Results-Based Management in Thailand

Evaluation Report

Team
Jeanne-Marie Col, Ph.D.
Marc Holzer, Ph.D.
Paul Posner, Ph.D.
Marilyn Rubin, Ph.D.

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Preface

The team is grateful for the opportunity to participate in a review of the Royal Thai Government’s implementation of results-based management (RBM), particularly within the context of the leadership of the Public Sector Development Commission (PDC) and its Office of the Public Sector Development Commission (OPDC).

This report has benefited from the comments and inputs of many individuals from many different agencies: Mr. Wissanu Krea-ngam, Deputy Prime Minister and his advisor; from the Office of the Public Sector Development Commission (OPDC), Mr. Thammarak Karnpisit, Commissioner (OPDC), Dr. Orapin Sopchokchai, Commissioner (OPDC), Dr. Thosaporn Sirisumpan, Secretary General (OPDC), Mr. Avoot Wannvong, Deputy Secretary General (OPDC) and Ms. Darat Boripanthakul, Commissioner (OPDC), Mr. Thammarak Karnpisit, Commissioner (OPDC), Dr. Orapin Sopchokchai, Commissioner (OPDC), Dr. Thosaporn Sirisumpan, Secretary General (OPDC), Mr. Avoot Wannvong, Deputy Secretary General (OPDC) and Ms. Darat Boripanthakul, Commissioner (OPDC), Mr. Warapatr Todhanakasem, President and Mr. Somchai Trairattanapirom, Executive Vice President (Thai Rating and Information services Co., Ltd., TRIS) and their team; Mr. Chainarong Intarameetrup, KPI Negotiating Committee, Chairman (Boyden Associate Thailand Ltd.); Mr. Karun Kittisataporn, Permanent Secretary (Ministry of Commerce) and his team; Mr. Rachane Potjanasuntorn, Director General (Department of Foreign Trade, Ministry of Commerce) and his team; Ms. Potjanee Thanavaranit, Director General (Department of Insurance, Ministry of Commerce) and her team; Ms. Pairoa Sudsawarng, Inspector General (Office of the Permanent Secretary Ministry of Commerce) and her team; Khunying Dhipavadee Meksawan, Permanent Secretary (Ministry of Culture) and her team; M. L. Panadda Diskul, Deputy Governor (Pathumthani Province) and his team; and Dr. Pasu Decharin, Assistant to the President (Chulalongkorn University).

It should be noted that our expectation of working with a team of local consultants proved to be disappointing. However, using our collective past experiences, we were able to undertake our data collection and analysis activities. Fortunately, we were ably assisted by the OPDC staff members, especially Ms. Siriporn Waiwadana, Ms. Nicha Sathornkich, Ms Sarunyika Thiemboonkit, and Ms. Ngamta Wanna who provided us with information on Thailand’s past experiences and the current conditions of the RBM reform work.

Our fact-finding mission of only seven working days gave us the opportunity to dialogue with the officials mentioned above. We would like to thank each of them for their time and patience in answering our many questions and providing us with information gleaned from their experiences and with their insights on the RBM implementation and its related concepts of performance agreements and measurement systems in Thailand.
We hope that our report will do justice to the continuing commitment to improve public sector management in Thailand. While we thank all of the persons who have provided us with information and assistance, we remind the reader that any incidental errors are our own.

Jeanne-Marie Col, Ph.D.
Marc Holzer, Ph.D.
Paul Posner, Ph.D.
Marilyn Rubin, Ph.D.

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Executive Summary

In accordance with the State Administration Act of 2002, the Office of the Public Sector Development Commission (OPDC) was established and given the responsibility for introducing changes to improve public management and promoting continuing high performance of Thai public agencies at both national and provincial levels.

In 2003, OPDC implemented the results-based management (RBM) approach to measure and drive performance of the Royal Thai ministries, departments and 75 provincial administrations. In fiscal year 2004, all government agencies were required by the Cabinet to join in the system of the performance agreement and measurement from which a series of key performance indicators were used to set target goals.

To measure performance, the OPDC introduced the concept of the balanced scorecard, which includes four elements: effectiveness of strategic plan implementation, efficiency of public work, quality of service delivery, and organization development as a tool. In addition, the Cabinet also approved the principle and procedures for using incentive schemes to stimulate improvement of public sector performance.

Since 2003, there have been a number of changes and adjustments in government agencies at both the national and provincial levels. While there have been many challenges along the road to implementation, many agencies report positive signs of performance improvement, organization development, and an increasing movement towards efficiency and effectiveness.

In January/February 2006, a team of consultants assessed Thailand’s progress in implementing the results-based management system to identify strengths, weaknesses, problems and opportunities for further development, as well as compared its progress to the literature and the experience of countries well known internationally for results-based management. The team reviewed annual reports and operational documents, observed training programs, organized focus groups and workshops, visited ministries, departments and provinces, and met with selected executives and staff.

In general, Thailand is successfully implementing results-based management into its public service agencies. This implementation been greatly advanced by the promulgation of the Public Administration Act that provided the framework for extending RBM from a few experimental pilot projects to a government-wide effort to manage for results. The earlier pilot projects provided useful experience and key insights that led to the initial guidelines for government-wide application. In addition, the results of the pilot projects provide evidence that re-engineering processes can lead to better service delivery to citizens.
The process of implementing RBM government-wide is both long and complex and has just begun in Thailand. Virtually every ministry, department and province, as well as some public organizations, has launched its specific effort. In addition, the government has begun to collect data on crosscutting issues (i.e., issues that cross ministry lines), such as efficiency and service delivery, and to lead the effort to increase coordination through clustering to achieve integrated results.

With policies in place and on-going experience in implementation, the Thai government is beginning to see results, especially in improved quality of service delivery and reduction in administrative costs. Some examples of improved service delivery include call centers for registration and insurance, streamlining of regulatory procedures, and local service centers for social, employment and other services.

Like other countries, Thailand is utilizing a results-based management system in order to achieve strategic goals and to know when the goals are achieved both in quantity and quality. The process of tracking and measuring performance provides information that can be used to take corrective action and to learn what methods are worth replicating.

In common with worldwide experience, Thailand’s RBM implementation has encountered challenges and obstacles. Four typical obstacles are: (1) uneven integration with other management systems; (2) technical difficulties in measuring outcomes; (3) the burden of extra work to maintain current systems while adding additional and parallel processes; and, most of all, (4) resistance to change and negative mentality among those who must implement the system.

Many positive factors are helping to overcome these obstacles include: (1) the expressed desire for more efficient and effective government performance; (2) sustained leadership; (3) stakeholder ownership; (4) focused planning; (5) capacity building; and (6) the recognition of intermediate, and perhaps smaller, successes.

The report focuses on key challenges in the process of Thailand’s implementation of results-based management (RBM). The report identifies ten major challenges:

- The effective use of strategy and planning for area development (provinces)
- Performance management systems: formulating key performance indicators
- Inter-institutional integration, requirements and coordination
- Catalytic and action-harmonizing mechanisms
- The role of executive performance management and coordination, especially in provincial teams
- Capacity building and learning processes
- The impact of structure and information availability on RBM implementation
- Role of the people: voice and governance
- Linking individual motivation to the overall RBM system
- Sustainability of RBM and recognition of early successes
In Chapter III, each of these challenges is explored through case studies, providing examples of how other countries have addressed them. References to case studies, operating and training manuals, and other documents are included in the report. It is important to note that experiences cannot be transferred “in whole cloth” from one location to another, but it is possible to learn lessons from the experiences of other jurisdictions and to adapt these lessons where applicable to Thailand.

In Chapter IV, Thailand’s performance reforms are compared performance reforms exhibited in the OECD nations that lead in performance reform. The key defining elements of comparison are: strategic planning, performance targets, centralized performance assessment, pay for performance, performance budgeting, performance auditing, public reporting of performance and devolution of authority and flexibility to agencies.

According to the team analysis, Thailand has an even stronger central definition of performance targets and assessment process than many of the nations at the forefront of performance-based management including the United States, the United Kingdom, New Zealand and Australia. However, these nations have developed more advanced systems for integrating performance information and measures into management and budgeting systems, most notably through the articulation of performance budgeting and performance auditing. These processes are viewed as essential to improve decision-making and to ensure the sustainability of performance reforms over the longer term.

The report includes 21 recommendations, grouped into four categories: systems, people, techniques and strategy.

1. Systems

- **Align RBM (performance system) with other management systems, including the budget and audit systems.** Sustainability of performance systems is increased when performance indicators and measurement are integrated into the budget process and budget documents, including presentation of measures in the budget and a discussion of how budget levels will affect performance and budget allocations. OPDC can promote dialogue with BOB.

- **Cascade RBM vertically throughout each agency (ministries, departments, provinces, public organizations).** To ensure that performance goals are taken seriously throughout an agency, OPDC can ensure that KPIs inform the entire range of performance measures and accountability systems used throughout each agency. These KPIs need to be logically related vertically so that accomplishments at each level, from bottom to top, contribute to the accomplishment of the strategic goals of the agency.

- **Link the government strategic and administrative plan with priorities of each ministry and province.** The broad level of goals and priorities set by the government as a whole need to inform the selection of goals at all levels in the system, from central ministries to departments to provinces.
• **Link RBM in line agencies with RBM in area-based management, recognizing the focus on results for the people in each province.** Line agencies will support the plans and goals of provinces. OPDC can promote dialogue between line agencies and provinces.

• **Recognize good examples of cluster (cross-cutting) results programs.** OPDC can recognize the performance outcomes that are the product of several agencies and/or several provinces. OPDC can promote achieving outcomes through approaches that cut across traditional organizations to promote coordinated actions focused on broader goals. OPDC can assist in the development of these cross cutting strategies. Programs to recognize strong cooperative arrangements that lead to results will be an important part of motivating officials to make the extra effort to reach out to other agencies and jurisdictions to accomplish results. OPDC can recognize best practice examples of collaborative efforts and share this information widely among Thai agencies.

• **Emphasize that the provincial level, which is closest to the people, requires increased expertise, and that successful strategies at provincial level should be shared widely to track development and diffusion of innovations.** OPDC can support provinces in developing performance indicators and performance management models. Furthermore, OPDC can conduct analysis and evaluation across provinces to highlight different approaches and models to enable provinces to learn about best practices. Expert staff will be needed at the provincial level. It is suggested that all relevant headquarters staff be required to work in the provinces on a rotational basis.

• **Mandate transparency in RBM planning and reporting.** Most other nations have public reporting not only at the department and provincial level, but also for the entire government. Public reporting promotes greater attention to and support for performance goals. Such transparency should include the publication and dissemination of performance plans and goals as well as the open distribution of reports and scorecards comparing performance achieved with initial goals. The transparency and accountability mechanisms should involve various independent institutions, such as the Auditor-General and/or committees of the legislature dedicated to oversight of executive operations.

2. People

• **Intensify training in agencies (ministries, departments, provinces, public organizations) for the OPDC innovation teams, and increase training in OPDC innovation for line managers at all levels. Strengthen RBM training in OPDC and BOB.** Managers who have not heretofore been required to develop the required information or used it to manage will need training to understand the
nature of the tasks involved and to learn from the experiences of comparable public and private entities within Thailand and throughout the world.

- **Intensify and regularize training for Executive Governors.** OPDC an provide a forum for governors to compare experiences in exercising their new authority for directing and coordinating development. OPDC can help governors oversee the goal setting and performance management process. Sustained leadership by executives is critical to bring about performance gains and reforms. Leaders need to better understand how performance information and reforms can be essential to helping them better achieve important public goals for which they are held accountable.

- **Reward line agencies for contributing to area-based development.** The line agencies will have to change accountability systems and reward structures to motivate managers to support provincial goals and measures. OPDC can assist in the development of systems to provide a “line of sight,” linking the work of department staff with the goals and progress at provincial levels.

- **Develop action learning workshops for provincial teams in RBM, noting that the new provincial teams are led by governors, and includes the heads of all line departments/ministries represented at the provincial level.** The shift in authority to the provinces will challenge managers at all levels to work together to implement provincial level goals and targets. These changes will challenge political leaders and civil servants at all levels to shift from top down models of leadership to devolved models. On-site workshops in the provinces can help officials to work toward building new kinds of relationships. OPDC can conduct mobile workshops, moving from one province to another, and can work with the clusters of provinces that are already in place.

- **Develop the capacity of community people to formulate community KPIs and to compare them with those at various levels of government.** OPDC can train communities to effectively communicate with levels of government using performance frameworks and measurements. As performance measures become the new terms for accountability and decisions, community actors can enhance their own roles in programs by learning how to frame their claims in these terms.

- **Shift some expertise at the ministry and department headquarters levels to provincial levels.** OPDC can assist agencies in developing career paths that involve work at the provincial level. As authority for setting goals and accountability for results shifts to provincial levels, expertise and resources need to shift to the provinces and to enable these levels of government to fully realize their potential. Traditional career paths will have to change to encourage staff to redirect their focus to the provincial level. Agencies may have to develop rotational career paths that recognize civil servants who have served at the provincial level. This will become more attractive if working on provincial teams is seen as a path to upward-mobility in the agency as well as to becoming eligible to be considered for a governor position.
• Integrate RBM with individual performance appraisal by implementing a management-by-objectives (MBO) approach that links individual contributions to government results. OPDC can apply its experience with RBM to link MBO to RBM whereby civil servants can be rewarded for their efforts through the regular performance appraisal process based on an MBO framework. They can also see how their individual actions contribute to their unit and agency and to overall government results.

3. Technical Recommendations

• Establish a resource center, both physical and virtual (web-based), on developing and measuring KPIs. OPDC can collect information and techniques to assist agencies and provinces. This center can operate at OPDC headquarters and be available to all civil servants through a web-based virtual network. Such a resource is essential to the sustainability of performance reforms and measurements. OPDC can look across the entire government and learn from best practices in some areas that can be replicated elsewhere.

• Compare similar KPIs across agencies. OPDC can also apply uniform criteria in evaluating and comparing the progress of line and provincial offices in meeting common performance goals. The history of performance reforms suggests that comparative performance reports across similar units and programs helps inform decision makers and the public about which areas warrant additional investment and support. Moreover, such information, particularly if made public, can motivate officials to improve performance to gain public respect and approval.

• Investigate KPIs in best practice case studies for new ideas for measurement and targets. All agencies should benchmark their practices to those that are identified as most effective and efficient. Best practices need to be independently evaluated by OPDC. Best practices are among the most credible and compelling tools to promote learning and successful adoption of promising approaches.

• Link performance measurement system to the budget process. Linking performance measurement systems to the budget process has proven to be vital to sustaining the performance aspects of management. The record suggests that if measures are not used as an input in making the most important annual decisions that governments face – allocating scarce resources among competing claims – then performance reforms begin to wither and lose the interest of agencies and the general public.

• Improve information systems to facilitate comparison of KPIs and comparison of results. OPDC can develop Information systems to make performance measurement and management work together. Measures can serve as effective accountability tools only if information and data exist to report on progress accomplished in achieving these measured goals. Often, the development of measures and goals necessarily precedes
information systems, but these systems should not be too far behind lest they undermine the credibility and utility of the performance measurements themselves.

- **Focus on links between outputs and outcomes through use of intermediate outcome measures.** One of the most difficult challenges faced by officials throughout the world is the tension between measuring outcomes that matter and linking these outcomes to the actions of public officials. Many outcomes, e.g. clean air, are the product of many factors beyond the control of individual agencies and, sometimes of government itself, prompting some nations to emphasize outputs rather than outcomes for performance and accountability. OPDC should explore adopting “intermediate outcomes” – measures that are controllable by public officials but that are linked in some systematic fashion with ultimate outcomes and goals.

4. **Strategy: Forward Looking**

Thailand can host, with the World Bank, OECD and other international institutions, an international conference of governments with experience in implementing performance management reforms. The conference should have as its focus exploring strategies that promote successful and sustainable reforms and should highlight in some depth best practices across various governments that will be in attendance.

The Thai Government's experience would be of particular interest to officials of other countries attempting to use performance management reforms to increase strategic results. The RBM system in Thailand follows the principles and procedures of the leading governments using performance management reforms. Indeed, Thailand’s implementation process is both intensive and comprehensive. The components related to capacity building, coaching OPCD teams in agencies, and linking results at all levels with national priority goals are exemplary.

The holding of an international conference on these reforms in Thailand would provide additional momentum to the Thai implementation process. Thai officials would learn more and appreciate their systems if they are explaining their practices to officials from other governments. Thai officials would benefit from the opportunity to hear about the successes and obstacles to performance management reform from the experience of other governments.

