MODULE 5: PERFORMANCE BUDGETING

INTRODUCTION

1. This paper provides an overview of how a performance orientation can be applied to the public financial management system through performance budgeting. The purpose of performance budgeting is threefold: firstly, to align public sector organizations’ resources, activities and outputs with the government’s objectives in order to achieve desired outcomes; secondly, to encourage organizations to improve the efficiency with which they generate outputs and the effectiveness of outputs in contributing to outcomes; and thirdly, to facilitate the maintenance of aggregate fiscal discipline.

2. There is a long history of attempts to link budgets and performance, starting with program budgeting in the 1950s, followed by Planning, Programming, and Budgeting System (PPBS) in the 1960s and Zero-Base Budgeting in the 1970s. Performance budgeting, which emerged as part of the New Public Management Reforms of the 1980s, has proved more durable than its predecessors. An OECD-wide survey published in 2007 indicated that all OECD countries had introduced information into the budget process in some form or another and that forty percent of these countries had been using performance information in budgeting for over a decade. There is a growing body of experience outside of the OECD, mostly among middle income countries such as Brazil, Chile, Colombia, Iran, Malaysia, Mexico, South Africa and Thailand. There is also emerging interest among developing countries, where some countries are beginning to consider performance information during budget preparation.

3. Performance budgeting is of particular interest to the WBG in the context of its support for development effectiveness and results. The Program-for-Results Lending Instrument is geared towards supporting results or performance oriented management systems. Diagnostic work in support of P4R operations will have to consider the links between expenditure and results and how these can be strengthened.

4. Studies based on decision-makers’ self-reporting suggest that, for the most part, performance budgeting does influence resource allocation, contributes to improvements in efficiency and expenditure control. However, most of these studies suffer from methodological shortcomings and the results are not always conclusive. Consequently, notwithstanding the growing interest in performance budgeting, there is still little hard evidence to indicate whether or not performance budgeting has a positive impact on institutional performance or development outcomes.

5. The following sections explore the various elements of performance budgeting - the management environment, budget structure, costing, performance measurement, linking results and budgets and how to ensure accountability for results - and conclude with a brief overview of implementation options and how countries with limited institutional capacity might approach performance budgeting.

MAKING MANAGERS MANAGE

6. In order to be effective, performance budgeting generally has to be part of a broader initiative to strengthen the performance orientation of the public sector. This will include measures taken by political leadership, the Ministry of Finance and at the agency level.
7. Political leadership has to set the overall direction for the public sector, laying out the objectives, setting priorities and defining the outcomes that it is to achieve. This guidance is generally drawn from some kind of government-wide plan, such as a medium-to-long term development plan or a poverty reduction strategy. Strategic planning exercises generally involve political leadership, central agencies and the sectors in an iterative process so that top-down objectives can be reconciled with bottom-up realities. In some countries, policy objectives are set top-down based on a government program which lays their objectives and priorities for duration of their mandate. Policy guidance and plans establish the framework for setting agency objectives and targets. The performance budgeting system is used to allocate resources to agencies and managers in line with these objectives. The performance management system holds managers accountable for delivery and allows political leadership and central agencies to track progress.

8. Ministries of Finance play an important role in enabling a performance orientation across the public sector. This may entail the introduction of performance budgeting as outlined in the rest of this note but there are two equally important additional elements. The first of these is a focus on policy objectives, output targets and outcomes rather than control of inputs. If managers are to deliver results they need flexibility in deciding how to manage inputs and allocate resources to achieve output targets. That entails greater flexibility in virement control during budget execution and in determining the allocation and composition of expenditures during budget formulation. The second element is a shift towards a medium-term expenditure framework. This provides managers with greater certainty regarding future resource flows and allows them to plan ahead for changes in levels of service provision, reallocating resources accordingly.

9. Agencies also have to empower managers who are responsible for delivering outputs. This may entail shifting authority over resource allocations and expenditure from a central finance department to line managers or from the ministry closer to the point of service delivery, such as to school or clinics. Agencies and managers may need to be given greater flexibility regarding the choice of service delivery mechanism, with authority to contract out or contract in as needed. At the same time, information systems will need to be strengthened so that managers can monitor performance across the various organizational units. This includes information regarding expenditure as well as performance across the results chain from inputs, processes, outputs and outcomes.

