briefing session on 15th November, 2010 at India Habitat Centre, New Delhi. Shri K.M. Chandrasekhar, Cabinet Secretary addressed the participants on this occasion and advised them to utilize this opportunity of training and Capstone Project for honing their skills for the senior positions that they would soon be occupying. Mr. Arun Maira, Member, Planning Commission, was the chief mentor and head coach for this exercise.

12 Best Strategy Papers

(2 best papers from six groups)

Sl. No.	Department / Ministry	Participants Name
1.	Food and Public Distribution	Jagan Nath Chamber P.K.Anand
2.	Panchayati Raj	D.S.Misra R.N.Srivastava
3.	Health & Family Welfare – I	Anuradha Gupta Leena Nair
4.	Health & Family Welfare – II	Pradeep Shukla V.S.Madan
5.	Power – I	K.Ghanadesikan Himanshu Das
6.	Power – II	Sanjay Mitra Deepak Sanan
7.	Commerce	D.S.Dhesi Jayant Das Gupta
8.	Tourism	Vinod Zutshi J.P.Prakash
9.	Telecommunication	Deepak Jagdish Saksena Pravir Kumar
10.	Information Technology	Aruna Sundarrajan B. Vijayan
11.	Overseas Indian Affairs	Gurcharan Gollerkeri Khurshid A Ganai
2.	Urban Development	K.K.Sharma D.Lakshmi Parthasarthy

PMD Staff with ATF members in Mussoorie

ATF members at LBSNAA participating in a videoconference with Mr. Arun Maira at Vigyan Bhawan

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Using Performance Information in the Budget Process in OECD Countries

Dr. Teresa Curristine is currently a senior economist at the Fiscal Affairs Department of the International Monetary Fund, Washington. Earlier she headed the OECD Senior Budget Officials Network on Performance and Results. She managed projects and teams working on the following issues: country budget reviews, improving accountability and control, executive-legislative relations in the budget process, and performance budgeting. She has edited three books, *Performance Budgeting in OECD Countries*, *Modernising Government: The Way Forward*, and the *OECD Review of Budgeting in Mexico*. She has also worked as lecturer at Oxford University from where she received her Ph.D. Email: TCurristine@imf.org

Governments around the world are under pressure to improve public sector performance. Citizens are demanding that governments be made more accountable for what they achieve with taxpayers' money. An important step in this process is to gather objective information about public sector performance.[1] Performance information allows governments to measure progress towards achieving their goals and to know what programmes and policies are working and those that are not. The majority of OECD countries and several middle income countries are seeking to improve the development and use of performance information through performance management and performance budgeting reforms. These reforms aim to shift the emphasis of budgeting and management away from concentrating solely on controlling inputs (how much money can I get?) and following rules and regulations towards focusing on results (what can I achieve with this money?). In addition, they aim to enhance transparency to the public and the legislature.

In OECD countries, the development of performance information is a widespread, long term and evolving trend. Nearly all OECD countries and increasingly many middle income countries develop performance information (evaluations and performance measures). 75% of OECD countries include non-finance performance data in budget documentation. 40% of OECD governments have been developing outputs for over 10 years. Countries like Australia, Canada, the UK, New Zealand and the United States that have been working on performance issues for over 25 years but are continuously evolving their approach and introducing new initiatives. For example Australia and Canada introduced Strategic Reviews in 2007. The Netherlands launch fundamental reviews of key policy areas in 2009. In 2010, the United States enacted the Government Performance Modernisation Act.

Performance Budgeting

Developing performance information is not an end in itself; to make a difference, it has to be used in the decision making processes. Performance budgeting is about the actual use of performance information in budgetary decision making and resource allocation. There is no single model of performance budgeting. Box 1 provides a description of three different categories of performance budgeting. The majority of OECD countries that use performance information in the budget process are engaged in performance-informed budgeting. In this case performance information (performance measures and/or evaluations) is

1 Curristine, T., Z. Lonti and I. Joumard (2007) "Improving Public Sector Efficiency: Challenges and Opportunities", *OECD Journal on Budgeting*, Vol. 7(1), pp. 161-201

used to inform budget allocations along with other information on political and fiscal priorities. It is one factor in the decision-making process.[2] There is no direct or mechanical links between performance (planned or actual) and funding. Even when countries have adopted this model, they have taken diverse approaches to implementing it and have adapted it to their own national capacities, cultures and priorities.

Essential Requirements for Performance Informed Budgeting

The essential requirements for implementing a basic model of performance informed budgeting include:[3]

- Establishment of strategic goals and objectives for government expenditure
- Development of performance information to measure and evaluate the achievement of results. In the form of key performance indicators and a simply form of programme evaluation.
- Formal integration of performance information into the budget preparation process and budget funding decisions. This is to facilitate the systematic consideration of performance information in the budget preparation at both the level of the central budget office and spending ministries.

The remainder of this article will concentrate on approaches to achieving the last and most difficult of these essential requirements.

Formal Integration of Performance Information into the Budget Process

Countries have adopted different methods for the formal integration of performance information (PI) into the budget process these include changing the format of their budget (e.g. Australia, the Netherlands, New Zealand and the United Kingdom, France) and/or integrating performance information into the budget formulation process between the Ministry of Finance (MOF) and spending ministries and between spending ministries and their agencies.

