



# PERFORMANCE ORIENTED POLICY MAKING

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# Introduction

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BASED ON WHAT IS PUBLIC POLICY CONDUCTED?

➔ Personal preference? (OPPORTUNISTS)

➔ Opinion polls? (POPULISTS)

➔ Hard data? (TECHNOCRATS)





# Introduction

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## GOOD PUBLIC POLICY MAKING

- ➔ Addresses needs of the society ...
- ➔ Does it in the most efficient way (costs and regulation interference) ...
- ➔ Never loses policy goals from sight ...
- ➔ Learns from its own mistakes ...
- ➔ ... but can it be institutionalized?





# Questions to be addressed

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- ➔ What is a PMS and why is it important?
- ➔ Who is involved in it and what roles do they play?
- ➔ How should it be implemented successfully?





# PMS: what is it and why is it important?

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## FROM INPUTS TO ACHIEVEMENTS

government  
spending

government  
programs

government  
services

desired  
change





# PMS: what is it and why is it important?

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## PERFORMANCE MANAGEMENT SYSTEM

- ➔ Concentrates on achievements, not inputs
- ➔ Makes policy decisions understandable (framework)
- ➔ Balances power (authority = responsibility)
- ➔ Provides the right incentives for all players





# PMS: what is it and why is it important?

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## WHAT IS PMS GOOD FOR?

- ➔ Policy making is a game, like football
- ➔ It also should have clear rules in order to avoid preferring short-term personal gains over long-term public benefits
- ➔ PMS is putting these rules in place





# PMS: what is it and why is it important?

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## WHAT IS PMS GOOD FOR?

- ➔ Transparency (allocation of resources)
- ➔ Accountability (delegation of authority)
- ➔ Efficiency (managing service delivery)





# Questions to be addressed

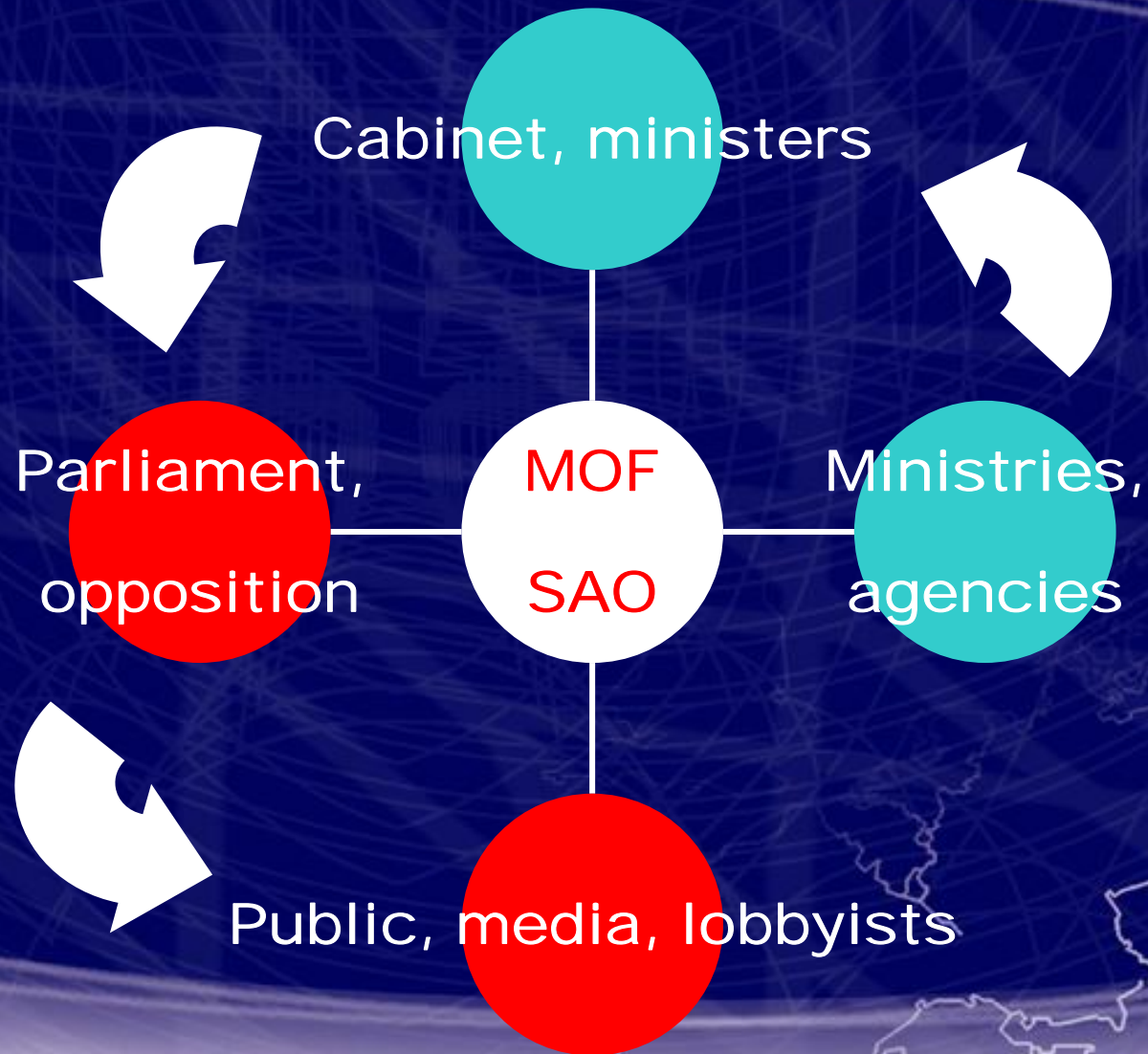
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# PMS: Who is involved?