Program Structure

10. Performance budgeting links resources to the government’s objectives and a management unit that is accountable for achieving the objective. That unit can be an administrative unit that is already defined as a budget management unit: a Ministry; a department within the Ministry; a geographical department under the Ministry; or a service delivery unit. If this is an appropriate basis for aligning resources with objectives, measuring performance and holding management accountable for results, it may be that no adjustment in the budget structure is needed.

11. Where the administrative structure and budget are not adequately aligned with government objectives, the budget can be reorganized following a program structure. A program is an integrated group of activities, which consume resources to contribute to a specific policy objective under a single manager. The objectives, activities, costs and outputs are clearly assigned to the program for the purposes of management decision-making, resource allocation
and accountability for results. A program budget aligns the budget structure with the government’s objectives.

12. There are two broad approaches to the definition of programs. The first and most common approach is to define programs within the existing agency structure. This limits the range of activities that can be assigned to programs to those that fall under the agency mandate. Some reorganization of agency management structure may be needed to align programs, management responsibility and budgets with objectives. A useful starting point for the definition of these programs is to consider agency functions and the services it delivers. The advantage of this approach is that it builds on the existing agency-level management and accountability structure and so does not require significant reorganization of government. The disadvantage is that the program structure will never be a perfect fit with government objectives.

13. The second and much less common approach is to start from scratch, building a program structure that best aligns with the government’s objectives without taking administrative structures into consideration. This “pure” program structure may result in programs that are implemented by several agencies responding to objectives that do not reflect single agency mandates, such as crime prevention, job creation or reduction in child mortality. As a result programs are not aligned with organizational structure. Complete reorganization of the agency structure is rarely viable and so programs may end up being implemented by multiple agencies, with inevitable problems of accountability for results, resource allocation and operational coordination. Cross-agency program structures are only feasible for well-managed institutions where there is effective top-down control across the public sector. Solutions may be found in breaking down the program into sub-programs and aligning these with organizational structure.

14. Other considerations when configuring the program structure include:

- Clear assignment of activities and projects so that these fall within only one program.
- Integration of all activities in the program structure, including regulatory, policy and administrative functions that may not entail significant expenditure. Similarly, all resources should be allocated through the program structure, irrespective of the source of funds.
- Appropriate size of the program for management purposes, so that the span of control is neither too wide or too narrow. Programs may be broken down into sub-programs for management purposes. Ideally the sub-programs mapped to the program should correspond to units within the same organizational hierarchy.

**COSTING**

15. Costing is an important - but often overlooked - element of successful performance budgeting. Most budget processes are incremental and so do not require much consideration be given to the cost of the services provided. This approach is incompatible with performance management. If managers are to be held accountable for results they have to be assigned the resources necessary to meet their targets. In order assess the appropriate resource allocations, managers have to have a reasonable idea of the costs of achieving objectives and program targets. Furthermore, the managers have to be able to take action based on this cost information.

16. The objective of the costing exercise is to assign all costs to a relevant cost object. Cost objects may be activities, operating units, cost centers, projects or outputs. Generating this cost
information requires analysis of the activities undertaken and inputs consumed to deliver a particular output. Some of these will be direct costs, consumed to deliver one specific output. Where a unit acquires inputs and uses these to deliver various services and outputs it may difficult to disentangle what each input has been used for and thereby allocate these direct costs to specific outputs. Others will be indirect costs, overheads such as buildings or administrative support services that cannot be directly assigned to a specific outputs. These costs have to be apportioned to the various outputs. Activity Based Costing (ABC) is often used for this purpose. Once costs are apportioned it is possible determine total unit costs for each output and identify the cost drivers, the elements that lead to changes in costs. In the short term the cost drivers will often be the volume of output but in the longer-term cost drivers may be related to strategic choices about the nature and composition of services, technology and organizational arrangements.

17. Costing is common practice in the private sector, where it informs pricing, cost control and product design and selection. It is much less common in the public sector, though there are some examples where ABC has been successfully employed at the agency or service level allowing agencies to differentiate the costs of across a range of outputs. There is some evidence that public agencies routinely underestimate the true costs of outputs, largely because they omit indirect costs and costs incurred by other agencies. Cost information can inform strategic decisions such as: setting user fees to recover part of the cost of services, both internally between agencies and externally; deciding whether to outsource delivery of outputs; or informing cost-benefit analysis to determine whether or not to continue delivering some outputs and the volumes to deliver. Unit costs can also be used to benchmark the cost of provision across different service delivery units or geographical areas and thereby highlight opportunities for efficiency gains.