OPDC has established a vast and intensive program for officials from various departments and various provinces to share experiences in implementing these reforms. An international conference on performance management reforms would provide an opportunity to renew and sustain momentum for the performance reforms in Thailand.

Such a conference can help Thailand to benchmark its progress against that of other nations, noting that the benchmarking process is key to pushing performance goals to higher levels and to achieving better results in 21\textsuperscript{st} Century Thailand.
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I. Terms of Reference and Mission

A. Background

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To measure performance, the OPDC introduced the concept of the balanced scorecard, which includes four elements: effectiveness of strategic plan implementation, efficiency of public work, quality of service delivery, and organization development as a tool. In addition, the Cabinet also approved the principle and procedures for using incentive schemes to stimulate improvement of public sector performance.

Since 2003, there have been a number of changes and adjustments in government agencies at both the national and provincial levels. While there have been many challenges along the road to implementation, many agencies report positive signs of performance improvement, organization development, and an increasing movement towards efficiency and effectiveness.

The objective of this evaluation is to help the Thai government to assess its progress in implementing the results-based management system. In the evaluation, the consultant team:

- Reviewed related literature on results-based management, performance and results measurement to reflect experts’ views related to Thailand’s experience;
- Identified best practices on implementation of results-based management, and development of key performance indicators in the public sector; and
- Provided policy and technical recommendations for the OPDC and the Royal Thai Government to improve future performance.
B. Scope of Work

The scope of work for the Consultant Team was as follows:

- Review and study the implementation of results-based management system in Thailand, with particular focus on the implementation of performance agreements and measurement techniques. The team is expected to review related documents, laws, and regulations, and to interview government officials at national and provincial levels.

- Analyze the system implementation to identify strengths, weaknesses, problems and opportunities for further development.

- Compare the system implementation in Thailand to international best practices and successes.

- Make recommendations or suggestions to OPDC for the next step implementation.

- Arrange focus group meetings or workshops or interview key public officials to gather information and/or to identify key issues.

- Organize final meeting or workshop to present findings and recommendations to about 130 participants (PDC and OPDC members, related officials from ministries, departments, and provincial level, and selected academics).

- Write draft and final report to be submitted to the OPDC.

II. Status of Results-Based Management in Thailand

A. Background

Numerous milestones track the progress of Thailand from a regional kingdom to a modern country in a globalized world. The way has not been easy and has, from time to time, been interrupted by financial and political crises and by the intricacies of international relations. Along the way, Thailand has been challenged to increase its productivity both internally in relation to the needs of its growing population and externally in relation to the increasingly sophisticated competition globally. On both counts, performance has been impressive.

Domestically, life expectancy continues to increase and infant mortality to decrease. More children have access to education and the adult literacy rate is increasing. An increasing number of people have sustainable access to improved sanitation and fewer people are undernourished. The annual growth of Thailand’s GDP from 1975 to 2003 was 5.2%, which is far greater than the
worldwide average of 1.4%. In the global arena, Thailand has weathered the Asian financial crisis admirably, even paying off its loans completely and ahead of schedule.

<table>
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<tr>
<th>Table 1: Indicators of Progress in Thailand</th>
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<tr>
<td>Thailand’s Human Development Index (HDI) score – a composite of social development factors calculated by the UNDP – jumped from .614 in 1975 to .778 in 2005, an important sign of the country’s development.(^1)</td>
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<td>Of the 177 countries included in the UNDP index for 2003, Thailand ranked 73(^{rd}) with an HDI score of .778, Hong Kong, China (SAR) ranked first in the region with a value of 0.916. Malaysia’s HDI was .796, Philippines’s HDI was .758, China’s HDI was .775, and Indonesia’s HDI was .697. The average Southeast Asia HDI value was .768.</td>
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<tr>
<td>The average life expectancy in Thailand in 2003 was 70.0 years, an increase of almost ten years over the 61.0 years in 1970-1975. The average life expectancy in all south Asia countries in 2003 stood at 63.2 years and the average worldwide average at 66.9 years.</td>
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<tr>
<td>Thailand’s infant mortality rate dropped from 74 per 1,000 live births in 1970 to 23 per 1000 in 2003. The average south Asia infant mortality rate in 2003 was 66.0; the worldwide average was 54 per 1000 live births – more than twice the Thailand average.</td>
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<td>The adult literacy rate stood at 92.6% in 2003 – far in excess of the average 58.9% rate in all of south Asia.</td>
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<td>In 2002, in Thailand, 99% of the population had sustainable access to improved sanitation; a sizeable increase over the 80% in 1990. In all of south Asia in 2003, the proportion rose from 20% in 1990 to 37% in 2002- far below that in Thailand. Worldwide, 58% of the population had sustainable access to improved sanitation in 2002 – also far below that in Thailand.</td>
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B. Strategy

As Thailand has been evolving, it has been reaching for a strategy to move it from a “middle of the pack” good country to a “top of the pack” great country. To do this while improving the quality of life for all Thais and meeting the challenges of the 21\(^{st}\) century, the Thai government must do the right things, but also must do the right things well. This two-fold task requires strategic planning and monitoring performance oriented to results. A government must know what it is doing, how well it is doing, and how to close the gap between current achievements

\(^1\) The UNDP human development index (HDI) focuses on three measurable dimensions of human development: living a long and healthy life, being educated and having a decent standard of living. Thus it combines measures of life expectancy, school enrollment, literacy and income to allow a broader view of a country’s development than does income alone.
and desired goals. The task of measuring performance is daunting, but no more so than the task of managing for results.

Performance management geared to achieving specific results is a worldwide phenomenon. Several factors have contributed to the growing focus on managing for results which is at the heart of the “New Public Management” (NPM) movement, led by such nations as New Zealand and the United Kingdom and morphing into almost as many variations as there are countries. These factors include, but are not necessarily limited to:

1. recognition that resources are finite and must be used properly and strategically;
2. pressure for improvements in service delivery brought by residents;
3. growing regional and global competition so that only productive countries can thrive and build strong economies and provide high living standards for all residents.

NPM emphasizes strategic planning, focused implementation, monitoring and evaluation of operations, re-engineering operations to optimize results, and the values of service provision and quality. Countries implementing their own customized NPM have experienced numerous challenges and faced difficult trade-offs in the recognition that the management of change is only a worthy endeavor if it improves the lives and opportunities for residents.

C. Legal Framework

“The Constitution of the Kingdom of Thailand B.E. 2540, Section 75, specifies that the public sector is required to effectively organize public services and other related functions in order to respond to the needs of the people. Furthermore, The Public Administrative Act (#5) B.E. 2545, Section 3/1, emphasizes that public administration must address the following:

- Benefits that accrue to the Thai people
- Results-oriented administration
- Effective administration
- Worthiness of government functions
- De-layering of work processes (streamlining)
- Abolishment of unnecessary agencies and functions
- Decentralization of missions and resources to local administrative units
- Empowerment in decision-making
- Facilitation of and responsiveness to the needs of the people; and
- Accountability for endorsements.

Public agencies are expected to function under the principles of good governance, in particular, focusing on accountability for endorsements, promoting public participation, disclosing information, as well as monitoring and evaluating performance. The specific focus of different agencies will vary according to the functional nature of each agency.”

2 Office of the Public Sector Development Commission, Annual Report 2004, p. 34.
Taken together, the Constitutional provisions and the Public Administration Act set the framework for moving in the direction of managing for results. Additionally, since 2005, a new planning tool, the first four-year Administrative Plan as required in the Public Administration Act, provides a linkage between strategic objectives and on-going operations.

D. Need to Produce Development Results

Thailand has a long history of effective civic administration. The 149 reporting departments in Thailand’s central government provide a strong steel frame from which to operate the many functions of government. Furthermore, the civil service is composed of highly trained professionals who are committed to their country’s progress. In similar measure, Thailand’s financial management system has been able to harness resources generated by economic development and to work toward their allocation according to successive national plans. So far, the results have largely benefited Bangkok and the surrounding provinces, as well as secondary cities such as Chiang Mai. The extension of services and resources for development has not yet reached many parts of Thailand in sufficient quantity or quality.

Thailand is not alone in this dilemma. Many countries are dealing with the over-concentration of development in the capital city area and under-development in more remote areas. Most countries are attempting to target resources to their under-developed areas and attempting to better manage available resources to achieve maximum results. No one argues that this targeting is undesirable. In fact, in Thailand, increasing development in rural areas has been a main point of all development plans, up to the present Eleventh Plan.

The issue is how to translate the goal of nation-wide development into strategies and actions in all areas. There are many legitimate questions that must be answered in this process:

- How to focus attention on the more remote and less productive areas?
- How to enhance synergy among the various functional sectors in particular areas?
- How to know what tactics are associated with a results-based strategy?
- How to track what is happening so that corrections can be made continuously in order to ensure maximum results?
- How to increase the capacity to manage service delivery in a way that provides better results for all people?

Thailand has considerable experience in dealing with these and similar issues in moving towards managing for results. For more than 50 years, strategic planning in Thailand has been led by the National Economic and Social Development Board (NESDB), whose five-year cycles have provided a framework from which departments select their goals. The Bureau of the Budget (BOB) has also played an important role in disciplined allocation of resources to the various elements of the departmental budgets based on perspectives of the national plans.

Recently, this national planning process has been supplemented with a State Administrative Plan (4 years), under which ministries, departments, provinces and clusters of provinces have
developed their goals, indicators, targets and strategies. Data related to the State Administrative Plan are summarized in scorecards at the government, strategic unit (ministry/cluster/department and provincial cluster/province), responsibility unit and team and individual scorecards. These accountability records are related to performance management agreements signed by the relevant government executives.

Over the past decade, several initiatives in Thailand have been directed at creating capacity to measure outputs and results. Since the mid-1990s, the Bureau of the Budget has been re-orienting the budget process towards a greater emphasis on results. It has been asking departments and ministries to supplement their line-item budget requests with performance-oriented budget plans.

In 1999, the Office of the Civil Service Commission (OCSC) initiated a “Results-Based Management” (RBM) project within several pilot departments and in a number of pilot districts. These departments and districts experimented with a range of re-engineering efforts directed at improving service delivery. Some experiments have resulted in changes in the way in which government manages. For instance, one pilot department initiated an operation that has improved the way in which Thai companies can become what is called “ISO 14000” eligible. By improving services to businesses, the government is helping companies to become more competitive in global markets. On the district level, one pilot district established on-site provision of citizen identification cards by organizing a data link with its headquarters in Bangkok, thereby permitting citizens more convenient access to services.

Because participation in the RBM project was voluntary, the participating departments and districts were led by enthusiastic supporters of RBM, who were committed to experiment to achieve success. This experience indicates that successful RBM is possible, but that its success will depend on strong leadership, structured monitoring and effective incentives.

From 2000 to 2003, the OCSC/OPDC introduced RBM in 48 departments. Since the 2003 royal decree on Good Governance, all government departments and provinces are participating in Thailand’s RBM program. The implementation of RBM encompasses vision and mission and requires the formulation of strategic plans, the identification of key performance indicators along with targets and reporting mechanisms. The government has adopted an annual twelve-month cycle process, with intermediate reporting requirements at three, six and nine month intervals.

All of Thailand’s participating departments and provinces have responded to the RPM requirements. They have developed strategic plans, and have established key performance indicators (KPIs) and targets. All have entered into performance agreements with OPDC that involve periodic monitoring. However, it should be noted that while the process is moving along and has already had a positive impact in some areas of government, it has also demonstrated that there are challenges on the road to RPM success including the need for significant reforms in structures and behaviors. Some officials may prefer the “good, old ways of doing work,” while

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3 ISO (International Organization for Standardization) is the world's largest developer of standards. ISO standards contribute to making the development, manufacturing and supply of products and services worldwide more efficient, safer and cleaner.
others are enthusiastic about examining their operations for performance improvement, both for
the novelty of the experience and the satisfaction gained from better serving the public interest.

E. Current Status of RBM Reforms

In general, Thailand is successfully implementing Results-Based Management into its public
service agencies. This implementation been greatly advanced by the promulgation of the Public
Administration Act that provided the framework for extending RBM from a few experimental
pilot projects to a government-wide effort to manage for results. The earlier pilot projects
provided useful experience and key insights that led to the initial guidelines for government-wide
application. In addition, the results of the pilot projects provide evidence that re-engineering
processes can lead to better service delivery to citizens.

The process of implementing RBM government-wide is both long and complex and has just
begun in Thailand. Virtually every ministry, department and province, as well as some public
organizations, has launched its specific effort. In addition, the government has begun to collect
data on crosscutting issues (i.e., issues that cross ministry lines), such as efficiency and service
delivery, and to lead the effort to increase coordination through clustering to achieve integrated
results.

With policies in place and on-going experience in implementation, the government can begin to
see results, especially in improved quality of service delivery and reduction in administrative
costs. Some examples of improved service delivery include call centers for registration and
insurance, streamlining of regulatory procedures, and local service centers for social,
employment and other services.

III. Challenges in Implementing Results-Based
Management

A. Introduction

A results-based management system is essential for a government to achieve strategic goals and
to know when the goals are achieved both in quantity and quality. Furthermore, the process of
tracking and measuring performance provides information that can be used to take corrective
action and to learn what methods are worth replicating. In the process of implementing
performance management systems, governments have found key practices that have improved
performance but have also encountered many challenges and obstacles. Four typical obstacles
are: (1) uneven integration with other management systems; (2) technical difficulties in
measuring outcomes; (3) the burden of extra work to maintain current systems while adding
additional and parallel processes; and, most of all, (4) resistance to change and negative
mentality among those who must implement the system.
Typically, positive factors that help to overcome these obstacles include: (1) the expressed desire for more efficient and effective government performance; (2) sustained leadership; (3) stakeholder ownership; (4) focused planning; (5) capacity building; and (6) the recognition of intermediate, and perhaps smaller, successes.

This section of the report will focus on key challenges in the process of Thailand’s implementation of results-based management (RBM). The report identifies nine major challenges:

- The effective use of strategy and planning for area development (provinces)
- Performance management systems: formulating key performance indicators
- Inter-institutional integration requirements and issues
- Catalytic and action-harmonizing mechanisms
- The role of the executive in performance management and coordination, especially in provincial teams
- Capacity building and learning processes
- Incentives, risks and dysfunctional behavior patterns
- Role of the people: voice and governance
- Sustainability and recognition of small successes

In this section, we will discuss these challenges and, through case studies, provide examples of how other countries have addressed them. It is important to note that experiences cannot be transferred “in whole cloth” from one location to another, but it is possible to learn lessons from the experiences of other jurisdictions and to adapt these lessons where applicable to Thailand.

B. Specific Challenges

1. The Effective Use of Strategy and Planning for Area Development

While Bangkok has attracted significant national and foreign direct investment and is a major hub of development, most of Thailand is relatively underserved with the exception of some secondary cities, such as Chiang Mai. This dilemma is not unique to Thailand. Most developing countries concentrate their resources first in the capital city, only later spreading them to the hinterlands.

Thailand has now reached the point in its development where people in the rural areas are ready to move forward. Education and health services are increasingly widespread. Healthy, well-educated Thais throughout the country are poised to contribute to economic development and to benefit from increased investments in social capital and are ready to take advantage of emerging economic and social networks. The issue facing the Thai government is how to mobilize its resources to optimize their impact on the development of less urbanized areas throughout the country.
In Thailand there are three levels of government: the national administration, provincial administration (in 75 provinces), and local administration (municipalities, Tambon Administration Organization, etc). So far, the national government has received the greatest amount of capacity building and has assembled the greatest concentration of expertise. At the sub-national level of government, districts are the lowest level of official national government representation, with key service departments represented. Tambons, created by law 10 years ago, have brought some vitality to villages\(^4\) although urban Tambons have developed more rapidly than rural Tambons. The villages have elected councils and provide an arena for identifying local needs. What has been missing is leadership and resources aggregated at the provincial level. For development to spread throughout the country, provinces will have to play a greater role than they have in the past.

While there has been some development of provincial advisory councils, the provinces are still under-utilized as administrative organizations. Provincial Councils provide an arena for public participation in goal identification and evaluation. Likewise, the provincial administration requires increased capacities, skills and resources for implementation and coordination. Historically, the relatively few civil servants with higher formal education in Thailand were concentrated in Bangkok; this concentration is common in developing countries. As a result of the rapid expansion of secondary and tertiary education systems throughout Thailand, there are increasing numbers of graduates able to staff provincial offices.

