Performance Based Accountability

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Main Subjects

- Accountability.
- Performance based accountability.
- Performance Management as an instrument versus a management strategy.
- Main elements of performance management.
- Strategic Management.
- Performance Measurement.
Different Concepts

- Results Oriented Management.
- Managing for Results.
- Performance Based Accountability.
- Performance Management.
- Essentially the same concept although the choice of concept may reflect a particular focus.
- Emphasis on accountability *may in some cases* symbolise an external focus while emphasis on management *may in some cases* symbolise an internal focus.
Performance and Accountability

- Performance management and accountability are closely linked.
- Performance is always related to accountability.
- Accountability on the other hand is not always related to performance.
Accountability
Some Definitions

- A is accountable to B when A is **obliged** to **inform** B about A’s (past or future) actions and decisions, to justify them, and to **suffer punishment** in the case of eventual misconduct.
- Accountability is the obligation to demonstrate and take **responsibility** for performance in light of **commitments** and expected outcomes.
- In government, accountability can be thought of as enforcing or explaining **responsibility**.
- The **responsibility** of an organization to publicly **disclose information** on their activities.
- The imperative to **answer for actions** to the entity from which authority is derived.
- The **responsibility** to provide evidence that a program is effective and in **conformity with requirements**.
- **Responsibility** to someone or for some activity.
Main Elements of Accountability

- **Answerability** = The obligation to inform, disclose information, answer for actions.
- **Responsibility** = The obligation to carry out activities in compliance with principles, rules or performance goals, and to take consequences of failure or misconduct.
- **Accountability** = Answerability + Responsibility?
Accountability

Accountability (Broad Definition)

Answerability  Responsibility

Accountability (Narrow Definition)

Answerability  Responsibility

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Importance of Accountability

- It is generally accepted that clear accountability is a precondition of efficient and democratic governance.

- Accountability supports:
  - Democratic control.
  - Supply of information.
  - Open and informed public discourse.
  - Trust within government and between administration and the public.
  - Values and ethical standards.
  - Improved results.
Authority and Accountability

Authority and accountability reflect different aspects of governance, but they should be integrated:

- Authority is the right to take decisions that has been delegated from one level of government to another.
- Accountability is the duty to ensure and report that the use of authority is aligned with rules, standards, policy and interests of government (and the public).

It is a key element of good governance that authority can not be granted without accountability.

Authority without accountability is undemocratic and inefficient.
# Duties of Accountability

<table>
<thead>
<tr>
<th>Duty</th>
<th>Answerability</th>
<th>Accountability</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respond to inquiries and provide information</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>Explain and justify decisions</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Guarantee that operations can be trusted</td>
<td></td>
<td>✓</td>
<td></td>
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<tr>
<td>Ensure compliance to rules and standards</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Manage for performance</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>Examine and rectify failures</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>Take consequences of failures and neglect</td>
<td>✓</td>
<td>✓</td>
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Different Types of Accountability

- Democratic Accountability.
- Political Accountability.
- Legal and Ethical Accountability.
- Managerial Accountability.
- Performance based Accountability.
The Classical Agency – Accountability Chain

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Modern Accountability Relations

The Market

The Public

Parliament

Ministers

Independent Control Agencies

Agencies

The Market
Reporting Performance

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Public sector performance is a key factor in welfare of individuals and competitiveness of the economy.

Budgetary consolidation calls for improved priorities and better use of available resources.

Demonstration of performance restores and maintains trust between the public sector and the public.

Performance commitments improve accountability and define relations.
Different Perspectives

- Performance Management as one of many management improvement instruments.
- Performance Management as a management strategy that applies a range of instruments:
  - Strategic Planning – Strategic Management.
  - Long-term planning.
  - Annual plan – Programme of work.
  - Annual report.
  - Performance Measurement.
  - Evaluation.
  - Service standards.
  - User surveys.
  - Quality management.
  - Benchmarking.
  - Balanced Scorecard.
Performance Management as an Instrument

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Performance Management as a Management Strategy

- Accountability
- Decisions
- Management
- Budgeting
- Policy
- Defining Relations

- Autonomy
- Performance Measurement
- Results
- Strategic objectives
- Targets
Autonomy: Delegation of Authority

- Global Budgets.
- Possibilities to carry surplus or deficits over fiscal years.
- Reduction of input controls.
- Reduction of process controls and regulations.
- Flexibility in human resource management.
- Delegation of pay decisions and pay bargaining.
Different Levels of Performance Assessment

- **Project level:**
  - Project reviews, logical framework.

- **Programme Level:**
  - Evaluations.

- **Organisational Level:**
  - Performance management.
Evaluation and Performance Management

- Evaluation was established before the introduction of performance management.
- Performance management was partially developed in response to perceived failures of evaluation.
- Different organisational responsibilities:
  - Performance management is the responsibility of managers.
  - Evaluation is carried out by external experts.
Implementation Strategy

- **Basic approach:**
  - Ad-hoc and bottom up.
  - Top down, comprehensive and legally based.

- **Focus:**
  - Internal: Management and service improvement.
  - External: Accountability and control.

- **Instruments:**
  - Various instruments according to local conditions.
  - Standardised instruments.
Implementation Strategy

- **Approach to performance measurement:**
  - Simple indicators.
  - Complex measures, cost accounting.

- **Focus of performance measurement:**
  - Service quality, outcomes.
  - Outputs, costs.

- **Incentives:**
  - Possibilities to retain savings, performance pay.
  - Direct incentives, e.g. linking budget to activity or outputs.

- **Market mechanisms:**
  - Indirect competition, e.g. through benchmarking.
  - Purchaser-provider arrangements, market testing, contestability.
Experience Form
OECD Countries

- Performance management is a key element in the reform of the public sector.
- Most countries are active in developing and using performance management.
- The countries have many elements in common.
- Each country must find its own approach, consistent with its needs and traditions.
Assessment

- Performance Management is becoming the norm in public management.
- Actual impacts are unclear but focus on results has improved.
- In some countries more emphasis has been placed on autonomy than accountability.
- Use of performance information in the budget process is complicated:
  - Good performance = Increase resources where there are no problems?
  - Bad performance = Decrease resources, punishing the users?
- Basic disagreement on usefulness:
  - What is the purpose of public intervention if organisations cannot demonstrate performance?
  - If it would be simple to measure performance, public intervention would not be necessary.