18. Full cost analysis is challenging and can be expensive to undertake. The public sector generally does not have management or cost accountants on payroll. There are significant data requirements. Furthermore, the public sector generally does not have the accounting information structured in such a way as to facilitate costing. This is particularly true for costing of overheads, which is best captured through accrual accounting and the integration of the depreciation of assets in the cost structure.

19. In the public sector, particularly in countries with capacity constraints, simple but less precise costing techniques may be adequate for performance budgeting purposes. Costing may also be used selectively, for instance in those programs where there is a market-based rationale for alternative delivery methods or where alternative delivery strategies are under consideration.

MEASURING PERFORMANCE

20. Evidence from both the public and the private sector suggests that the process of defining objectives, setting targets and performance measurement leads to important changes in organizational and personnel behavior: it can clarify the purpose of the organization, facilitate

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communication between managers and subordinates, help managers define priorities and improve staff morale and sense of purpose. The experience of OECD countries suggests that these changes may ultimately contribute to improvements in outcomes and highlights key characteristics of successful performance information systems. The United Kingdom’s experience with Public Service Agreements, is particularly positive. The PSAs, which laid out output and outcomes for all public agencies and served as basis measuring agency performance, have been credited with delivering improvements in measured health, education and police performance.

21. Successful systems use a small number of performance indicators and focus on outputs and outcomes, rather than inputs and processes. Large numbers of indicators - some countries have hundreds even thousands of indicators across government - are difficult to interpret. Output indicators are easiest to formulate where outputs are fairly standardized - as in primary education. Where there is wide variation, as in the provision of medical services, the use of more fine grained classifications of kinds of outputs, for instance using diagnostic categories for medical services, can help distinguish meaningful comparators.

22. Outcome indicators can be particularly difficult to interpret. There are often time lags between changes in outputs and related changes in outcomes. Outcomes can be influenced by external factors that are beyond the service providers’ control: education and health outcomes, for instance, may be influenced by the socio-economic composition of the population served and changes in economic circumstances. There are ways of controlling for these factors, but they add complexity and require additional information. Performance management systems generally use periodic evaluations to examine these issues in detail outside of the budget process.

23. Consultations with practitioners and the service users help ensure that the indicators are technically appropriate and that it is feasible to collect the information required. Consultation also helps strengthen agency ownership, legitimacy and credibility: considerations that are important in driving behavioral change.

24. Performance measurement tends to be more effective when it is subject to external controls and scrutiny. Public scrutiny of progress against targets can help motivate improvements in performance. Verification of reported indicators by internal and external auditors, statistics offices and by civil society can help ensure the integrity of the system. In the United Kingdom, the Audit Office reviewed the indicators used in Public Service Agreements and concluded that 30 percent were fit for purpose with the remainder requiring varying degrees of data improvement or disclosure of data shortcomings.

25. Performance measurement systems take time to develop. Successful implementation generally requires a staged approach, starting with a small number of output indicators and then gradually expanding to include measures of quality and outcomes. This is often an iterative process, as agencies test whether indicators are appropriate, feasible and have the intended impact on behavior. This provides an opportunity to identify indicators that generate perverse incentives - such as selectivity in service provision or increasing quantity of outputs at the expense of quality - leading to a deterioration or little real change in performance. While performance measurement can yield short-term benefits, it is a medium-to-long term process that will take several years to embed itself in public sector routines.
26. Leadership is important in building credibility for the performance information system and motivating staff. Performance measurement will only impact on behavior if management is seen to refer to and use performance information in decision-making. In some countries, the adoption of performance systems has been driven from the Presidency or Cabinet Office rather that the Ministry of Finance. In Malaysia, progress against each national key result area and ministerial key result area outcomes is subject to independent review by a Performance and Management Delivery Unit (PEMANDU) which reports to the Prime Minister. PEMANDU is empowered to support and demand corrective action by agency management\(^2\). Sustaining this kind of leadership between administrations can be a challenge: many a pilot performance measurement system has been dropped following a change in government. Links to the budget process can reinforce but cannot substitute for leadership.

**LINKING RESULTS AND BUDGETS**

27. The OECD\(^3\) distinguishes three broad approaches to linking of performance measurement and budgeting to create a performance budgeting system: presentational performance budgeting; performance-informed budgeting; and direct performance budgeting. For those implementing performance budgeting, these may be considered a rough sequencing from less to more demanding in terms of information and management capacity. In practice, a single system may incorporate each of these approaches, depending on institutional arrangements, capabilities and political context.