With proper authority, capacity and coordination, the province can be important for addressing needs and carrying out relevant and realistic implementation of programs. To know how successful efforts are in meeting citizen needs, it is essential to measure results through use of performance indicators and targets. This has proved to be very successful in several places such as Naga City in the Philippines.

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\(^4\) Since 1995, the Tambon Administrative Organization Act has mandated the Tambon level as a focus of local government. Each Tambon is composed of six to eight villages and is generally an area in which local people can travel about in a few hours.
**Case 1. Example of Integrated Area Development: Naga City, The Philippines**

In 1998, Naga City received the United Nations Habitat Award as one of the Top Ten Best Practices worldwide. Naga City encompasses 77.5 square kilometers, including a central business district, rural areas, and 140,000 people. It is middle-sized and more than 450 kilometers away from a major metropolitan area. By comparison, the average Thai province is about 7,000 square kilometers and has a population of about half a million people. Since Naga City launched its improvement program in 1988, Naga has won over 140 international, national, regional and individual awards.

When Naga launched its civic improvement program in 1988, the jurisdiction was seriously in debt, its economy was sluggish, employment was scarce, and its classification had fallen from first to third class. During the 10-year transformation period, jobs increased by an average of 1,300 per year. The city regained its first class status, local income increased more than ten-fold, and average family income rose to 126% of the regional average, 42% above the national average, and equal to family income in urban areas. Dramatic increases occurred in all development areas such as services, housing developments, shopping malls, garbage collection, law enforcement, and emergency response.

Besides leadership and patience, Naga benefited from a modern public administration regime of results-based management. The government measured its improvement year by year. The government corrected weaknesses and followed-up on strategic opportunities. This new public management regime has persisted in spite of several changes in political leadership. The first innovative mayor stayed in office for 10 years, and has been followed by several equally innovative mayors. Through RBM, results in integrated area development, such as those achieved in Naga, are replicable.

Source: City Strategy And Governance: The Naga City Experience


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**2. Performance Management Systems: Formulating Key Performance Indicators**

A central element of Results-Based Management (RBM) is the formulation of performance indicators. It appears that most of Thailand’s pilot jurisdictions (departments, ministries, provinces and districts) struggled with identifying critical success factors, key performance indicators (KPIs), and appropriate targets to guide achievement efforts. While able assistance has been provided by a private firm hired by the OPDC, some agencies appear to need some continued assistance. For all agencies, some continuous spot-checking should also be done for quality control.
While the process of implementing performance management systems in Thailand has already been underway for 10 years, one of the common observations is “when will it be over?” This complex and time-consuming process is currently overwhelming most of the small teams assigned to manage the process in each agency, especially because many of the team members have “regular” tasks to accomplish in their agencies in addition to the work associated with RBM. However, the concept of implementing the system is never over because the nature of performance management systems is that they contribute to constantly improving performance. Indeed, while performance management systems may seem like an end in themselves during the initial implementation stage, they can (and many times do) eventually become a valuable tool in making public services more effective and efficient and in enabling national development.

RBM requires agencies to identify desired results, to develop measures that determine if these results are obtained, and to use the information revealed by the measures to improve performance. In the beginning this may appear to be daunting. For example, if an agency is trying to establish a provincial-level workshop directed at improving employment opportunities for participants, it may appear that there is no time to deal with following-up with the participants to find out whether or not they obtained a job. However, without such follow-up and attention to the impact of activities, agencies may continue with programs that are irrelevant or ineffective. With a professional attitude of wanting to provide services that are both relevant and effective, public servants will want to use RBM to know how to improve their work.


This case study addresses the needs of small agencies that have difficulty developing adequate resources for formulating performance indicators. Findings from the case study are as follows: 1) There is significant variation in the small agency community with regard to how advanced agencies are in performance measurement and evaluation; 2) For some agencies, there is an external review process that is mandated within the legislation that governs the agency. It was recognized that any model used to meet accountability and performance measurement should take this process into account; 3) The project team found that those agencies that had developed the greatest capacity for performance measurement and evaluation often had an identifiable person in the agency who understood and worked consistently at explaining the benefits of performance measurement and evaluation to other members of the organization; 4) Most agencies indicated that there needs to be support from senior management in order to integrate performance measurement and evaluation activities with overall agency activities; 5) There was a large emphasis placed on the need to understand, assess, and report on various processes, such as performance measurement and evaluation; and 6) Capacity building around areas of performance measurement and evaluation must be done within the overall modern management agenda.

Source: See Case B-37 in Appendix 1.
A crucial element of taking responsibility for reaching results is the recognition that factors beyond agency control may contribute to the success or failure to reach the desired results. Employees may feel uncomfortable committing themselves to be accountable for that which is beyond their control. One useful method for reducing the anxiety of accountability is the use of what can be called intermediate outcomes, which, once accomplished, contribute to the long-term and overall desired results. If the outcome is segmented in this manner, an agency is more likely to feel comfortable in being accountable for accomplishment.

For example, in the example cited above where an agency is sponsoring a job training program, rather than measuring whether or not participants get jobs and hold them for a certain length of time (the desired “result” or outcome), the agency could, using an intermediate outcome, use survey results which ask participants to evaluate what they learned in the workshop. If the results show that they perceive that they have learned the skills needed to get and hold jobs, the next step could be an assessment of results. If they do not perceive that the program has been helpful, then it could be revised.

There is also a problem of the relevance and accuracy of indicators, and whether reaching a target means anything. It will take some time before most Thai agencies, especially the smaller ones, have enough experience with performance measurement to be able to use targets to encourage results without incurring any adverse and unwanted effects. This has been true in other jurisdictions that have implemented RBM. For example, one American city tried to reduce the amount of time needed to collect garbage by giving incentives to teams that finished early. It later found that in their hurry to meet targets, the garbage truck drivers were involved in many more accidents. This and other examples suggest testing methods of improving performance and results under actual conditions and perhaps, on a pilot basis.

A further issue in the Thai context is the use of Self Assessment Reports (SARs) to report on organizational performance. Despite the practice of spot-checking, there may be reasons for an agency to overstate its accomplishments in these reports. This behavior could be encouraged when the results are used to reward or punish agencies. However, when performance management systems are internalized and used by managers because they want to improve agency performance, the agency will have less of a reason to exaggerate.

Finally, using KPI targets for rewards and punishments may distort human behavior into playing “a game”. However, performance management systems are likely to yield more accurate and useful results if employees are actually trying to improve organizational performance. While systems of rewards and punishments may be essential to motivate interest, they need to be carefully monitored and evaluated for their potential to inspire gaming and distortions in performance.

The purpose of performance measurement in the public sector is motivated by the fundamental desire to improve the performance of public agencies through systematic approaches. Measuring government performance is complicated and sometimes ambiguous. Nevertheless, public agencies are expected to increase their use of measurement for gauging a broad spectrum of government performance actions. Consequently, developing accurate and appropriate methods of
performance measurement and key performance indicators (KPIs) is a pivotal, worldwide issue in providing government services across all levels of government and in all parts of the world.

For example, in Chinese Premier Wen Jiabao’s report to the National People’s Congress in March 2004, he called for a number of things including putting China on a timetable to achieve a “xiaokang” society (a well-off society). Although the indicators for “xiaokang” are still being worked out, they will include socio-economic indicators such as educational attainment, access to clean water and health care.

3. Inter-Institutional Integration, Requirements and Coordination

Developing performance measurement is associated with fundamental institutional changes in positive and negative ways. New and innovative approaches of performance measurement are not always an easy fit with existing institutional practices and structures both horizontally (across agencies) or vertically (across levels of governments). The introduction of performance initiatives can engender unexpected tensions and conflicts within departments and ministries, as well as across departments and ministries. Therefore, building ways of harmonization of performance measurement within and across agencies and ministries is a priority in balanced and integrated performance measures. A major goal of integrated performance measurement is to bring a high degree of policy coherence to the country. The government can develop information systems and decision-support systems to track, coordinate and harmonize related initiatives.

Reviewing the Thailand experience, we find that the key institutional issues involve:
- aligning performance reforms with other management systems, including the budget process;
- striking a balance between central leadership and agency ownership of performance management systems;
- harmonizing KPIs of the line ministries/departments to those of the provinces;
- cascading KPIs from ministries to departments and provincial offices of departments;
- generating synergies through the clustering process at both national and provincial levels; and
- strengthening the role of the executive governor and the provincial team in coordination of strategy and operations at the provincial level.

Alignment. As of the beginning of 2006, different parts of the Thai government, most specifically the BOB and the OPDC, are asking departments and agencies to use performance management techniques. Some civil servants are questioning the different performance indicators being mandated by the BOB and the OPDC. This may be good for checking on the reality of performance measures by oversight bodies such as the Auditor-General or Comptroller. However, multiple systems within an agency can create confusion about the real definition of concepts and perhaps more importantly, can lead to the question “what are we supposed to be accomplishing?”
Some agencies apparently have their specific indicators for what the agency, itself, really wants to accomplish, and only report to the BOB and OPDC in “correct” jargon without using the BOB and OPDC indicators for directing their work. The situation cannot be labeled results-based management. Failure to focus on only one set of indicators is not only confusing but it also interferes with the goal of achieving results.

**Organizational buy-in or ownership.** For effective public management, there must be a balance between leadership direction and participant buy-in. Without sufficient internalization of the program by the participating organizations, they are likely to feel marginalized and thereby participate less than enthusiastically in centrally-initiated programs. Over-decentralization can lead to organizations going in their own direction, resulting in duplication of efforts and ignorance of gaps in service delivery.

At the grassroots level, effective government means getting needed services at the right time in sufficient quantity and quality. Often, local residents cannot distinguish between what is locally provided from what is centrally provided, nor do they generally care. In area development, residents want a seamless government process in which their needs are met. Residents need the various departments to coordinate horizontally and the national government and sub-national governments to coordinate vertically.

On the vertical dimension, while there are many differences between unitary and federal systems, the relationship between the center and the periphery is usually problematic. While in federal systems the Constitution divides powers between the national and sub-national governments, there are still many intricate and evolving inter-linkages that often lead to cases being brought before the courts. In unitary systems such as that in Thailand, power is held centrally, although often de-concentrated to lower levels of administration. In Thailand, according to the Prime Minister’s Regulation on Empowerment B.E. 2546 (2003), substantial powers for economic and social development have been devolved to the provincial level, thereby necessitating the strengthening of the Executive Governor position and the role of the provincial team.

With this regulation, the role of the provincial team has become the fulcrum for leveraging social and economic development within the province. While the regulation stipulates various inter-organizational agreements, the actual practice of focusing coordinated strategic planning at the provincial level will take some time to develop. In 2004, the OPDC Annual Report noted that 83 departments had transferred their authority to provincial governors. The OPDC is reviewing these transfers of powers and assessing the need for changes. It is important to note that prior to this regulation, development was led by central department headquarters through field staff who sought to achieve departmental goals in their assigned province. While the functioning of these departments launched a multitude of development projects throughout the country, there was little emphasis placed on coordinating them at the provincial level.

The current regulation facilitates area-based development, led by the Executive Governor and the provincial team. At the provincial level, it is now possible to aggregate high level expertise and to more easily link multi-departmental activities through improved transportation and communication, development planning, implementation, monitoring and evaluation with people
working at the grassroots level in villages, Tambons and districts. Given that an average province (excluding Bangkok and Chiang Mai) has about 7,000 square kilometers and a population of about 600,000, an Executive Governor and the provincial team can easily visit localities and involve local people in public dialogues and multi-stakeholder processes. With strategic planning at the provincial level, it is more likely that strategies will be tailor-made for the province rather than following a ready-made blueprint for all from Bangkok.

At the present time, there is recognition in Thailand of the dual reporting role of the head of a field office of a national department who not only reports to the national department office, but also to the provincial authority. This dual reporting happens in many countries, where numerous strategies have evolved in the area of communications, planning, reporting, and operations. A typical dilemma would be when a forestry officer encourages area residents to plant trees while an official from the central ministry of agriculture encourages the same residents to clear fields for planting crops. These conflicting directions confuse residents, and can only be resolved with strong strategic planning at the area level. When departmental officers follow national department plans without adjustments to area strategies, residents become frustrated and begin to think that the government is not working well. Often, the dilemma is resolved when there is a governor, department director or provincial departmental representative with a collaborative perspective.

Another more institutional approach to this dilemma is using the RBM management system, through which all department heads work with the governor to achieve results at the provincial level. This strategic process involves the setting, targeting, measuring and reporting of KPIs, with horizontal coordination of all departments represented at the provincial level, under the direction of the Executive Governor.

**Harmonization of KPIs.** The lack of harmonization of indicators, or the existence of only superficial harmonization of indicators within ministries and their constituent departments, is another institutional problem that can lead to less than optimal RBM results. Cascading indicators from the top to the bottom of the hierarchy should follow from a logical framework within which each basic activity contributes to the final results and each goal is achieved through the success of the actions at the lower level. Without rational, logical connection between the KPIs at different levels of government, the entire practice of reaching goals is compromised.

While it is often difficult to achieve the horizontal cascading of KPIs within an agency, the difficulties are multiplied when KPIs need to be harmonized across agencies, as is the case in complex policy areas such as poverty alleviation, in which the actions of many agencies such as education, health and employment need to be coordinated.
Case 3: Using Horizontal Mechanisms to Work Across Boundaries in Canada: Lessons Learned and Signposts for Success

In the last 25 years, Canada has made increasingly effective use of performance measurement, including measurements to encourage managers who work on inter-institutional initiatives. The government noted that many of the desired social and economic outcomes (results) require the contributions of two or more departments (including agencies and crown corporations), jurisdictions or non-governmental organizations. Indeed, the ability to build alliances, form partnerships and effectively manage horizontal initiatives is in many cases key to delivering high-quality, cost-effective services to Canadians. In light of these benefits, significant efforts have been undertaken to improve the management of horizontal initiatives. Managing a horizontal initiative involves entering into an arrangement with partners where there is:

- shared authority and responsibility among partners
- joint investment of resources (such as time, funding, expertise)
- shared risks among partners; and
- mutual benefits and common results.

This guide and the companion guide described in Case 4 below have been developed to provide federal managers with practical advice on how to develop effective Results-based Management and Accountability Frameworks (RMAFs) for initiatives that cross agency or jurisdictional lines. It addresses the unique challenges encountered when diverse organizations work together to achieve common objectives. While it does not provide answers to every question, it does provide guidance based on the most important lessons learned to date. The guide is divided into three sections:

- Section 1: “The RMAF Development Team”, deals primarily with the challenges of building an effective team which will draft the RMAF;
- Sections 2: “Developing an RMAF for a horizontal initiative”, walks through the five main components of an RMAF; and
- Section 3: “General Guidance”, provides a list of additional lessons learned and reference documents.

Despite the cultural and leadership issues, the Canadian government developed various mechanisms that can be used to assist managers working horizontally. This guide notes good practices as to how best to use these mechanisms. In particular, the government noticed shortcomings in allocating important, but scarce, resources across horizontal boundaries. This case sought to determine how resources can best be used to pool staff and accountability mechanisms across departmental and ministerial boundaries. Options included: 1) written agreements to clarify project objectives, roles and mandates, expected results, decision-making processes, funding arrangements, problem solving procedures, etc.; 2) use of interdepartmental settlements, estimates, or government department expense accounts for transferring funds between departments; 3) staffing and classification strategies appropriate to boundary-spanning activities; 4) risk management
(case 3, continued)
techniques; 5) accountability agreements setting out roles, anticipated results, indicators and evaluation and reporting plans. Overall, the case study found that while there is much frustration with the challenges associated with working across boundaries, there can be great value in working horizontally.

Source: See Case B-11 in Appendix 1.

Case 4: Canada Trains Teams to Develop and Manage Clustered Results
The Companion Guide – The Development of Results-based Management and Accountability Frameworks (RMAFs) for Horizontal Initiatives

Following up on the difficulties of working horizontally across institutions, a guide was developed to encourage diverse organizations to work together to achieve common objectives. This guide provides Canadian federal managers with practical advice on (a) building an effective team which will draft the Results-based Management and Accountability Framework (RMAF) and (b) understanding the main components of an RMAF. The RMAF for a horizontal initiative provides: 1) partners with a common understanding of what they aim to achieve, how they plan to work together to achieve it (including roles and responsibilities), and how they will measure and report on results; 2) a tool for better management, learning and accountability throughout the lifecycle of the initiative; and 3) an early indication that the initiative is set up logically, has a strong commitment to results, and has a good chance to succeed. Furthermore, the guide points out that success can be maximized through several strategies: obtaining senior level support; assessing the relative value of the initiative; remaining flexible; setting realistic timelines; building consensus through communication involving stakeholders; engaging in continuous learning; and accessing diverse and widespread sources of information.