In budget negotiations between the MOF and the spending ministries PI informs budget allocation along with other information. PI is used for planning purposes, loosely linking planned performance to funding or performance results. For example in the UK under the previous Labour government, performance was discussed as part of the spending review negotiations between the treasury and spending ministries. These discussions focused on future and planned performance for the coming three years and included performance targets to be achieved in that period.

67% of OECD countries claim to use evaluations and 60% performance against targets as part of budget discussions between MOF and spending ministries. MOF do not automatically link funding to performance the weight give to it depends on the policy area, information available and political and economic context.

2 OECD (2007), *Performance Budgeting in OECD Countries*, OECD Publishing, Paris.

3 *IMF Technical Note: A Basic Model of Performance-based Budgeting* (2009)

Box 1: Definitions of Performance Budgeting

Performance Budgeting is concerned with the use of performance information in the budget process and the allocation of resources. Key general steps in the process of developing performance budgeting are developing a program budget structure and performance information which measures programs achievements and including this information in the budget process.

There is no single agree standard definition of performance budgeting. There are different models and approaches to performance budgeting. Three different categories of performance budgeting are presentational, performance-informed, and direct performance budgeting. This are discussed below.

Presentational performance budgeting means that performance information is presented in budget documents or other government documents. The information can refer to targets, or results, or both, and is included as background information for accountability and dialogue with legislators and citizens on public policy issues. The performance information is not intended to play a role in decision making and does not do so.

Performance-informed budgeting: In this form of performance budgeting resources are indirectly related to proposed future performance or to past performance. The performance information is important in the budget decision-making process, but does not determine the amount of resources allocated and does not have a predefined weight in the decisions. Performance information is used along with other information to inform the decision-making process. The majority of OECD countries that use performance information in the budget process engage in performance informed budgeting

Direct performance budgeting: Direct linkage involves the allocation of resources directly and explicitly to units of performance achieved, generally outputs. This form of performance budgeting is used only in specific sectors and in a limited number of OECD countries. For example, the number of students who graduate with a Master's degree will determine the following year's funding for the university running the program. It is not recommended that a direct or tight linkage between funding and performance results be applied on a systematic government-wide scale.

PI is also be used as part of ad hoc or systematic expenditure review exercises. For example in Canada the Strategic Review process assess all direct programme spending over a four year period. Ministries examine whether programmes are aligned with government priorities and are effective and efficient. They identify the lowest priority and lowest-performing 5 per cent of programmes for reallocations and propose higher-priority, higher performing programmes for reinvestment.

PI can be part of budget negotiations between ministries and their agencies. Spending ministries use PI in negotiating agency performance agreements and contracts. This is a common approach in several countries for example in Australia, Netherlands, NZ, and Nordic countries. Depending on the flexibility in the wider budget structure spending ministries can use PI to redistribute resources.

Several OECD surveys have found that PI is most often used by managers to manage programmes.

Performance budgeting and management for results are closely linked. Mangers are provided with information on efficiency and effectiveness of their programmes which they can use to improve performance. Focusing the attention of budgetary decision makers on programme performance during the budget preparation process can motivate mangers to take action to improve performance or to allocate resources to successful programs.

The Benefits

Countries have reported a number of benefits from the use of PI in budgeting:

- It generates a sharper focus on results within the government.
- It encourages a greater emphasis on planning especially when part of a medium term expenditure framework.
- It provides more and better information on government goals and priorities, on how national programmes fit in with goals, and the actual results and performance
- It highlights policies and programmes that work and those that do not work
- It improves transparency by providing more and better information to Parliaments and to the public on the performance of the public sector
- It can improve the efficiency and effectiveness of programmes

The Challenges

Despite these reported benefits, the majority of OECD countries have encountered challenges with implementing different aspects of performance budgeting reforms. These include improving the measurement of activities and the quality of performance information, enhancing the use of PI in budgetary decision making; developing institutional capacity of central and spending ministries and changing the culture and behaviour of civil servants and politicians so that they focus on performance. OECD countries that have been working on this initiative for many years stress that the existence of a procedure to integrate performance information into the budget process is a necessary but not sufficient condition to ensure its use. Other factors influencing its application include the quality of the information, the institutional capacity of the ministry of finance and spending ministries, and the political and economic environment.[4]

Lessons Learned

Despite these challenges, several countries are evolving their approaches, not discarding them. A number of lessons have emerged from country experiences over many years of implementing these reforms these include:

- There is no one model of performance budgeting; countries need to adapt their approach to the relevant political and institutional context.
- A whole-of-government planning and reporting framework is important.

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4 Performance Budgeting: A Users Guide (OECD 2008)

- Performance information should be integrated into the budget process.
- Focus on outputs and outcomes (external targets and objectives) and limit the number of performance targets.
- Timely and straightforward assessments of performance information should be carried out independently of the spending departments and be supported by external expertise.
- The support of political and administrative leaders is vital for implementation.
- The staff and resource capacity of the ministry of finance and spending ministries is critical.
- Reform approaches need to be adapted to evolving circumstances.
- It is important to develop incentives to motivate civil servants and politicians to change their behaviour
- Manage Expectations

Countries are continuing to move forward with reforms to improve the use of performance information in budgetary decision making. As long as citizens demand results from their governments for their tax dollars, there will be a continuing need for performance information.

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Editor

PERFORMANCE MATTERS

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