28. **Presentational performance budgeting.** Performance information is presented in the budget documents or in other government documents. The information can refer to targets, or results, or both, and is included as background information. The performance information is not intended to play a role in decision making. There may be no formal requirement for agencies to provide performance information during the budget negotiations.

29. **Performance-informed budgeting.** The allocation of resources is indirectly related to proposed future performance or to past performance. Performance information is taken into consideration during the budget process, but it does not directly determine the amount of resources allocated to particular programs. Experience in the Korea, United States and Australia all point to the importance of Ministry of Finance systematically discussing performance information during budget preparation and requiring agencies to report back on progress towards targets during budget execution. This signals that performance matters. The Ministry of Finance, Presidency or Cabinet office may also have recourse to mechanisms to motivate agencies to achieve targets and improve performance: these include: financial rewards and sanctions; management autonomy; and publication of results.

30. While there is something intuitively attractive in the idea of increasing or decreasing resource allocations in line with performance, Ministries of Finance rarely do so. The Republic of Korea imposed a 10 percent cut for ineffective programs but implementation was plagued

\(^2\) See http://www.pemandu.gov.my/

\(^3\) OECD (2007) *Performance Budgeting in OECD Countries.*
with problems of gaming and presentation of misleading information. The incentive value of changing resource allocations in this way is not always clear since there are many factors that may impact on performance, some outside of agency control, such as inadequate funding. Besides while it may be politically acceptable to reward good performance, it is unlikely to be acceptable to cut funding for poorly performing agencies that deliver important public services since this may penalize the service users. Performance information is more often a diagnostic tool, helping identify where there are problems so that these can be addressed.

31. Agencies can be rewarded or sanctioned by increasing or decreasing their managerial autonomy. In practice, managerial intervention tends to be used where agencies are performing poorly. This may entail reversal of some of the managerial reforms introduced with the performance budgeting, increased reporting requirements, restrictions on managerial decision-making - procurement, hiring, resource allocation - or the imposition of new agency management.

32. Publication of performance information seems to have the greatest impact when it allows comparison between service providers as in league tables. This can exert pressure on management from service users, the media and the legislature by highlighting the poor performers and motivating those improving performance. League tables are most useful where agencies provide fairly standardized services. In the Brazil, United States and many other countries information about schools and hospitals performance against standardized indicators is published on the internet. Compound ratings can be used integrating both quantitative and qualitative indicators. In the USA, for instance, the Performance Assessment Rating Tool generated comparative ratings across Federal programs and agencies using both qualitative and quantitative information on program purpose and design, strategic planning, program management and program results and accountability.

33. **Direct performance budgeting.** Budgets automatically allocate resources based on results achieved, usually related to volume of outputs. The most commonly used method of direct performance budgeting is formula-funding.

34. There are two broad categories of formula-funding: case payments and capitation payments. Case payments allocate resources based on outputs, often determined by the number of service users (eg. numbers of pupils). Case payments provide an incentive for the service provider to increase outputs. Outputs may be related to service standards in such a way as to discourage managers sacrificing quality to increase quantity. Capitation payments allocation resources based on the target population (eg. school age children). This may be adjusted so as to take into account the varying needs of different population groups (eg. giving heavier weighting low income families). However, this needs based approach does not reflect performance. Both approaches require that the agency responsible for delivery has authority to determine how they should provide the service, adequate systems for information gathering and independent verification, and mechanisms to ensure that funds are actually applied for the purposes intended. Formula-funding is most often used in allocating resources to autonomous entities such as local authorities, education or health care facilities, particularly universities and hospitals.

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5PART documentation is available at: [http://www.whitehouse.gov/omb/expectmore/](http://www.whitehouse.gov/omb/expectmore/)
35. An alternative approach, building on the case payments principle, is to simulate market transactions between public agencies that purchase specific outputs from public agencies that provide these outputs at an agreed price. Advocates for these purchaser-provider arrangements argue that it encourages public agencies to look to the bottom-line, and so encourages agencies to improve efficiency. Again, this approach is most likely to be successful where agencies produce standardized outputs in large volumes so that an “efficient” unit price can be determined. It is not an appropriate basis for government-wide reform.