Source: See Case B-36 in Appendix 1.


A variety of events or forces can lead governments to introduce RBM systems. For example, an economic crisis, vocal demand from residents, the development of a national performance improvement strategy, a budget crisis, or a destructive disaster that requires extensive and rapid rebuilding have all been known to inspire the introduction of RBM systems. Countries also act to implement RBM to meet the requirements set by outside forces, such as World Bank/IMF conditionalities, or to address a government scandal about fraud, waste or abuse.
Case 5: Developing Policy Assessment Measures for Integrity and Corruption Prevention Activities: The Australian Experience

This case provides suggestions and practical advice to support integrating corruption prevention components into project and program operations. It was noted that corruption constrains development and reforms: development potentials are under-utilized, public funds are wasted, and processes of democratic consolidation are jeopardized. This case primarily addresses the design and implementation of government policy for promoting integrity and preventing corruption in the public service in Australian government. The case suggests how to structure a methodology that combines the best, and avoids the worst, of administrative performance assessment, in a holistic assessment process. The methodology emphasizes: competencies and decision-making structures at the macro level; structures and processes within individual agencies at the implementation level; mechanisms of internal evaluation and control; and public access to information. Based on a “weak-point analysis,” recommendations are made toward depoliticizing the civil service, increasing performance incentives and raising the transparency of appointment, promotion and remuneration practices. For example: 1) downsizing the administration in those areas where it seems appropriate; 2) promotion of administrative decentralization, accompanied by capacity building and the creation of transparent structures that are administratively and politically accountable; and 3) promotion of outsourcing and market competition, above all for service delivery, providing a wider range of choice for citizens, who are then less "at the mercy" of corrupt officials.

Source: See Case D-1 in Appendix 1.

Case 6: Scandal as a Catalyst for Administrative Transformation
City of Seoul, Korea: OPEN SEOUL: Online Procurement Enhancement for Civil Applications.

In January 1999, a major scandal involving government construction and procurement made headlines in Seoul, the capital city of Korea. The mayor exercised leadership by immediately launching the creation of a mechanism that would facilitate all government contracting, as well as other citizen business, to be accomplished publicly and on the internet. The mayor established a task force of 10 technical bureaucrats experienced in accounting and auditing to invent and roll out such a system within three months. In April of 1999, OPEN SEOUL was established. The cost of the software development was approximately 350,000 USD. The team worked day and night for three months. At the time of its launch, the OPEN SEOUL system was applied only to the construction department, which administered a procurement process for large public contracts, vulnerable to bribes, pay-offs and abuse of insider knowledge. Over the next few months, this system was extended to all city agencies, a computer center open to the public was
(case 6, continued)
established in City Hall, and 520 community centers throughout Seoul were equipped with computers and knowledgeable staff to help citizens learn to navigate on-line operations and the acquisition of information. Government operations became accountable and transparent to all the citizens.

The success of OPEN SEOUL encouraged other Korean local governments to apply the process to their operations. Within a few years, the national government applied the system to their national operations. The Government of the City of Seoul makes the software available to any government anywhere (national, provincial, local, or organizational), through the offices of the United Nations Department of Economic and Social Affairs.


The notions of performance measurement in the public sector include new ways of thinking about improving government performance, producing results, and adding value. In particular, concepts of performance measurement are utilized for improving public accountability and management. It is important to note that performance measurement processes often lead to innovative ways to implement programs and especially self-correcting mechanisms for feedback information to be applied to improve program management.

It is also important to note that the existence of on-going systems that are necessary for carrying out government functions must be preserved in the transition period while new systems are being learned and implemented. The existence of these two parallel systems creates a huge burden for the civil servants who are trying to serve two masters. This burden is necessary because old systems cannot be diminished until the new systems are fully ready to assume responsibility for the government functions.

There are various opinions about the pace of change, especially arising from the national economic and social developments in countries in transition from command economies to capitalist economies. Shock treatment is popular in some countries such as Poland where every system was changed at the same time, and people have to cope with a complete lack of predictability. Thailand has chosen a rather rapid change process for its public sector development transformation, albeit a process not as dramatic as that employed in Poland.

In 2002, after several years of small pilot projects among some departments and provinces, the Thailand government decided to extend RBM rapidly throughout the entire government at national and provincial levels. The first annual iteration, based on OPDC guidelines, was assisted by a private consulting firm at the national level and by university professors at the provincial level. The first year was largely a learning process, with relatively easy targets and much negotiating space. In subsequent years, the targets became more difficult to reach because the negotiating teams were more stringent in their demands.
**Targets.** Targets are best when they progress from easy at first to difficult in subsequent years. Often agencies measure are incomplete and need time to evolve to measure the more difficult but important longer term outcomes of a program. Precipitous change may undermine progress if it leads agencies to either be defensive or overreach with measures that are not possible to attain or support with data. In the early years of performance reforms, agencies often will need to articulate information systems and data to support measures and goals they may never have had to assess before. Accordingly, more than a single year is often necessary to fully roll out these initiatives in a sustainable and credible manner.

Managers from the central government are often champions and overseers of reform initiatives. In many nations such as the United States, the United Kingdom and New Zealand, the budget offices are the central champions of performance-based management, which can harness the attention getting power of the budget itself on behalf of RBM reforms (See Section IV below). In Thailand, OPDC is the champion of this approach. Although not currently coupled with the budget, this agency has the advantage of being able to focus more purely on reform without being pulled by the operational dictates of the budget. Moreover, agencies often engage in defensive behavior with budget offices, which may not happen with an agency such as OPDC. On the other hand, integrating RBM processes with the budget and overall financial management operations will be essential in ensuring the sustainability of performance reforms over the longer term.

**Case 7. Mastering the Transformation: New Public Management**

This case is written by Deloitte, a consulting firm that provides extensive assistance in the area of management reform. The case explores how the public sector’s financial management practices can be reformed or transformed to encourage productive organizational change. Deloitte’s approach is the design and deployment of a new financial management process to support organizational and employee transitions. Such transformation requires a comprehensive plan to support staff throughout the change process, particularly with respect to the appropriate pace and smoothness of the performance enhancement process. Deloitte identifies elements of a change enablement framework and presents best practices as follows: 1) Need for change: Effective financial management and top support in decision making processes need to be clearly understood by all stakeholders; 2) Shared vision: The vision of future public management needs to be clear, compelling and shared by all stakeholders; 3) Stimulating leadership: Politicians’ and government officials’ values and behaviors should be aligned with the vision behind public management and accrual accounting; 4) Effective communication: An infrastructure and plan needs to be in place that build awareness of change goals, communicate progress towards attainment of these goals and encourage collective ownership of the change process and outcomes; 5) Individual & Team capacity: Training programs should be in place to prepare people for the transformation process and future situations; 6) Change architecture: An explicit plan and structure should be in place to ensure that each government department can achieve the changes with its given resources; 7) Performance measurement: Organizational design, and the measurement
and rewards for performance improvement, must be aligned to drive new behaviors in support of new public management and increased transparency; 8) Process management: The approach must be tailored to the specific requirements of the culture of the organization or country.

Source: See Case D-71 in Appendix 1.

**Stakeholder buy-in.** Experience in other OECD nations suggests that stakeholder buy-in and ownership is critical for successful implementation of RBM. Accordingly, it is important that strategic goals and plans have support from stakeholders to help ensure their political sustainability. Stakeholders are often important implementers of programs, and their support will help ensure successful progress. Moreover, they can add political support for the resources necessary to sustain progress in performance reforms. The recipients of government services are another group of stakeholders who must be brought into the process if it is to be successful.

**Case 8: Results for Canadians**

This case reflects a concern for quality of service delivery and communications to citizens about government performance. Management, across all departments, was not focused on the achievement of results, or on reporting them in simple and understandable ways to elected officials and to Canadians. This document sets out a framework for management in the Government of Canada and an agenda for change in the way that departments and agencies manage and deliver their programs and services. It provides principles to guide public service managers in: 1) recognizing that the federal government exists to serve Canadians and that a “citizen focus” must therefore be built into all government activities programs and services; 2) highlighting the importance of sound public service values; 3) focusing on the achievement of results for Canadians; and 4) promoting discipline, due diligence and value for money in the use of public funds.

Source: See Case D-73 in Appendix 1.

**5. Role of Executive Performance Management and Coordination, Especially in Provincial Teams**

In Thailand, the roles of ministers and of governors as CEOs are becoming more critical to the adoption of the mechanisms of performance management, and to the management of the tensions between provincial objectives and the national department objectives in implementing performance management. Abilities to coordinate departments at the provincial level and to
reflect national priorities of the central government are a key aspect for reforming management. In addition, the responsibilities of technical expertise are getting heavier at various stages of decision-making as processes and procedures of performance systems become more complicated.

Focus on integrated area development at the provincial level brings new responsibilities for the provincial governors, who will increasingly coordinate the inputs and activities of the line ministries and departments at the provincial level to achieve results in the provinces. It is important that appropriate resources come under the control of the Executive Governors, although this shift may initially be resisted by the line departments. Executive Governors will require special training in negotiations and leadership in harmonizing the interests and resources of the departmental units at provincial level.

Case 9: Executive Management of Departmental Heads on Area-based Teams: Uganda Lira District

This case examines the role of the District Commissioner (DC) in an African jurisdiction of 750,000 people in a rural area with one central business area, with more than 50 department heads. This is quite similar to the characteristics of several Thai provinces.

The case illustrates techniques for successfully managing field representatives (heads of offices) of departments and ministries at the sub-national area level. Throughout the country, DCs were confronted with the problem of reporting to the national President, while trying to manage a district team of 50 department heads, each one reporting directly to its national department or ministry. One DC developed a notable coordination strategy that depended on full information, discipline in dealing with problems, cooperation in using resources, and regular problem-solving district team meetings.

First, the DC insisted that all department heads report immediately on conditions in the district within their specialization, making a point to request bad information and well as good information. Because the DC toured the district often, and very personably engaged with the residents, the DC could easily discover negative conditions and problems in the district. If department heads did not know the local conditions or failed to report negative information, the DC would have the department head moved to another district. When problems arose and were added to the district meeting agenda, the DC required that some action be initiated to start the problem-solving process.

When department heads were unable to fulfill their functions or to provide necessary and sufficient services, the DC went to the national capital with the department head, visited the department headquarters, and refused to leave until the department head had proper resources to do their work in the district.

To save money, the field departments in the district were required to travel together to reach remote parts of the district. Before going to the remote area, a department official
(case 9, continued)

had to consult with colleagues to find out if any other departments were planning to or wanted to visit that area, so that they could travel in the same vehicle.

Furthermore, the DC required major programs and operations to be discussed in the frequent district team meetings before being launched, and often went to local areas to find out the actual wishes of the people. For instance, on one occasion, the public works department planned to build a feeder road to a village in order to make it easier for the farmers to get their crops to market. The DC organized a visit to that village with the public works officer and officers from several important service delivery departments. At the village meeting, the local people said that they absolutely did not want the road, which would have made their village accessible to undisciplined army units that often plundered local villages. The village preferred to have a local health clinic. During the negotiations, the village promised to build a clinic and furnish it. The district team promised to send medical supplies and a district nurse would visit one day a week. This health clinic was built, lives were saved, and the village remained safe from marauding bandits in vehicles needing roads.

This DC and district team’s mutual coordination, discipline and support is notable because every decision and every action is focused on results for the people in the jurisdiction. This strategy involved regular and disciplined team meetings, open and continuous communication among 50 department heads, and designing opportunities for residents to voice their needs and influence the operations of the departments in their communities. This strong, consultative, and open style of leadership is important in a bureaucracy intent on accomplishing results. These procedures can be codified and learned by bureaucrats who want to become provincial executives.

Source: Unpublished interview with Uganda official

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Case 10: Capacity Building: The Self Reflective Leader, United States

In the United States, given the diversity and complexity of local problems, the growth in responsibilities over the past 25 years, the prevalence of part-time elected officials, and the public’s demand for immediate attention to problems and inquiries, it is difficult for an agency to build leadership capacity. This report presents a method for local government professionals to use in building their leadership capacity through self-reflection and experiential learning. The method suggests three leadership-oriented assessment tools: 1) The Multi-factor Leadership Questionnaire: to assess what a user’s leadership style is; 2) The Myers-Briggs inventory: to determine whether a person’s preferences and orientations lean predominantly toward a management or toward a leadership style; and 3) The New Personality Self-Portrait: to assess how a user’s personality affects their own responses and reactions to the tensions between
6. Capacity Development and Learning Processes

The recent expansion of RBM to all agencies has placed a large burden on current capacity and has made training essential for the internalization of the practices and to instill real ownership of the process. Capacity building is being accelerated and facilitated by regular training sessions that bring together the OPDC/innovation teams from several departments and provinces.

The capacity-building and learning framework for implementing RBM in Thailand is using workshops throughout the country, e-learning through a web engine hosted by OPDC, and on-the-job “coaching” through consultant teams working with “OPDC teams” in each ministry, department, province, and public organization. Including teams from departments and provinces in the same training workshop helps both types of agencies to learn how to better work with each other. The learning process is virtually continuous since the cycle of KPI development and measurement is an annual one, punctuated by up-front negotiations and end-of-cycle results measurement. Many booklets, manuals, guidelines and computer-assisted learning formats have been developed and used in all the agencies throughout Thailand.

Worldwide, results-based management emphasizes communication, problem-solving, strategic decision-making oriented to stated priorities, sensitivity to the citizens / residents who expect to benefit from the results. There are many available training packages on team-building and team-leadership. One excellent model for training and team-building for results-based management can be found at the Treasury Board of Canada, available on-line at: http://www.tbs-set.gc.ca/ceo_mfc/resources2/RMAF/RMAF03_e.asp

Another model is found in the context of the Philippines Budgeting Process, including a Development Management for Senior Executives Workshop, available on-line at: http://www.adbi.org/conf-seminar-papers/2005/05/25/1082.rbm.philippine.budget/

The best pedagogy for leadership and teamwork comes from case studies that are then followed by opportunities to role-play in simulated circumstances. Several examples include:


- A Center for Creative Leadership Custom Solution. Case Study: Fairfax County, VA. Learning, Empowering, Assessing & Developing (LEAD), available on-line at:
http://www.ccl.org/leadership/pdf/solutions/FairfaxCounty.pdf

- Australian Government. Case Study 2: Department of Defense: A strategic approach to building and fostering leadership, available on-line at:

It is also useful for workshop participants to design their own case studies and role-play the scenes. One of the best learning formats is to learn while doing, in an iterative manner, with coaching and sharing strategies among a network of managers who are improving their skills in leadership. Models include:

  http://www.webresearch.co.nz/Public/Publications/LearningAboutLOs.pdf

7. The Impact of Structure and Information Availability on RBM Implementation

Performance reforms constitute a demanding change to the culture, structure and information availability of most countries. Accordingly, their implementation has had a checkered history, with many starts and stops along the way. The recent history of OECD nations suggests that several barriers and limitations must be confronted and addressed for reforms to take root and become institutionalized. These barriers include, but are not necessarily limited to the following:

- **Defining measures of performance.** Among the many challenges here are defining appropriate outcomes and connecting the performance of agencies and programs with those outcomes.

- **Balancing measures.** Distortion in priorities and outcomes is likely if measurement systems fail to capture all significant goals. This becomes more critical if performance is linked with funding or pay, since the growing stakes provide a stronger motivation to work to the measures.

- **Data systems and information.** Data are often limited and must be developed over time to support performance measures. Emerging and newer programs will pose inherent problems because by definition, very little information is available for these initiatives.

- **Excessive measures and complexity.** Most nations experience “metric creep” to the point where there are too many measures to seriously follow or pay attention to in decision making processes.

- **Cultural change.** It is often necessary to engage support for sustainable performance initiatives. This entails patient and long term initiatives to gain buy in from multiple
stakeholders and agency officials responsible for implementing programs. Agreement needs to be reached both on the goals and on the measures used for accountability – a process that can take many years of technical research and political support. The long term horizon necessary to build this support often conflicts with short term needs of political officials to show immediate progress and changes.