# PMS: Who is involved?

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## ACCOUNTABILITY FRAMEWORK

- ➔ Principal-agent concept
- ➔ Delegation of authority must be accompanied by transfer of responsibility
- ➔ **Political accountability:**  
ministers > cabinet > parliament > voters
- ➔ **Managerial accountability:**  
agencies > ministries > audit > ministers





# PMS: Who is involved?

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## POLICY MAKING PROCESS

PLANING

EXECUTION

MONITORING  
& EVALUATION





# PMS: Who is involved?

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## POLICY MAKING PROCESS

- ➔ **Planning** is performed by ministries, based on goals given by ministers instruction, government declaration, coalition agreement
- ➔ **Execution** of policies is performed by agencies, based on available resources and targeted objectives and indicators
- ➔ **M&E** is performed by audit bodies (internal, external) and reported to superior level





# Questions to be addressed

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# PMS: How to implement it?

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## PREREQUISITES FOR PMS IMPLEMENTATION

- ➔ Data for policy analysis is available
- ➔ Capacity to analyze policies is developed
- ➔ Budget framework is able to reflect priorities
- ➔ Employment rules in public sector allow for performance remuneration





# PMS: How to implement it?

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## MAIN BUILDING BLOCKS OF PMS

- ➔ Financial management system (budgeting for results)
- ➔ Public employment (delegation of authority)
- ➔ Flexible procurement rules (managing inputs)
- ➔ M&E and audit function (accountability)





# PMS: How to implement it?

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## IMPLEMENTING PMS FRAMEWORK

- ➔ Top-down allocation of resources and definition of goals and objectives
- ➔ Bottom-up decisions on input mix and way how to achieve outputs
- ➔ Agreement on KPIs to monitor achievements





# PMS: How to implement it?

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## CHANGE MANAGEMENT

- ➔ Ensure political acceptance of self-restriction
- ➔ Make public sector employment attractive
- ➔ Manage expectations of media and public
- ➔ Don't punish for bad performance at an early stage (first carrot, then stick)



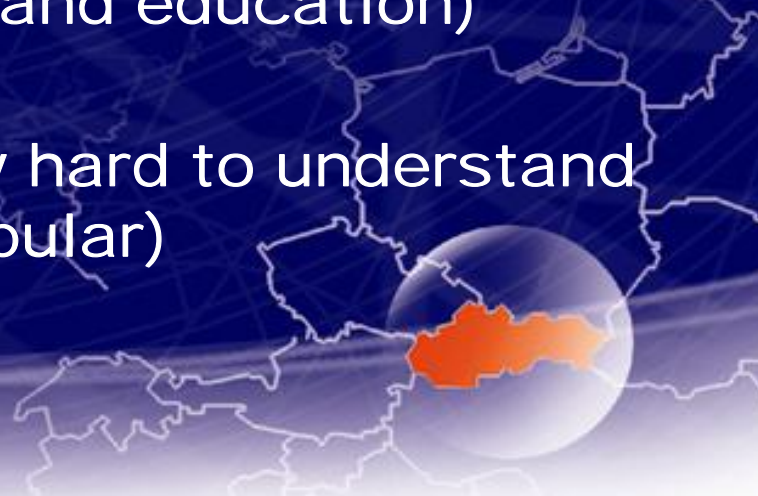


# PMS: How to implement it?

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## MAIN CONSTRAINTS

- ➔ Politicians just want to spend the money, get the votes, and avoid being responsible
- ➔ Public sector inertia, reluctance to change
- ➔ Reform overload, lack of capacity (piloting, gradual phasing in, enough TA and education)
- ➔ Internally oriented reform, very hard to understand and explain (costly, but not popular)





Thank you for your attention