**MONITORING AND REPORTING, EVALUATION AND AUDIT**

36. Implementation of an effective monitoring and reporting mechanism is essential to the credibility of the performance budgeting system. Reporting requirements are likely to vary depending on the intended user of the information and the purpose for which they need performance information. There are a numerous potential audiences: the public; the legislature; the audit authority; the chief executive and his cabinet; the Ministry of Finance; the head of agency; heads of department and service units within the agency. The OECD survey found that there were formal reporting requirements the Ministry of Finance and agency management in around half of the countries, while reports were submitted to the legislature in only a third of countries and the chief executive or his cabinet in a handful of countries, usually in those countries where the chief executive was instrumental in driving the reform process. Countries are increasingly posting performance reports on the internet as a means of meeting the needs of external audiences⁶.

37. Monitoring and reporting may serve the purposes of short-term progress tracking. However, for policy purposes performance management systems require periodic in-depth analysis and review. In the United Kingdom, agencies undergo Departmental Spending Reviews every three years to assess policy alignment, efficiency and effectiveness of departmental spending, complemented by periodic comprehensive spending reviews to address allocative efficiency⁷. Spending reviews provide an opportunity to consult with a wide range of stakeholders on expenditure policy priorities. WBG Public Expenditure Reviews serve a similar function in many developing countries.

38. Audit institutions can support performance budgeting through performance audits. There is considerable variation in the scope of performance audits, particularly in terms of the elements of the results chain covered (inputs and processes to assess compliance, outputs to assess efficiency and outcomes to assess effectiveness) and the extent to which the audit addresses the performance information and / or performance management systems. From an audit perspective, performance management systems should be considered as part of the public sector’s control framework. In some countries the audit institution has a formal role in reviewing the reliability of performance information and in a few - New Zealand, Netherlands - there is a formal opinion on this information. In most countries audit institutions are expected to provide recommendations for improvement and in some they monitor and report on the adoption of these recommendations. There are concerns in some countries regarding capability to review the

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⁷ [http://www.hm-treasury.gov.uk/spend_spendingreview_introduction.htm](http://www.hm-treasury.gov.uk/spend_spendingreview_introduction.htm)
effectiveness of programs, given that this requires wider range of evaluation skills that are not traditionally the domain of auditors.

**Deciding on the Right Approach**

39. Experience from the OECD suggests that there are basically three areas where choices must be made when implementing performance budgeting reforms: top-down versus bottom-up; comprehensive versus partial; and incremental changes versus a “big bang” approach.

- **Leadership.** In a top-down approach, central government ministries or agencies play the primary role in developing, implementing and monitoring reform. In a bottom-up approach, individual agencies take the lead. They may decide whether or not to introduce performance management and chose how the measures will be implemented. Both approaches present risks. Too little central involvement can mean that there is little pressure to change and there is no coherence in the emerging framework for performance management across government. Too much central involvement and the reforms are likely to provoke resistance; too little agency involvement and there likely to be limited ownership: in either case reforms may have little impact on behavior. The challenge is to strike an appropriate balance. This is likely to depend in large part on the relative authority between central agencies - the Presidency, Cabinet and Ministry of Finance - and line agencies.

- **Scope.** Countries that have adopted a top-down approach tend to adopt a comprehensive approach, across all central government agencies. Among OECD countries surprisingly few proceeded in stages, piloting in a few high priority agencies before adopting government wide reforms.

- **Pace.** OECD countries have followed both incremental and big-bang approaches, both of which present risks and advantages. OECD cites Australia and Korea as contrasting examples. Australia implemented performance budgeting reforms over a fifteen years period. This allowed the government to test impacts and make adjustments as necessary. This kind of momentum may be difficult to sustain across administrations in some countries. Korea introduced four major fiscal reforms simultaneously. This created pressure for reform, lowered resistance to change but it is demanding of political commitment and institutional capability. Furthermore, there is little opportunity to learn from mistakes. This “big-bang” approach is most likely to succeed where strong political leadership backs the reform effort.

40. For many developing countries, performance budgeting will be one of a range of reform options. National authorities will have to consider the feasibility and opportunity costs of performance budgeting given their institutional and political context. There are prerequisites. Countries need to have a reasonably sound macro-fiscal framework in place, so that the budget is a reasonable basis for planning activities and agencies do not suffer massive uncertainty about the timing and level of funding. Fiscal rules, institutions and systems should ensure that the budgets are executed largely as planned. Agencies should have basic information systems that can generate output information on a reasonably timely and accurate basis. Countries would be well advised to focus on these basics before introducing elements of performance budgeting.