- **Monetary incentives.** The introduction of incentives has the dual-edged potential of both increasing attention to performance information as well as increasing the likelihood of the corruption of the integrity of the measures. Agencies will have incentives to increase their focus on performance as well as to distort or select those measures which show them in the best possible light. The greater the incentive, the more necessary are central review, oversight and auditing of performance systems. Benchmarking is another strategy for keeping pressure on to define performance targets in ambitious terms. Other incentives are available to engage agencies’ support, but they are not often deployed. For instance, although part of the rhetorical promise of performance reforms, very few OECD nations have decentralized authority for implementation to agencies by providing them with more flexibility over how to carry out goals in exchange for heightened accountability for achieving the goals themselves.

- **Crosscutting initiatives.** Crosscutting initiatives often get deemphasized in performance systems. Agencies are the foundation for defining measures in most systems, ensuring that measures will reflect their own stovepipes and programs. For the most part, OECD nations have not seen fit to define measures from the top, instead relying on agencies to propose, with central review and approval. Some nations now have government wide reports and plans which could provide the forum for connecting related agencies’ programs together in overarching plans and programs. In the United States, for example, GPRA and PART is agency based; a provision in federal law requiring a government wide performance plan has never been implemented under either President Clinton or President Bush. The United Kingdom’s PSA targets in fact do cover a crosscutting dimension in which the 2001-2004 agreements had five areas where multiple agencies were covered by a joint agreement to improve performance in such areas as welfare to work, illegal drug abuse and criminal justice.

- **Organizational and technical capacity.** Organizational and technical capacity remains a limitation in many countries, particularly at the outset. At the agency level, in many countries, agencies never had to adopt a strategic vision or plan covering all of their program activities. This not only presents a culture shock but also challenges the agency to amass the political power necessary to bring its various bureaus, field offices and other units together to collectively agree on a set of overall priorities. In the United States, this proved to be a vexing challenge for many agencies. For example, the National Park Service was forced for the first time to articulate strategic goals for all of its nearly 350 parks – a radical change for a system that had heretofore provided for the park superintendents to play this vital role. At a technical level, very little is known about how to define outcomes for many areas of public sector
portfolios. Little data are available on many of these initiatives, particularly if the program is of relatively recent vintage.

Case 11: Experience and lessons in administrative reform

In South Korea’s implementation of results-based management reform, one of the great difficulties identified was the risk of the reform focusing on outputs and numbers rather than on outcomes. In an efficiency-oriented reform effort, how can an agency maintain a focus on outcomes, not just outputs? This case explores strategies to keep focus on outcomes.

Source: See Case E-7 in Appendix 1.

Case 12: Civil Service Reform in Southern & Eastern Africa

In ten select African countries (Kenya, Malawi, Mozambique, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe), lessons learned indicate 1) Policy formulation and implementation must be improved; 2) The capacity for strategic leadership of the reform programs is necessary at the apex of the Government hierarchy; 3) Achieving macro-economic stability and balanced budgetary situation are critical steps in sustaining reform beyond downsizing; 4) Ownership commitment and political support, and eschewing or minimizing donor interference/driving, are necessary conditions for successful and smooth implementation; 5) Participation and sensitization of the stakeholders, through consultations and consensus building, are necessary for sustainable support for the reform program; 6) Targeting services improvements is important right from the start of the program; 7) Identifying performance standards is a major challenge to every public service reform program; 8) Prioritizing and sequencing the reforms are crucial because the design and actual scope of these programs can be quite complex; 9) A reliable information base, especially on personnel, is very important to facilitate the smooth implementation of such programs as retrenchment, training, etc; 10) Comprehensiveness of the reforms is desirable, but this also has the effect of complicating management of the programs.

Source: See Case E-9 in Appendix 1.

Case 13. Public Sector Reform in New Zealand: Issues of Public Accountability

This case uses the New Zealand example to discuss how public accountability can be clarified and improved. This case presents various accountability issues to clarify
accountability: specification of outputs, contractual agreements and desegregation of government departments into smaller, more sharply focused agencies. Through adopting the new concepts of ‘whole-government’, ‘networks’ and ‘partnerships,’ the current accountability framework should be improved by clarifying lines of accountability and expectations within a system so as to encourage shared responsibilities for outcomes, institutional learning, and flexible responses.

Source: See Case E-8 in Appendix 1.

**Case 14: A Case of NPM Failure or an Issue of Inapt Accountability? The Case of the Child Support Agency of the United Kingdom**

This case from the United Kingdom attempts to answer the question of whether the harmonization ambiguities of New Public Management (NPM) limit an agency’s effectiveness. Lessons are drawn from the importance of vertical harmonization between an agency and its associated minister. Lessons from this Child Support Agency (CSA) case are 1) the CSA, whilst being based upon New Public Management, omitted market forces from their operational plan and thus rejected one of the guiding principles of such a system: that the most effective method of allocation is through giving the public freedom of choice; 2) The CSA has adopted an inappropriate and outdated accountability doctrine; 3) The CSA has simply been a high profile example of the traditional British doctrine for ministerial accountability for their departments which is inadequate to enable the service bodies to function effectively; 4) This blurring of the lines of accountability has also led to problems of interference. Based on that, this report suggests that perhaps it has just taken a longer period of adjustment for this particular agency. Serious changes in the accountability framework and the policy provision are needed.

See Case E-23 in Appendix 1.

**8. Role of the People: Voice and Governance**

In Thailand, modern-style popular participation in planning, managing implementation, evaluation and use of feedback has been emerging for more than 20 years. Recently, many activities have been undertaken to energize village and Tambon councils, as well as non-governmental organizations at national and sub-national levels. Although citizen surveys are being used, their use needs to increase at all levels. Many governments have found popular participation strategies to serve several purposes: informing people about available services and functions, learning how well these operations are being handled, soliciting suggestions about
improving government performance, and measuring the gap between what is desired and what is being delivered.

**Case 15: Citizen Satisfaction Surveys, Seoul, South Korea**

This case examines how citizens can participate systematically in the decision making processes of government agencies. To determine this, the city of Seoul developed guidelines for a comprehensive citizen survey process. They are: 1) clarify the reasons and purposes for using a survey instrument; 2) select a model for survey; 3) design a sampling plan; 4) design a questionnaire; 5) conduct a pre-test; and 6) conduct the survey. The study emphasized that citizens must be involved in the process from the earliest planning stage.

Source: See Case F-4 in Appendix 1.

**Case 16: Common Measurements Tools: A User-Friendly Survey Tool for the Public Sector, Canada**

This case from Canada assesses how client services can be improved through good performance measurements. The case presents methods to develop and monitor client-driven service standards through, among other things, the design of well-defined surveys. The case suggests that the objectives of measurements tools should be: 1) to provide a ready-made tool for public service organizations; 2) to enable like-organizations to compare results; 3) to facilitate the sharing of information gained and lessons learned between organizations; and 4) to enable organizations to build internal benchmarks. The strategies to develop and monitor client-driven service tools are: 1) to offer a consistent measurement system; 2) to offer a comprehensive item bank for selection; 3) to offer descriptive questions with choices (e.g., five point scale from agree to disagree); 4) to require customization by individual organization; 5) to allow the addition of questions by individual organizations; and 6) to support with a managers’ guide, a software package, and a companion survey guide.

Source: See Case F-24 in Appendix 1.
Case 17: Achieving Continuous Improvement in Client Satisfaction, Canada

This case from Canada illustrates the development of a results-based approach to continuous service improvement, based on working with citizens to identify their needs. This case presents the three major initiatives of a “Results for Canadians” policy management framework: 1) focus directly on client satisfaction, 2) improve citizen access, and 3) modernize service delivery. In terms of this framework, the results-based service improvement planning and implementation is utilized to measure: 1) current position 2) expectations and priorities, 3) how to meet expectations.

Source: See Case F-24 in Appendix 1.

Case 18: Iowa: Citizen-Initiated Performance Assessment (CIPA)

In this case from the United States, the state of Iowa attempted to involve citizens in an effort to evaluate government performance. This case is illustrative of citizen and community engagement in the development, implementation and use of performance measurement to evaluate public service. In the first stage of the project, the citizen performance team identified the “critical elements” of a selected public service. For example, for nuisance control, some of the critical elements were response time, effectiveness in resolving service requests and effectiveness in public reporting of departmental actions. For public safety, the critical elements included response time, professionalism in interaction with citizens, competency and effectiveness in investigation, sufficiency of patrol and legal compliance of officers. Based on the critical elements, the performance team developed measures and evaluated them. Among the several evaluation criteria, usefulness and understandability to the public were most important.

City departments developed the necessary instruments, such as citizen or user surveys, to collect performance data. At the same time, citizens helped to collect some performance data, reported the project progress to the city council and developed strategies to engage the general public more in the project. Performance measurement results were reported to the performance team, the city council and the general public. Public input was solicited to improve performance. City departments integrated the results in strategic planning, performance-based budgeting and activity-based management of service operations.

Source: See Case F-3 in Appendix 1.
Case 19: Oregon Benchmarks

Oregon Benchmarks measure progress towards Oregon’s strategic vision, “Oregon Shines”. The project’s goals are three-fold: 1) quality jobs for all Oregonians, 2) safe, caring and engaged communities, and 3) healthy, sustainable surroundings. Benchmarks are organized into seven categories: economy, education, civic engagement, social support, public safety, community development and environment. This benchmarking process in Oregon evolved as a regular feature of community activity in the last 20 years. Citizens meet in communities and compare the performance of their community with that of other communities and the state averages. Over the years, a data set of desired outcomes, targets reached, and goals for the next annual iteration has been maintained in a small unit called the Oregon Progress Board.

These measures help to provide the long view perspective in solving economic, social and environmental problems. In addition, Oregon Benchmarks are used for a broad array of policymaking and budget-related activities. Oregon state agencies are required to link their key performance measures to them. Student achievement benchmarks are the cornerstone of Oregon’s educational reform initiatives. State-local planning processes, like Oregon’s innovative Partners for Children and Families program, use benchmarks to focus collaborative efforts. County governments and community organizations use benchmarks to help gauge their progress.

Source: Achieving the Oregon Shines Vision
www.oregon.gov/DAS/OPB/index.shtml

Case 20: A Balanced Scorecard for City and County Services

This case study discusses how government agencies can develop a balanced, comprehensive approach to the measurement of government services at the city and county level. Traditionally, many federal agencies have measured their organizational performance by focusing on internal or process performance, looking at factors such as the number of full-time equivalents (FTE) allotted, the number of programs controlled by the agency, or the size of the budget for the fiscal year. In contrast, private sector businesses usually focus on the financial measures of their bottom line: return-on-investment, market share, and earnings-per-share. Alone, neither of these approaches provides the full perspective of an organization's performance that a manager needs in order to manage effectively. But by balancing internal and process measures with results and financial measures, managers will have a more complete picture and will know where to make improvements.

Robert S. Kaplan and David P. Norton have developed a set of measures that they refer to
as "a balanced scorecard." These measures give top managers a fast but comprehensive view of the organization's performance and include both process and results measures. Kaplan and Norton compare the balanced scorecard to the dials and indicators in an airplane cockpit. For the complex task of flying an airplane, pilots need detailed information about fuel, air speed, altitude, bearing, and other indicators that summarize the current and predicted environment. Reliance on one instrument can be fatal. Similarly, the complexity of managing an organization requires that managers be able to view performance in several areas simultaneously. A balanced scorecard or a balanced set of measures provides that valuable information: the perspectives of customers, internal business, innovation and learning, and financial costs.

The balanced scorecard philosophy need not apply only at the organizational level. A balanced approach to employee performance appraisal is an effective way of getting a complete look at an employee's work performance, not just a partial view. Too often, employee performance plans with their elements and standards measure behaviors, actions, or processes without also measuring the results of employees' work. By measuring only behaviors or actions in employee performance plans, an organization might find that most of its employees are appraised as “outstanding” when the organization as a whole has failed to meet its objectives. By using balanced measures at the organizational level, and by sharing the results with supervisors, teams, and employees, managers are providing the information needed to align employee performance plans with organizational goals. By balancing the measures used in employee performance plans, the performance picture becomes complete.

Source: See Case F-5 in Appendix 1.

9. Linking Individual Motivation to the Overall RBM System

A successful RBM system requires participation from all civil servants, from high level goal-setters, to middle managers, to supervisors to individual civil servants. A key issue in the establishment and success of a comprehensive government-wide, results-based management system is the linking of individuals’ efforts with their performance appraisals and rewards. When an RBM system is fully operational, all participants are able to link their activities to the desired agency results as well as to government-wide results. The cascading of RBM throughout agencies requires a systematic identification of actions that, taken together, achieve the desired results. A management system that links individual performance and reward to the achievement of government-wide results is generally some form of management-by-objectives (“MBO”) system. As a management approach, MBO has been used for decades in countries throughout the world to encourage discussion and agreement between supervisors and individual civil servants to make performance appraisal a transparent, accountable and predictable process. Indeed, an overarching objective of MBO is to match employee actions and rewards to organizational results.
With the introduction of RBM, specific MBO agreements can be linked to government-wide priorities as expressed by target results. Through negotiation with their supervisors, individual civil servants can agree how each will contribute to national priorities, be held accountable for reaching individual targets and be appraised for their work. Over time, these individual performance appraisals can lead to promotions, faster increments and bonuses available to civil servants who excel in meeting or exceeding target objectives. However, the introduction of results-based management puts a special burden on the employee motivation system. RBM requires a new way of thinking by civil servants, at all levels. They must learn to define their work within the context of measurable results. Furthermore, higher level civil servants need to integrate their actions so that, taken together, they contribute to a smooth running and productive agency that participates in achieving national priority goals.

The introduction of RBM also creates the opportunity for a civil service system to revisit the issue of motivation, especially with increased demands for quantity and quality of work. When redesigning the work format to focus on results, managers need to examine the linkages between behavior and results. People who work hard and better have to feel that incremental improvement in their efforts can lead to increased results, that increased effort will be recognized and rewarded, and that rewards will be made in a fair manner based only on their work performance. When indicators of results become measurable, accurate and regular, there is greater incentive for civil servants to make efforts towards specific achievements. Under RBM, civil servants will know that measurement of individual effort will be done in a transparent manner, which they will be reflected in their performance appraisals and that (annual) performance appraisals will be linked to promotions, increments and bonuses.

Throughout the world, many governments introducing RBM have experimented with motivation schemes to challenge civil servants to work harder and better. Many of these schemes have involved monetary rewards linking performance to individual, unit or governmental results. For instance, most OECD countries that have introduced RBM have experimented with, but rejected, linking bonuses to the RBM system. Rather, these governments have strengthened their performance appraisal systems to include specific objectives and/or intermediate outputs that are linked to results. In particular, these governments have fine-tuned their performance appraisal systems to measure individuals’ quality of outputs that lead to results. In this way, there is no massive disruption to regular motivation and promotion schemes. Rewards for performance are not special, but are linked to contributing to the regular operations and objectives of the unit, whether this involves a new system like RBM or any other performance improvement strategy of the organization.

Under a well-conceived and well-managed performance appraisal system, a civil servant’s contribution to productivity will be noted and rewarded. If the performance appraisal system is based on a type of management-by-objectives system, supervisor and employee can agree on the nature, quality and quantity of tasks to be accomplished for satisfactory, excellent or extraordinary performance categories. This MBO process can specifically emphasize “learning goals” and contributions to implementing the RBM system. Special emphasis can be paid to new and young employees to make sure that they maintain their initial enthusiasm and learn how to be productive within an MBO system and to capture and utilize their enthusiasm. Additionally, attention can be paid to bringing longer-serving employees into the spirit of the new system.
This MBO-type process meshes with an organization-wide RBM system in which individual and unit efforts are designed to lead to specific outputs and outcomes. Furthermore, the MBO system and the RBM system both emphasize transparency of goals, discussion of how best to improve operations, and accountably in measuring results. When MBO and RBM are being carried out transparently, it will lead to the acknowledgment of individual and unit contributions. However, it must be noted that the implementation of RBM and MBO involves a great deal of training, practice and review. All civil servants have to believe that the system is fair, transparent, and accountable. During the implementation phase, considerable effort has to focus on learning how to link activities to objectives and objectives to results, as well as learning how to measure the indicators of performance and setting action targets that are both reasonable and challenging. Thailand’s efforts to link pay incentives to agency results scores is interesting, but has several limitations such as the fact that bonuses are not integrated into the civil servants’ performance records.

Additionally, after the performance period in Thailand, higher level leaders who receive the performance bonus use their discretion as to how to distribute the bonus. They can decide to keep a part or the entire bonus, or to distribute it across the board to all civil servants, or to try to gauge and reward employee contributions after the fact. If these leaders keep the bonus for themselves, they fail to acknowledge the teamwork that led to the accomplishments. If they distribute the bonus across the board to all civil servants, they are not discriminating between high and low achievers. If they distribute the bonuses to those civil servants that they perceive to be high achievers, they may neglect to reward some who worked very hard and creatively, but rather invisibly. Indeed, only with a strong system of MBO in place within the performance appraisal apparatus can the civil servants know what is expected of them, perform their tasks in exceptional quality and quantity and feel assured that a transparent process will reward their efforts.

Operationally, the RBM system and the MBO system are parallel and can be completely integrated throughout the organizational hierarchy. The RBM system cascades from top down with government-wide priorities leading the process. Each subordinate level designs objectives to contribute to the accomplishment of the higher level objectives. At the end of an operational cycle, the results at the lowest level are aggregated to the next higher level, eventually leading upward to accomplishment of the system results. In the traditional MBO process, discussions are held between supervisor and employee about desired results in a particular period of time, most often a year. During that year, discussions are held at intervals to measure progress and adjust strategies. Likewise, RBM is an annual iterative process, but the participants are units rather than individuals. RBM is like “collective” MBO or “team” MBO in the sense that a unit of participants at one level negotiates with the higher level unit concerning what the lower level can accomplish that will contribute to the results process of the higher level. Some governments attempt to fully integrate their RBM approach with the MBO on a team basis; other governments try to integrate their RBM approach with individualized MBO. In both cases, the hierarchy of the organization is matched with a hierarchy of means and ends, with lower level results being aggregated to achieve higher level results.
The introduction of RBM, as with any major organizational change, takes several years that form a transition period, using both old and new ways of operation. Thailand’s transition to RBM requires special and extra efforts until the new system permanently replaces the old system. To focus attention on “contributing to the change process”, the MBO system, whether individualized or team-based, can include a performance element of “contributing to change processes” which is ultimately reflected in individual performance appraisals.

**Case 21: Application of “Paying for Performance” (PRP) in OECD Countries**

Although PRP systems have become increasingly common in OECD countries, their design and application varies considerably. Nevertheless, some common trends are emerging:

- Long-running standardized PRP schemes have evolved into more decentralized systems. This is the case for instance in Denmark, Italy, New Zealand, the United Kingdom and the United States.
- A notable development in recent years has been the extension of PRP from senior management to non-managerial staff.
- Several countries have strongly encouraged the move to a more collective approach to PRP over the past five years. In the United Kingdom a number of departments made the transition from individual to team-based systems in 2004. In Finland, results-based rewards are applied at the team level. In Korea, as of 2002, four areas (defense, police, security such as the Presidential Security Service, and railways) use a departmental base for PRP.

Source: OECD, Policy Brief on PRP, May 2005

**10. Sustainability of RBM**

In many countries, the demand for RBM comes from both residents and public servants: residents appreciate effective services while public servants discover that their organizations can achieve better results and be recognized for achieving these results when RBM is in place. Developing a dynamic institutionalization of demand involves making government officials, civil society, non-governmental organizations and individual citizens aware of the results management process and the increase in results that evolves from this practice. In this way, both citizens and managers become the main stakeholders in sustaining RBM. Politicians who want to campaign on good government and people receiving benefits from government become strong stakeholders in the RBM process. In Thailand, the OPDC serves to manage and catalyze the processes of developing KPIs and making clients / citizens aware of mechanisms to voice their needs and comment on government’s responsiveness to their needs.

Furthermore, linking individual performance through MBO linked to RBM can contribute to sustainability of the RBM system in which civil servants are more confident that the system of
linking rewards and results is going to continue and requires their attention and commitment. In Thailand, this system of MBO is further re-enforced when civil servants at all levels are appraised through this process, and even Ministers and Governors are signing performance contracts with the Prime Minister.

**Case 22: Improving Policy Coherence and Integration for Sustainable Development**

In OECD countries, variations on RBM are used to effectively implement many development policy goals. This case shows that effective implementation of policy goals, especially those related to sustainable environments, requires: a common understanding of sustainable development; clear commitment and leadership; specific institutional mechanisms to steer integration; effective stakeholder involvement; and efficient knowledge management. Sustainable environmental development is an example of a policy area that is complex and multi-dimensional, involving social, economic, financial and physical practices. RBM is especially relevant to such complex issue areas where multi-sector coordination and cooperation are essential. RBM provides the tool to negotiate cooperation and joint action.

Source: See Case G-66 in Appendix 1.

Throughout the world, various strategies have proven to have had various levels of success in overcoming hurdles and leading to sustainable RBM practices. Many of these strategies have already taken hold in Thailand; others still are in the formative stages.

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<td><strong>Strategy</strong></td>
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<tr>
<td>A longer rather than shorter term perspective for RBM is needed, permitting sufficient time to achieve the necessary consensus and technical improvements in measures and data.</td>
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<tr>
<td>A phased-in roll-out of reforms, including pilots, will maximize learning and build support.</td>
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</table>
Table 2. Strategies for Sustainability of RBM

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Status in Thailand</th>
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<tbody>
<tr>
<td>Consistent support is needed by officials at the central level and at the provincial level.</td>
<td>Support for RBM in Thailand starts with the Prime Minister and cascades down to many civil servants at the central and provincial levels. But, support for RPM is not yet universal and must be achieved if it is to be sustainable.</td>
</tr>
<tr>
<td>Expertise is needed in agencies and the broader community to build and test performance models linking inputs in government to outcomes.</td>
<td>OPDC has brought in outside experts to provide assistance during the first stages of RBM implementation. Additional expertise must be developed internally, especially at the provincial level, to sustain the effort.</td>
</tr>
<tr>
<td>Auditing of data and evaluation research is needed to enhance credibility of measures and build understanding of outcomes.</td>
<td>OPDC receives Self-Assessment Reports from each participating agency and then contracts with private sector and university-based experts to spot-check a sample of the results of each agency. This process could be institutionalized in OPDC or allocated to another independent body such as the Office of the Auditor-General.</td>
</tr>
<tr>
<td>Careful integration with budgeting and personnel evaluation is needed, with controls and reviews to curb distortion of measures and priorities.</td>
<td>Discussions between BOB and OPDC have begun as to how to link their two measurement systems. This linkage must be established if RBM is to have a lasting impact in Thailand.</td>
</tr>
<tr>
<td>Incentives must be developed that can walk the fine line between motivating agencies without prompting defensive or compliance behaviors.</td>
<td>Currently, Thailand is using a monetary incentive program which is having mixed results. It seems that some civil servants have been motivated by the promise of monetary rewards, but have later been demotivated upon learning that the amount of the rewards was small by the time it was allocated across the board to all employees in the agency receiving the reward.</td>
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<tr>
<td>Strategy</td>
<td>Status in Thailand</td>
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<tr>
<td>Training and capacity building must be established with support from the center for agency staff development and education at all levels of government.</td>
<td>OPDC provides a training program for training agency staff, and most staff have received training more than once during the roll-out of the program. Given the complexities of performance measurement and the need for uniformity for comparison, it is likely the OPDC will need to maintain and increase its training program and resource center, including enhancing its web-based efforts.</td>
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<tr>
<td>Public transparency must be in-place to induce agencies to keep a focus on performance. Comparative performance assessments, pitting agencies against standards or one another, can also be useful inducements to sustain attention</td>
<td>Currently, the government makes public the scores of the various agencies on a five-point scale annually. It is important to continue to provide knowledge to the public about the performance of their government agencies. The government may wish to consider alternative methods of analyzing and communicating performance results.</td>
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<tr>
<td>Performance based management has to be in a position of supplementing and not supplanting traditional forms of accountability. While some input controls may in fact be relaxed, leaders will be threatened if performance is perceived as replacing legitimate expectations for controls over inputs and regulation of agency implementation in accordance with laws.</td>
<td>Thailand needs to review the institutional relationships among the various evaluation and auditing institutions, and perhaps clarify the specific roles of each of them in relationship to the OPDC process and KPI measurement and checking.</td>
</tr>
<tr>
<td>Selective application of performance reforms may be in order in certain systems to focus effort at the first stage on those programs and services that are most direct and easily measurable. Those agencies that are good candidates for early rollout include those with cohesive objectives, clear relation between inputs and goals, sufficient data on costs and performance and relative control over the means of achieving goals.</td>
<td>Thailand has attempted a full rollout of performance measurement, but needs to review definitions, measurement methods and analytic techniques. Improvement can be made in the areas of identifying critical success factors, key performance indicators and achievement of results. It is inevitable that methods will need to be improved as staffs gain skills and experience in performance measurement and management.</td>
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IV. RBM Experiences From Around the World

A. Comparison of Thailand with selected countries

In general, Thailand’s performance reforms include the defining elements of performance reforms exhibited in the OECD nations that lead in performance reform. In fact, Thailand perhaps has an even stronger central definition of performance targets and assessment process than many of the nations at the forefront of performance-based management including the United States, the United Kingdom, New Zealand and Australia. However, as the following chart shows, these nations have developed more advanced systems for integrating performance information and measures into management and budgeting systems, most notably through the articulation of performance budgeting and performance auditing. These processes are viewed as essential to improve decision-making and to ensure the sustainability of performance reforms over the longer term.
**Chart 1: RBM in Thailand Compared with RBM in the U.S., U.K. New Zealand and Australia**

<table>
<thead>
<tr>
<th><strong>Strategic planning</strong></th>
<th>Thailand</th>
<th>U.S.</th>
<th>U.K.</th>
<th>New Zealand</th>
<th>Australia</th>
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<tbody>
<tr>
<td>Strategic annual plans by each province, ministry and department</td>
<td>Strategic plans produced periodically by each federal agency</td>
<td>Strategic plans are starting point for developing performance targets</td>
<td>Selective &quot;strategic results areas&quot; defined by government to focus accountability for results</td>
<td>Strategic plans cascade from government wide goals</td>
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<tr>
<th><strong>Performance targets</strong></th>
<th>Thailand</th>
<th>U.S.</th>
<th>U.K.</th>
<th>New Zealand</th>
<th>Australia</th>
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<tbody>
<tr>
<td>Outputs and outcomes in performance agreements between OPDC and provinces, ministries and public organizations</td>
<td>Primarily outcomes</td>
<td>Primarily outcomes included in Performance Service Agreements</td>
<td>Primarily outcomes in performance agreements reached between agency and ministry</td>
<td>Primarily outcomes in performance agreements between ministry and agencies</td>
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<tr>
<th><strong>Centralized performance assessments</strong></th>
<th>Thailand</th>
<th>U.S.</th>
<th>U.K.</th>
<th>New Zealand</th>
<th>Australia</th>
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<tr>
<td>Balanced Scorecard process led by OPDC</td>
<td>Scorecard process led by OMB</td>
<td>Treasury quarterly reviews of agency</td>
<td>Central review of progress against agreements</td>
<td>Central review of progress against agreements</td>
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<tr>
<th><strong>Pay for performance</strong></th>
<th>Thailand</th>
<th>U.S.</th>
<th>U.K.</th>
<th>New Zealand</th>
<th>Australia</th>
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<tr>
<td>Rewards based on success in reaching targets</td>
<td>Select agencies implementing performance-related-pay based on evaluations of individual employees</td>
<td>Pay for performance as official government policy, with selected agencies transitioning from individual to team-based rewards</td>
<td>Pay for performance as government policy applied to managers as part of performance contracts from ministers, cascading down to civil service employees</td>
<td>Public Service Act call for linkage of pay and performance implemented through increments to base pay, one-time bonuses or retention pay, anchored to measures in performance agreements</td>
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<tr>
<th><strong>Performance budget</strong></th>
<th>Thailand</th>
<th>U.S.</th>
<th>U.K.</th>
<th>New Zealand</th>
<th>Australia</th>
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<tr>
<td>BOB requires activity completion reports</td>
<td>Budget includes performance information; programs rated for performance in the budget process by central budget office</td>
<td>Performance service agreements help form basis for budget decisions. Budgets for agencies based on total accrued costs</td>
<td>Funds provided to agencies to achieve specific outputs. Budgets for agencies based on total costs to achieve these outputs on an accrual basis.</td>
<td>Funds provided to agencies to achieve specific outcome-based targets. The outcomes are part of the appropriation. Budgets are based on total costs on an accrual basis.</td>
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<tr>
<th><strong>Performance auditing</strong></th>
<th>Thailand</th>
<th>U.S.</th>
<th>U.K.</th>
<th>New Zealand</th>
<th>Australia</th>
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<tr>
<td>Performance audits by Self-Assessment Reports (SARs), OPDC, BOB, and Office of the Auditor General</td>
<td>Periodic audits by national audit office of major programs and operations, and management of performance reforms; selective auditing of data by agencies’ inspector generals</td>
<td>Periodic audits by national audit office of major programs and operations</td>
<td>National audit office contracts for selective performance audits</td>
<td>National audit office conducts periodic performance audits of a sample of programs and of the performance management process itself</td>
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<tr>
<th><strong>Public reporting of performance</strong></th>
<th>Thailand</th>
<th>U.S.</th>
<th>U.K.</th>
<th>New Zealand</th>
<th>Australia</th>
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<tbody>
<tr>
<td>Annual scores of provinces and departments reported in newspapers</td>
<td>Annual performance reports done by each agency, but no whole of government performance report</td>
<td>Periodic reports provided on both an agency and whole of government basis</td>
<td>Annual reporting integrating financial statements and performance</td>
<td>Annual reporting by agencies on financial and outcome results</td>
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<tr>
<th><strong>Devolution of authority and flexibility to agencies</strong></th>
<th>Thailand</th>
<th>U.S.</th>
<th>U.K.</th>
<th>New Zealand</th>
<th>Australia</th>
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<tr>
<td>Annual performance agreements between Cabinet and the CEO Governors and CEO Ministers</td>
<td>Next Steps – agencies given greater flexibility in achieving results in exchange for performance agreements specifying performance goals and targets</td>
<td>Contracts between Ministers and agencies focusing on outputs to be achieved each year</td>
<td>Agreements with agency “CEO’s” specifying outcomes and outputs agreed with ministerial level</td>
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| BOB requires activity completion reports | Periodic audits by national audit office of major programs and operations, and management of performance reforms; selective auditing of data by agencies’ inspector generals | Periodic reports provided on both an agency and whole of government basis | Annual reporting integrating financial statements and performance | Annual reporting by agencies on financial and outcome results |

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Notes to Chart 1:

Strategic planning. In the category of strategic planning, agencies and ministries are responsible for preparing strategic plans that are the foundation for the development of performance goals and measures. In several nations, such as Australia, the plans cascade from government wide goals. In New Zealand, strategic planning is done more selectively for key strategic areas.

Performance targets. Performance targets are typically set on an annual basis at the agency level, with oversight and agreement by ministers. For most systems, these are agency specific and program specific goals. However, in most of these nations there have been attempts to develop targets that address broader goals cutting across several agencies. For instance, in the UK, some of the Performance Service Agreements are with groups of agencies addressing such common goals as drug abuse and welfare to work.

Centralized performance assessments. Centralized performance assessments are generally linked to the budget process, although there are a variety of institutions involved. In most nations, a central agency reviews agencies’ performance goals and progress against those goals. In most nations, the reviewer is the central budget office located in Treasury or Finance. In Thailand, of course, it is OPDC. In these nations, central offices promulgate general guidance and policy for developing performance goals and measures. In nations such as the UK and New Zealand, central offices negotiate performance agreements with agencies specifying agreed performance goals to be achieved for a given level of resources tied to the budget. In the UK, there are quarterly reviews by the Treasury of agencies’ progress against their performance agreements. Thailand and the U.S. both use a scorecard that summarizes the performance of agencies against promised levels of performance. These scorecards can be used to compare the relative success of different agencies in meeting goals set at the beginning of the year and can be a powerful motivating incentive to prompt agencies to improve performance. There is comparatively little comparison of performance against such benchmarks as best practice or against other agencies with comparable missions. The national audit office in Australia criticized the government for failing to use benchmark measures to compare the performance of agencies against one another or best practice in other sectors. In the United States, there is little or no effort made to compare the performance of programs across different agencies reaching for common goals, e.g. job training, early childhood education.

Pay for performance. For more than 25 years, OECD nations have been experimenting with replacing or complementing their traditional “pay for length of service” systems for compensating civil servants with a “pay for performance” system in which individuals or teams are paid depending on their performance and/or contribution to agency/government goals.