41. Where countries do decide to proceed with performance budgeting, it is prudent to align the scope and pace of reforms with their institutions’ capacity to deliver. Where that capacity is
limited, countries can start with basic performance-informed budgeting before proceeding with more sophisticated measures. While the restructuring of the budget by programs can greatly facilitate resource alignment with objectives, it is a demanding exercise that requires changes to the chart of accounts and management arrangements. Use of performance information within the existing administrative structure can still bring significant benefits at lower cost. It is important to limit the number of performance indicators, so as to avoid overloading information systems and analytical capacity. A handful of indicators for each institution is generally sufficient. Performance information has to be available early in the budget process at the time when broad resource allocations between sectors, institutions and programs are decided. Where a Medium-Term Expenditure Framework is in place, this can provide the framework for integrating performance information in the decision-making process.

42. Finally, it is important to be realistic about what can be achieved. Where governments face fiscal constraints, where there is strong leadership and where there is political pressure for improved performance, the authorities may be able to accelerate the pace and broaden the scope of reforms. However, the reality is that the introduction of performance budgeting is a long-term process. It takes several years to implement reforms and many more for managers, staff and other stakeholders to become familiar with the reforms so that they become embedded in budget routines.

Further Reading

OECD (2007) *Performance Budgeting in OECD Countries*  

World Bank (2011) *Results, Performance Budgeting and Trust in Government*  


Robinson, Marc and Last, Duncan (2009) *A Basic Model of Performance-Based Budgeting*, IMF Technical Notes and Manuals  

CASE STUDY ON PERFORMANCE BUDGETING

You are familiar with Turenia from your group work on Accounting and Accounting Standards. The recently elected Government campaigned on a good governance platform, promising to improve the provision and quality of education and health services. The Prime Minister is committed to this agenda and announced the creation of a Performance Taskforce to drive these reforms from her office. The Minister of Finance shares the Prime Minister’s vision and has volunteered to build a performance orientation into the budget process.

A PEFA assessment was carried out in 2013 carried out by the Bank jointly with other donors. You may remember, that Turenia scored well on budget credibility, comprehensive and transparency, and policy based budgeting dimensions have scored several “B”s, a few “A”, and two “C”s. However, Predictability and control in budget execution; Accounting, recording, and reporting; and External scrutiny and audit dimensions received several “C”s, three “B”s, and two “D”s, both related to external scrutiny.

The Minister is confident that a new Financial Management Information System is going to tackle the shortcomings identified in the accounting and reporting functions, notwithstanding her Secretary of Finances quixotic proposal to adopt accrual accounting. She is also confident that a performance budgeting system can be put in place in time for the 2016 budget cycle, which starts in ten months time. The Minister of Finance has yet to see any performance information in budget documents. The budget is structured by agency and line item. However, she has noticed that the agencies’ finance departments, which control agency spending, further breakdown their budgets by administrative department and generate accounts on this basis for internal control purposes. Many of the departments’ mandates roughly correspond to functions and services. In conversation with her fellow Cabinet Ministers, she has also learned that most of the Ministers receive quarterly and annual reports detailing activities undertaken and some of the outputs that their agencies have produced. The head of the newly independent Statistics Office, intends to implement an annual service delivery survey that will collect data on access and quality.

The education and health sectors - both Government priorities - present particular challenges. These services fall under district councils which receive block grants directly from the Ministry of Finance. The Ministries of Education and Health are responsible for setting and enforcing service standards. District councils are required to report annually against these service standards. These reporting requirements are poorly enforced, many councils - particularly those controlled by the former government now opposition party - do not submit reports and many of those that do are incomplete. The proposed service delivery survey is intended, in part, as a way of improving the quality of information available to decision makers.

At the last Cabinet meeting, the Prime Minister told the Minister of Finance that she would like to see a presentation on how the performance management initiative before the next Parliamentary session starts in two months. The presentation should identify administrative and legislative measures that the Government intends to implement in order to transform their vision into reality.

The Minister of Finance has turned to the WBG for advice. You are the Task Team. You have a meeting with the Minister of Finance tomorrow and she would like to hear some ideas about the measures that might be worth exploring. You will have three minutes to make your presentation.