Linking civil servant compensation to performance rather than just to length of service originated during the 1980s in Canada, Denmark, the Netherlands, New Zealand, Spain, Sweden, the United Kingdom and the United States. Other OECD countries followed in the 1990s including Australia, Finland, Ireland and Italy. More recently, countries such as
Germany, Korea, and Switzerland, as well as some in Eastern Europe (the Czech Republic, Hungary, Poland and the Slovak Republic), have also begun to experiment with some type of pay for performance. And, according to a recent OECD report “In 2004, France started experimenting with PRP for top level civil servants (director’s level) in six pilot ministries.”

To date, more than two-thirds of OECD countries are using some type of performance based pay for at least part of their civil service. However, only a few countries including Denmark; Finland; Korea; New Zealand; Switzerland and the United Kingdom have formalized across the board implementation. In other countries, there is wide variation as to how it has been applied. For example, In Canada, Ireland, Italy, and Norway, its used has been limited to management levels and in Ireland, Norway and France, to their most senior officials in pilot ministries. On the other hand, in some countries such as Finland, top managers have not been included in the pay for performance system.

While there have been differences among and within countries along several dimensions, OECD’s research has shown that the most successful initiatives have occurred in nations where personnel responsibilities are delegated to the agency level, permitting substantial flexibility in determining how pay decisions will be made.

Designing and implementing performance linked pay systems has proven to be challenging to all nations, as they struggle with developing systems that are perceived to link employee contributions to organizational and governmental goals in an equitable way. Considerable managerial judgment is required and it is generally acknowledged that success starts from effective management including clear rating criteria, trust between managers and employees, a culture of accountability and the development of clearly transparent agency measure that can be applied throughout the organization.

OECD surveys also found that the success of PRP relies more on the quality of the performance measurement process than on the level of payment. Thus, the quality of the goal-setting process, the development of communication and trust between supervisor and employee, and the establishment of fairness and trust are related to successful PRP. Furthermore, PRP may be used as a lever to encourage team working – through collective MBO and bonuses or credit given for co-operation in the performance appraisal report.

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6 Ibid.
7 Ibid. page 7.
**Budget integration.** The integration of performance indicators with the budget is critical for most countries establishing performance management systems. It appears that Thailand is unique among the nations here in not having formally achieved integration of their performance goals or results with the budget process. This takes many forms as noted in the overview of OECD nations’ experiences, but the linkage of performance and budgeting is regarded by most nations as a predicate to institutionalizing ongoing interest in performance reforms by agencies. In New Zealand and Australia, funds are appropriated for units of performance – outputs in New Zealand and outcomes in Australia – not to traditional objects of expenditure. In both of these nations, performance is linked to total accrued costs incurred by agencies in carrying out these goals. The UK is also moving to an accrual based budget with strong linkage to performance. The U.S. still has a largely cash-based budget but there have been efforts to make performance assessments a central feature of the budget debate, most notably through OMB’s Program Assessment Rating Tool (PART) where all programs will eventually be rated for their effectiveness against key performance goals.

**Performance auditing.** Performance auditing is widespread as a function, although its institutional home varies by country. It is generally acknowledged that some independent review is critical to supporting the validity and credibility of performance measures and reports. National audit offices in the U.S. and U.K. devote considerable resources to assessing the performance of major government activities every year, as well as evaluating the efficacy of government wide performance reform initiatives.

**Performance reporting.** The public reporting of performance is viewed as vital to creating a broader base of support for performance reforms. Most nations prepare either agency-based or government wide reports on the performance of programs and activities against original goals. These reports serve the purpose of both holding government agencies accountable as well as reinforcing the public’s interest in this information.

**Devolution.** Devolution of operational flexibility often accompanies emphasis on performance accountability. Recognizing the additional burdens placed on agencies for performance accountability, most reform initiatives promise to offset this burden by giving agencies greater discretion and flexibility to implement programs free from some of the traditional input oriented reviews and controls. As the table shows, most of the leading nations have in fact succeeded in some kind of devolution, with the exception of the United States which remains steadfast in pursuing performance accountability as a supplement, not a replacement, for traditional input controls.
B. Use of Performance Management Systems in OECD Countries

Across the 37 OECD nations, performance reforms have taken on a special urgency in recent years. Recessions, greater demands for public services, resistance to higher taxes, and calls for greater accountability have all contributed to the initiation of these reforms. The overall goal of these reforms has been to recast public administration from a focus on compliance with laws and input controls to an emphasis on the results achieved from programs and operations. The performance focus was frequently coupled with other reforms designed to improve efficiency and promote greater responsiveness to citizens’ needs and demands through such approaches as private contracts, devolution to agencies and sub-national units of government and customer surveys.⁸

1. History of Recent Reforms

Many nations have been tackling this reform agenda for more than ten years, even though numerous revisions are made to adapt to new circumstances and feedback. The range of performance reforms is impressive. One World Bank economist prepared a list of the kinds of performance related reforms that have been introduced worldwide; many nations adopt a number of these concurrently:⁹

- Performance plans
- Performance targets and assessments
- Benchmarking
- Performance budgeting
- Performance reports and monitoring
- Performance auditing
- Program evaluation
- Cost accounting reforms
- Performance contracts

These initiatives can be viewed as attempting to institutionalize performance as an important factor in the entire range of public sector policy development and implementation. One useful overview discussed the four major stages of the management cycle where performance is being introduced¹⁰

- Determining goals and targets
- Providing managers with flexibility to achieve them
- Measuring and reporting on actual performance

⁹ William Dortinsky. Presentation at a seminar on performance budgeting, International Monetary Fund, Washington, D.C., December 5-7, 2005
• Using information in decision-making and accountability for program design, resource allocation and personnel evaluations

Recent OECD surveys indicate that performance management systems have proven to be a long lasting reform trend. Unlike many of the other reforms that “come and go”, performance management reforms have been sustained for over ten years in over ten OECD nations. Australia and New Zealand were the first to begin this contemporary trend in the late 1980’s, followed in the mid 1990’s by such nations as Canada, Sweden, the United Kingdom and the United States. In the U.S., the 1993 Government Performance and Results Act has disproved the skeptics by lasting for over ten years and continuing to inform and influence programs and management in the federal government. However, particularly in nations that were among the first, approaches continue to evolve. New Zealand, for instance, began by concentrating on outputs, but a new emphasis on outcomes has emerged in recent years. Under the GPRA, the United States federal agencies continue to produce performance plans and reports, but this has been supplemented in the Bush Administration with the Program Assessment Rating Tool, where the central budget office prepares ratings of the relative performance efficacy of most major programs in the federal budget.

2. Implementation of Performance Reforms

The implementation of performance reforms across OECD nations exhibit both broad similarities and differences across a number of important dimensions including the following categories: scope and coverage, measures used, the role of targets and assessments, the role of evaluation and auditing, the public transparency of performance reports, the institutional roles in managing performance assessments and reforms, and the integration of performance into such decision making processes as budgeting and personnel evaluation.

Scope and coverage. Performance systems vary from being comprehensive to selective. New Zealand, Australia and the United States are examples of comprehensive efforts. Although even in these countries, there are areas that are not covered. In the United States for example, tax expenditures – which equal in magnitude the total amount of appropriated dollars in the federal budget – are not covered by performance measures due to resistance by the tax community and difficult measurement issues. Germany, Belgium and Canada are examples of nations that have applied performance measures more selectively to only a quarter of programs.

Measures. Most countries use combinations of outcomes and outputs. Only 25 percent use mostly outcomes; no country uses mostly outputs. New Zealand has been among the nations who started with outputs and is complementing this more recently with the introduction of a focus on outcomes. Nations realize that exclusive output focus can prompt goal displacement by neglecting the broader purposes to which outputs contribute. Outcomes also present challenges, principally due to the difficulty of specifying the relative contribution of governmental programs and actions to these broader performance measures. In the United States, efforts have been undertaken to
bridge these two concepts by adopting “intermediate outcomes” – measures that capture outputs that are directly related to the achievement of particular outcomes. Thus, for instance, for an air quality program, the outcome measure would consist of the concentration of various pollutants in the air as well as the health effects of these problems; intermediate outcomes would consist of such outputs as the tons of pollutants emitted by individual sources that are more amenable to direct government intervention.

**Targets and Assessments.** Early development of performance management systems has been characterized as largely passive in nature, i.e. measures are developed by agencies but not actively used to motivate or judge the performance of programs or governmental agents. One World Bank study shows that 70 percent of nations have targets for at least some programs but only 20 percent do targets for all programs.  

More recent initiatives in fact feature the setting of proactive targets using performance measures. The Public Service Agreements in the United Kingdom are an example where targets are set by Ministers for key programs and services. There are 160 targets for the 2001-2004 period covering 18 main government departments and five cross cutting areas of policy where several departments have a role. The targets are supported by Service Delivery Agreements where departments specify how they will achieve the targets. For example, to improve the satisfaction of victims in criminal justice with their treatment by 5 percent, the department will implement support services and increase coverage, particularly for vulnerable witnesses.  

In the United States, the evolution of performance reforms from passive to active approaches is instructive. The first period from 1993 through 2002 was centered on the production of performance plans and measures by federal agencies. Although these were reviewed by the central budget office, the measures largely served agency interests and were not used to set targets or priorities by central actors. The Bush Administration shifted to an active, centralized approach – the Program Assessment Rating Tool (PART). Every program in the budget is given a score based on a standard survey instrument developed and filled out by central budget staffs. These scores become one input in formulating the President’s budget, although their impact on congressional appropriations is quite limited. The PART scores are largely retrospective judgments, but each assessment also produces recommended changes in program design, data collection and funding arrangements which are pursued in subsequent years.

The setting of targets and goals is among the most important and sensitive challenges in performance management. In one sense, target setting and assessments are essential to bring about accountability for results. Research suggests that setting clear strategic goals alone is a strong motivator of performance, particularly when the agents share an intrinsic commitment to those goals. However, goals are often multiple and ambiguous in the

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public sector; accordingly, the process for determining targets and reviewing progress becomes an important and sensitive dimension. Central agencies and line agencies often have differing perspectives on which targets are important and on how to assess progress. In some systems, central determination of targets and progress may be considered essential, particularly where commitment to reform is not widely shared by agencies or capacity is underdeveloped. However, research suggests that the setting of targets should be done as collaboratively as possible to produce necessary buy in and motivation by the agents charged with carrying out the targets. One analyst concludes that it may in fact be counterproductive for the central actors to set arbitrary targets to which agencies have little commitment. In a study of the PART rating system in the United States, the national audit office concluded that the centralized assessment of programs, while useful to the President, has in fact prompted considerable political conflict and undermined the broad endorsement and support of this exercise by other political actors in the system – most notably the Congress and many federal agencies.

V. Recommendations: Next steps

Thailand’s performance reforms have provided a solid foundation for improved governance and service delivery both now and for the future. Building on a thoughtful approach to the design and implementation of these initiatives, the nation is positioned to take further steps that promise to institutionalize, extend and ultimately sustain these important changes.

A. Policy Recommendations

1. Systems

- Align RBM (performance system) with other management systems, including the budget and audit systems. The experiences of other nations show that sustainability of performance systems is increased when performance indicators and measurement are integrated into the budget process and budget documents. Such a process would likely include presentation of measures in the budget and a discussion of how budget levels will affect performance and budget allocations.

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14 Elisabeth Paul and Mark Robinson, “Performance budgeting, motivation and incentives.” Paper presented at a seminar on performance budgeting., International Monetary Fund, Washington, D.C., December 5-7, 2005
• **Cascade RBM vertically throughout each agency (ministries, departments, provinces, public organizations).** To ensure that performance goals are taken seriously throughout an agency, KPIs should inform the entire range of performance measures and accountability systems used throughout each agency. These KPIs need to be logically related vertically so that accomplishments at each level, from bottom to top, contribute to the accomplishment of the strategic goals of the agency.

• **Link the government strategic and administrative plan with priorities of each ministry and province.** The broad level of goals and priorities set by the government as a whole need to inform the selection of goals at all levels in the system, from central ministries to departments to provinces.

• **Link RBM in line agencies with RBM in area-based management, recognizing the focus on results for the people in each province.** New partnerships will have to be formed between central agencies and provincial officials. Line agencies will need to learn to support the plans and goals of provinces.

• **Recognize good examples of cluster (cross-cutting) results programs.** Performance outcomes are often the product of several agencies and/or several provinces. Accordingly, achieving outcomes often requires an approach that cuts across traditional organizations to promote coordinated actions focused on these broader goals. Mechanisms should be set up to assist in the development of these cross cutting strategies. Programs to recognize strong cooperative arrangements that lead to results will be an important part of motivating officials to make the extra effort to reach out to other agencies and jurisdictions to accomplish results. Lessons learned through these collaborative efforts should be shared widely among Thai agencies.

• **Emphasize that the provincial level, which is closest to the people, requires increased expertise, and that successful strategies at provincial level should be shared widely to track development and diffusion of innovations.** Support will need to be provided to provinces for developing performance indicators and performance management models. Furthermore, analysis and evaluation across provinces will help to highlight different approaches and models to enable provinces to learn about best practices. Expert staff will be needed at the provincial level. It is suggested that all relevant headquarters staff be required to work in the provinces on a rotational basis.

• **Mandate transparency in RBM planning and reporting.** Most other nations have public reporting not only at the department and provincial level, but also for the entire government. Public reporting promotes greater
attention to and support for performance goals. Such transparency should include the publication and dissemination of performance plans and goals as well as the open distribution of reports and scorecards comparing performance achieved with initial goals. The transparency and accountability mechanisms should involve various independent institutions, such as the Auditor-General and/or committees of the legislature dedicated to oversight of executive operations.

2. People

- **Intensify training in agencies (ministries, departments, provinces, public organizations) for the OPDC innovation teams, and increase training in OPDC innovation for line managers at all levels.**
  Strengthen RBM training in OPDC and BOB. Developing performance goals, associated measures and data reports is a difficult challenge for all governments throughout the world. Managers who have not heretofore been required to develop the required information or used it to manage will need training to understand the nature of the tasks involved and to learn from the experiences of comparable public and private entities within Thailand and throughout the world.

- **Intensify and regularize training for Executive Governors.** With their new authority for directing and coordinating development, governors can benefit from training to help them oversee the goal setting and performance management process. Experiences in other countries have shown that sustained leadership by executives is critical to bring about performance gains and reforms. Leaders need to better understand how performance information and reforms can be essential to helping them better achieve important public goals for which they are held accountable.

- **Reward line agencies for contributing to area-based development.** The line agencies will have to change accountability systems and reward structures to motivate managers to support provincial goals and measures. Systems will have to be developed to provide a “line of sight,” linking the work of department staff with the goals and progress at provincial levels.

- **Develop action learning workshops for provincial teams in RBM, noting that the new provincial teams are led by governors, and includes the heads of all line departments/ministries represented at the provincial level.** As noted above, the shift in authority to the provinces will challenge managers at all levels to work together to implement provincial level goals and targets. These changes will challenge political leaders and civil servants at all levels to shift from top down models of leadership to devolved models. On-site workshops in the provinces can help officials to work toward building new kinds of
relationships. The OPDC can conduct mobile workshops, moving from one province to another, and can work with the clusters of provinces that are already in place.

- **Develop the capacity of community people to formulate community KPIs and to compare them with those at various levels of government.** Communities are often the most critical level of implementation for many performance goals. It is essential that people at this level understand how to effectively communicate with other levels of government using performance frameworks and measurements. As performance measures become the new terms for accountability and decisions, community actors can enhance their own roles in programs by learning how to frame their claims in these terms.

- **Shift some expertise at the ministry and department headquarters levels to provincial levels.** As authority for setting goals and accountability for results shifts to provincial levels, expertise and resources need to shift to the provinces and to enable these levels of government to fully realize their potential. Traditional career paths will have to change to encourage staff to redirect their focus to the provincial level. Agencies may have to develop rotational career paths that recognize civil servants who have served at the provincial level. This will become more attractive if working on provincial teams is seen as a path to upward-mobility in the agency as well as to becoming eligible to be considered for a governor position.

- **Integrate RBM with individual performance appraisal by implementing a management-by-objectives (MBO) approach that links individual contributions to government results.** With MBO linked to RBM, civil servants can be rewarded for their efforts through the regular performance appraisal process based on an MBO framework. They can also see how their individual actions contribute to their unit and agency and to overall government results.
3. Technical Recommendations

- **Establish a resource center, both physical and virtual (web-based), on developing and measuring KPIs.** A centrally provided resource center can collect information and techniques to assist agencies and provinces. This center can operate at OPDC headquarters and be available to all civil servants through a web-based virtual network. Such a resource is essential to the sustainability of performance reforms and measurements. A central agency can look across the entire government and learn from best practices in some areas that can be replicated elsewhere.

- **Compare similar KPIs across agencies.** A central agency, such as OPDC, can also apply uniform criteria in evaluating and comparing the progress of line and provincial offices in meeting common performance goals. The history of performance reforms suggests that comparative performance reports across similar units and programs helps inform decision makers and the public about which areas warrant additional investment and support. Moreover, such information, particularly if made public, can motivate officials to improve performance to gain public respect and approval.

- **Investigate KPIs in best practice case studies for new ideas for measurement and targets.** Best practices are critical to helping diverse agencies and provinces achieve the learning that is so critical to successful implementation of performance reforms. Best practices need to be independently evaluated by a central office, such as OPDC, to ascertain their effectiveness. Once this has been done, best practices can become among the most credible and compelling tools to promote learning and successful adoption of promising approaches.

- **Link performance measurement system to the budget process.** As many OECD nations have found, linking performance measurement systems to the budget process has proven to be vital to sustaining the performance aspects of management. The record suggests that if measures are not used as an input in making the most important annual decisions that governments face – allocating scarce resources among competing claims – then performance reforms begin to wither and lose the interest of agencies and the general public.

  There are a variety of approaches to integrate performance measures into budgeting, from displaying the measures in budget presentations to more actively using KPIs to make tradeoffs in allocating resources across programs and agencies.
The budget can also provide an opportunity to group programs and KPIs together when they contribute to common outcomes. This grouping can help refocus budgeting away from individual programmatic and “agency stovepipes” toward the broader outcomes that are the ultimate “bottom line” of government.

- **Improve information systems to facilitate comparison of KPIs and comparison of results.** Information systems are essential to make performance measurement and management work. Measures can serve as effective accountability tools only if information and data exist to report on progress accomplished in achieving these measured goals. Often, the development of measures and goals necessarily precedes information systems, but these systems should not be too far behind lest they undermine the credibility and utility of the performance measurements themselves.

- **Focus on links between outputs and outcomes through use of intermediate outcome measures.** One of the most difficult challenges faced by officials throughout the world is the tension between measuring outcomes that matter and linking these outcomes to the actions of public officials. Many outcomes, e.g. clean air, are the product of many factors beyond the control of individual agencies and, sometimes of government itself, prompting some nations to emphasize outputs rather than outcomes for performance and accountability.

We would recommend against substituting outputs for outcomes because these can easily become narrow and internally focused. Instead, we would recommend that officials explore adopting “intermediate outcomes” – measures that are controllable by public officials but that are linked in some systematic fashion with ultimate outcomes and goals. Thus, for example, rather than using changes in absolute air quality as the principal measure, an agency might use tons of pollutants emitted as a measure that is both linked to governmental regulatory programs and also related to the ultimate objective of cleaner air.
B. Strategic Recommendations for Future Development of RBM in Thailand

We recommend that Thailand work with the World Bank, OECD and other international institutions to convene an international conference of governments with experience in implementing performance management reforms. The conference should have as its focus exploring strategies that promote successful and sustainable reforms and should highlight in some depth best practices across various governments that will be in attendance.

The Thai Government's experience would be of particular interest to officials of other countries attempting to use performance management reforms to increase strategic results. The RBM system in Thailand follows the principles and procedures of the leading governments using performance management reforms. Indeed, Thailand’s implementation process is both intensive and comprehensive. The components related to capacity building, coaching OPCD teams in agencies, and linking results at all levels with national priority goals are exemplary. Many officials worldwide would benefit from more intensive knowledge of Thailand’s experience.

At the same time, recognizing that sustaining performance management reforms is difficult, the holding of an international conference on these reforms in Thailand would provide additional momentum to the Thai implementation process. Thai officials would need to be able to explain their system and procedures to others, noting that we all increase our competence when we need to explain what we do to others. Thai officials would benefit from the opportunity to hear about the successes and obstacles to performance management reform from the experience of other governments.

Further recognizing the constraints to sustaining performance reforms, we note that such a conference would reinforce the concept of learning from each other. Already the OPDC has established a vast and intensive program for officials from various departments and various provinces to share experiences in implementing these reforms. This sharing is important across departments and across provinces, but it is especially important between national department officials and provincial administrative organization officials. The key to sustaining performance reforms is translating national priority goals into specific actions at provincial level, and especially encouraging the department officials at provincial level to cooperate in new and concrete ways to increase the well being of the people in the province through increasing scores on key performance indicators. Furthermore, the current OPDC strategic plan recognizes the importance of clusters of provinces and clusters of departments; that is, coordination among related agencies can increase results. It is typical for officials to blame “lack of coordination” as the main reason for failure to achieve desired results. Any event, such as a major conference, requires officials to examine and explain what they are doing and look for ways and means to better coordinate. An international conference on performance management reforms in
Thailand would provide such an opportunity and renewed momentum to the performance reforms in Thailand.

Such a conference can help the nation benchmark its progress against that of other nations, noting that the benchmarking process is key to pushing performance goals to higher levels and to achieving better results in 21st Century Thailand.
Appendices
# Appendix 1: Matrix of RBM Cases

The Matrix of RBM Cases below is organized as follows: Major issues are identified at the top of Columns A-G. Specific aspects of those issues appear in the second row. Each cell represents a Case or Manual that represents a best practice in areas A-G.

For each Case or Manual, there is an identification number, e.g., B78, which refers to that case on the accompanying CD.

The first part of the Matrix, Rows 1-65, focuses on **Comprehensive Resources**.

The second part of the Matrix, Rows 66-75, focuses on **Technical Expertise**.

The third part of the Matrix, Rows 76-78, focuses on **University-Government Work Relationships**.

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<td>Multiple Performance Initiatives/Vertical &amp; Horizontal Harmonization/Problems Of Coordination Issues/Tensions/Aggregation of Measures Vertically</td>
<td>Capacity of Departments: Breadth &amp; Depth/Info &amp; IT systems to support data collection/Expertise and org of tech assistance/ capacity bldg—websites, etc./move to more complex outcomes</td>
<td>Mgmt of change/parallel systems/change process/focus on mechanisms/ stakeholder buy in/transparency, accountability</td>
<td>Desire to simplify/too many measures/shift from outcomes back to outputs/management by convenience/loss of perspectives/implementation games/other distortion behaviors</td>
<td>Surveys/citizen charters/stop light symbols, incentives, awards, participation in advisory groups/community-based initiatives/selling concept to local village assoc./expertise in communities/balancing the scorecard</td>
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<td>Australia: An evaluation of ARC/DETYA industry-linked research schemes</td>
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## Appendix 2: Performance Measurement Terminology

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<th>Term</th>
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| **Accountability** | A responsibility to be answerable or to render a full accounting of activities for resources entrusted to government and the application of those resources by government. In a democratic society, governments are expected to be responsible for financial resources and performances of specific missions, goals, and objectives to the public, as well as elected and appointed officials. | • Legal accountability – conforming to government statutes.  
• Policy accountability – operating a program that conforms to the policy goals set by the governing body (“doing the right thing”).  
• Efficiency accountability – ensuring that programs are operated efficiently (“doing it right”).  
• Process accountability – meeting internal requirements for planning, budgeting, accounting, and reporting activities to facilitate auditing of performance, whether program or financial.  
• Effectiveness accountability – measuring actual outcomes against objectives to determine if the job is getting done. |
| **Benchmarks** | In the context of outcomes and performance discussion, the term “benchmarks” refers to desired programmatic outcomes. It may include a target or standard for the program to achieve. Benchmarks in this sense should not be confused with the process of “benchmarking” a term used in the context of total quality management and business process reengineering. | • Increase materials circulated per capita by X % annually.  
• Achieve a certain level of percent compliance within two years. |
<p>| <strong>Benchmarking</strong> | Performance comparisons of organizational business processes against an internal or external standard of recognized leaders. Most often the comparison is made against a similar process in another organization considered a “best practice.” | • Increase percentage of customer satisfaction from level the existing level to the level in another organization that is considered to exhibit a best practice. |
| <strong>Best Practice</strong> | Superior performance within an activity, regardless of industry, leadership, management or operational approaches; methods that lead to exceptional performance. A relative term that usually indicates innovative or interesting | • Level of achievement significantly above that in 90% of comparable organizations |</p>
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<tr>
<td>Baseline Data</td>
<td>Initial collection of data to establish a basis for comparison, evaluation and target setting prior to a policy intervention.</td>
<td>Before the program was implemented, the numbers of children vaccinated was_%</td>
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<tr>
<td>Cost-benefit Analysis</td>
<td>A monetary estimate of the value of a program. It is also used to evaluate the value of a program's past performance.</td>
<td>Calculation of cost-benefit ratios and estimates of the difference in monetary values</td>
</tr>
<tr>
<td>Data Manipulation</td>
<td>How data have been manipulated to create the reported results. The term refers to the calculation or methodology used to determine a numerical relationship.</td>
<td>Cost per vaccine is the calculation of the total cost of vaccines divided by the total number of vaccinations administrated annually.</td>
</tr>
<tr>
<td>End Outcomes</td>
<td>The end result that is sought. A service may have more than one end outcomes.</td>
<td>The community having clean streets or reduced incidence of crimes or fires.</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>A process characteristic indicating the degree to which the program achieves its performance goals or desired outcomes.</td>
<td>Percentage of outputs that achieve expected outcomes or impacts</td>
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<tr>
<td>Efficiency</td>
<td>The ratio of the quantity of the service provided (e.g., tons of refuse collected) to the cost, in dollars or labor, required to produce the service.</td>
<td>Cost per appraisal. Cost per million gallons of drinking water delivered to consumers.</td>
</tr>
<tr>
<td>Efficiency Measure</td>
<td>The ratio of the amount of input to the amount of output or outcome of an activity or program.</td>
<td>Staff hours/client (input/output). Cost/client served (input/output). Cost/client whose condition improved after service (input/outcomes).</td>
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<td>Government Performance and Results Act (GPRA)</td>
<td>The Government Performance and Results Act (GPRA) was enacted in the U.S. in 1993 as a way to monitor performance of agencies in meeting goals and objectives.</td>
<td>Each agency is required to develop strategic plans and annual performance plans that include measures and targets for key programs and operations and reports on actual performance in meeting these targets.</td>
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<tr>
<td>Inputs</td>
<td>Resources used to produce outputs and outcomes.</td>
<td>• Human resources (personnel), supplies, equipment</td>
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<td>Intermediate Outcomes</td>
<td>An outcome that is expected to lead to a desired end but is not an end in itself. A service may have multiple intermediate outcomes.</td>
<td>• Service response time that is of concern to the customer making a call but does not tell anything directly about the success of the call.</td>
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<tr>
<td>Key Performance Indicator</td>
<td>Measurable factor of extreme importance to the organization in achieving its strategic goals and objectives.</td>
<td>• Test scores</td>
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<td>• Crime rate</td>
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<td></td>
<td></td>
<td>• Level of pollution</td>
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<tr>
<td>Management-by-Objectives (MBO)</td>
<td>A type of performance management approach that uses contracts between supervisors and employees to specify annual goals for individual employees and the rewards to be granted if goals are reached. MBO aims to increase organizational performance by aligning goals and objectives throughout the organization.</td>
<td>• ongoing tracking and feedback to reach objectives.</td>
</tr>
<tr>
<td>Mission/objective</td>
<td>The overarching vision of the program (the mission) and the more specific program purposes (objectives) that flow from the mission.</td>
<td>• To: Improve student leaning and employability, including providing access to, and improving instruction in, a wide range of subjects</td>
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<td>• By: the use of distance learning technologies.</td>
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<td>Outputs</td>
<td>Activities and services delivered: the amount of work done within the organization.</td>
<td>• The number of miles of road repaired.</td>
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<td>• The number of calls answered.</td>
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<td></td>
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<td>• The number of patients treated and discharged from a state mental hospital.</td>
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<tr>
<td>Outcomes</td>
<td>The expected or promised impacts or results of a service or activity.</td>
<td>• The percentage of discharged patients who are capable of living independently.</td>
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<td></td>
<td></td>
<td>• The percentage of job trainees who hold a job for more than six months.</td>
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<td>Term</td>
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| Performance Measurement       | The process of measuring government performance by tracking progress toward specific quantitative and qualitative outcomes.                                                                                                                                                                                                                                                                                                                                                                         | • How much of a service is delivered to clients  
• The extent to which clients are satisfied  
• The qualitative results of a program activity compared to its intended purpose (outcome).                                                                                                                                                                                                                                                                                   |
| Performance Targets           | Standards against which to measure performance. Potential standards of comparison include: Previous performance, performance of similar organizations, and performance of the best organization.                                                                                                                                                                                                                                                                                               | • The percentage of graduates this year compared to last year.  
• The percentage of graduates from a public high school who attend college compared to the rate for other public high schools.                                                                                                                                                                                                                                                                                                      |
| Performance Budgeting         | The process of linking budget levels to expected results, rather than to inputs or, activities or services                                                                                                                                                                                                                                                                                                                                                                                   | Including performance targets expected to be achieved with proposed budgetary resources in budget presentations                                                                                                                                                                                                                                                                                                                          |
| Productivity                  | The value added by the process divided by the value of the labor and capital consumed.                                                                                                                                                                                                                                                                                                                                                                                                            | • The ratio of outputs to inputs.                                                                                                                                                                                                                                                                                                                                             |
| Program Assessment Rating Tool (PART) | The Program Assessment Rating Tool (PART) was developed by the U.S. Office of Management and Budget (OMB) to assess programs in the federal budget based on how well they achieve their performance goals.                                                                                                                                                                                                                                                                                                   | Each program receives a score based on criteria related to program administration, efficiency, and effectiveness.                                                                                                                                                                                                                                                                                                                         |
| Program Effectiveness Measure | Degree to which program/service outcomes are consistent with program objectives (desired outcomes), benchmarks, and other standards. Measures of citizen satisfaction are often included for this measure. It is different from cost-effectiveness where the emphasis is on inputs/outcome.                                                                                                                                                                                                                                          | • Objective: a certain percentage of job trainees hold job for more than six months.  
• Effectiveness measures: Percentage of job trainees who hold job for more than six months.                                                                                                                                                                                                                                                                                 |
<p>| Raw Data                      | Data not processed or interpreted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                               |
| Results-oriented Management   | Refocusing all major management and budgeting activities to focus on results by highlighting                                                                                                                                                                                                                                                                                                                                                                                                   | To recast budgets, personnel appraisals, monitoring of subunits by focusing accountability on the relative...                                                                                                                                                                                                                                                                                                                          |</p>
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<td>Program outcomes and outputs</td>
<td>program outcomes and outputs and deemphasizing inputs and processes used to attain these results.</td>
<td>contribution of each phase and actor to the broader results</td>
</tr>
<tr>
<td>Strategic Goal</td>
<td>A long-range target that guides an organization’s efforts in moving toward a desired future state.</td>
<td>• All children from ages 5 to 16 will be enrolled in school</td>
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<tr>
<td>Strategic Objective</td>
<td>A time-based measurable accomplishment required to realize the successful completion of a strategic goal.</td>
<td>• Within two years, school officials will have notified parents (or other responsible adults) that all children ages 5-16 must be enrolled in school.</td>
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<tr>
<td>Strategic Planning</td>
<td>A continuous and systematic process whereby an organization makes decisions about its future, develops the necessary procedures and operations to achieve that future, and determines how success is to be measured.</td>
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<td>Service Quality Indicator</td>
<td>Measure of the extent to which customers are satisfied with a program, or how accurately or timely a service is provided.</td>
<td>• Percentage of respondents satisfied with service. • Error rate per data entry operator. • Frequency of repeat repairs. • Response time for service Average wait time.</td>
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<td>Vision</td>
<td>An organization's vision provides a picture of a preferred future that provides long-term direction, guidance and inspiration for the organization.</td>
<td>• Example of a vision would be to have clean water available to all residents.</td>
</tr>
<tr>
<td>Workload Indicator</td>
<td>External drivers that convey effort required to perform some task or activity. Usually considered an output measure.</td>
<td>• Number of vehicles to repair. • Tons of solid waste to dispose. • Number of clients requesting service.</td>
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</table>
Appendix 3: Bibliography

General References


Kelly, J. M. (2002). If you only knew how well we are performing, you’d be highly satisfied with the quality of our service. *National Civic Review, 91*(3), 283-92.


**The Changing Role of Public Managers**


**Citizen Participation**


