



**Asia Pacific
CoP-MfDR**

Community of Practice on
Managing for Development Results

Framework for Results-Based Public Sector Management and Country Cases

September 2011

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Foreword

The Asia-Pacific Community of Practice (APCoP) on Managing for Development Results launches this new publication on the Results-based Public Sector Management (PSM) Framework. The Framework draws from five years of experience of the APCoP in mainstreaming programme-based results focused planning, budgeting, monitoring and evaluation systems, thus substantiating it with practical applications of the conceptual underpinnings of the results agenda.



The Framework is a common reference point where countries can reflect upon the directions, progress and gaps in strengthening their own PSM systems. This deviates from other sourcebooks wherein country experiences presented were on the application of results in specific management functions, e.g., results-based budgeting, results-based monitoring, or results based development planning. Instead, the cases here represent individual snapshots of the current state of results-based public sector management in six countries, namely Cambodia, Indonesia, Korea, Malaysia, Philippines and Sri Lanka as well as the lessons learned and the challenges moving forward.

The possibilities are endless to what countries can do to improve their own systems, while learning from the experiences of similarly situated countries. We hope that this publication provides us useful guidance and sustain this community towards achieving our development goals.

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Abbreviations

AfCoP-MfDR	–	African Community of Practice on Managing for Development Results
APCoP-MfDR	–	Asia-Pacific Community of Practice on Managing for Development Results
BAPPENAS	–	Badan Perencanaan dan Pembangunan Nasional (National Development Planning Agency)
CoP	–	community of practice
CoPLAC-MfDR	–	Latin American and the Caribbean Community of Practice on Managing for Development Results
DBM	–	Department of Budget and Management
LGU	–	local government unit
MfDR	–	managing for development results
MPB	–	Ministry of Planning and Budget
MTEF	–	medium-term expenditure framework
NEDA	–	National Economic and Development Authority
ODA	–	official development assistance
OECD	–	Organisation for Economic Co-operation and Development
PFS	–	preliminary feasibility studies
PSM	–	public sector management

Introduction

For sustained development effectiveness, countries need to be able to manage their own development processes so that they can use their resources for the greatest development impact. They need to have a public sector that delivers essential services economically, efficiently, and effectively. An effective public sector builds strong financial and nonfinancial partnerships with other development players—donors, private sector, and civil society. It also reinforces country ownership in driving development processes and strengthens accountability for results.

Countries' weak public sector management (PSM) systems are often the key factor constraining the delivery and assessment of development initiatives. While the international focus on managing for development results (MfDR) has increased the need for these systems to be robust, many PSM capacity development initiatives have been short-term and unsustainable. Moreover, countries often see such capacity initiatives as supply-driven, imposing "international good practice" rather than building on the country's own systems.

Drawing on 5 years of experience, the Asia-Pacific Community of Practice on Managing for Development Results (APCoP–MfDR) has developed a results-based PSM framework that establishes common results-based attributes that are universally understood and can be flexibly applied in various country contexts. It provides a principles-based analytic tool that countries can use to assess their PSM systems, analyze gaps, and develop capacity initiatives to strengthen those systems. It builds self-sustaining systems that allow for continuous learning and informed decision-making.

The Framework will

- present the PSM cycle and its components,
- describe the four features that make the PSM cycle results oriented, i.e.:
 - core results attributes of the components
 - focus on common results
 - interdependency of components
 - vertical and horizontal integration among institutions and levels of government, and
- show how the Framework can be applied in a country context.

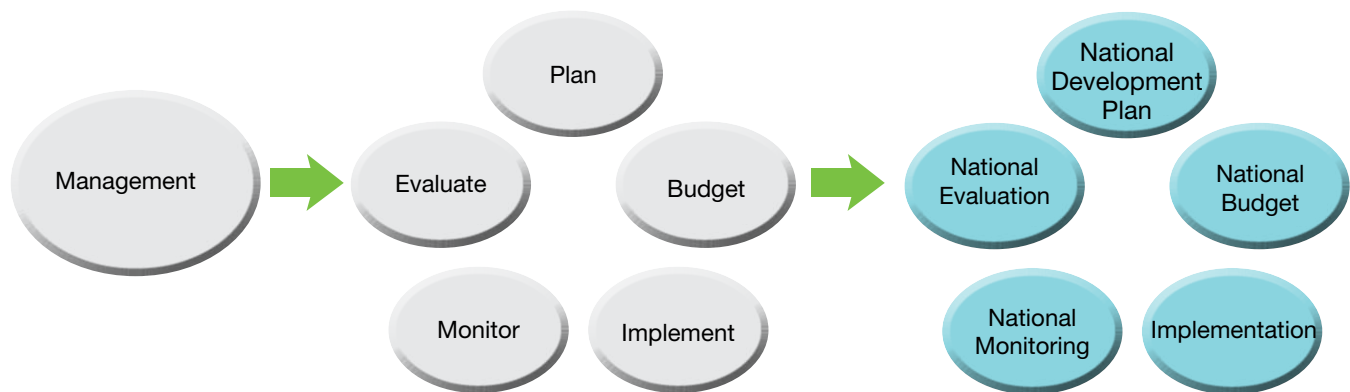
This Framework is not prescriptive, rather it is both a reflection of what countries are doing and an analytical tool to assist countries in identifying gaps. It recognizes that strengthening country systems is a continuing process that is unique to each country and its specific circumstances and informed by continuous learning.

Public Sector Management and Its Components

The Framework starts from the five components of management: planning, budgeting, implementation, monitoring, and evaluation. PSM refers to these management components placed in a country context. In country-level PSM, planning can be represented by the national plan, budget by the national budget, implementation by budget execution and delivery of services, and so on. PSM has similar components at the subnational, sectoral, and institutional levels.

Figure 1

**Mapping Management
in a Country Context**



What Makes Public Sector Management Results Oriented?

Results-oriented PSM needs four features

- core results attributes
- a focus on common results
- interdependency, and
- vertical and horizontal integration.

In addition, the Framework recognizes the important role of the enabling environment in strengthening PSM systems, including senior leadership support, a results-focused organizational culture and management practices, and careful management of the change process along with private sector and civil society support. At least some of these elements must be in place if efforts to strengthen PSM systems are to succeed. As elements in a dynamic process, robust PSM systems can, in turn, reform the environment through mechanisms that help mobilize and engage relevant stakeholders. This mutually reinforcing process achieves targeted results, sustains reforms, and provides entry points for future initiatives.

Core Results Attributes

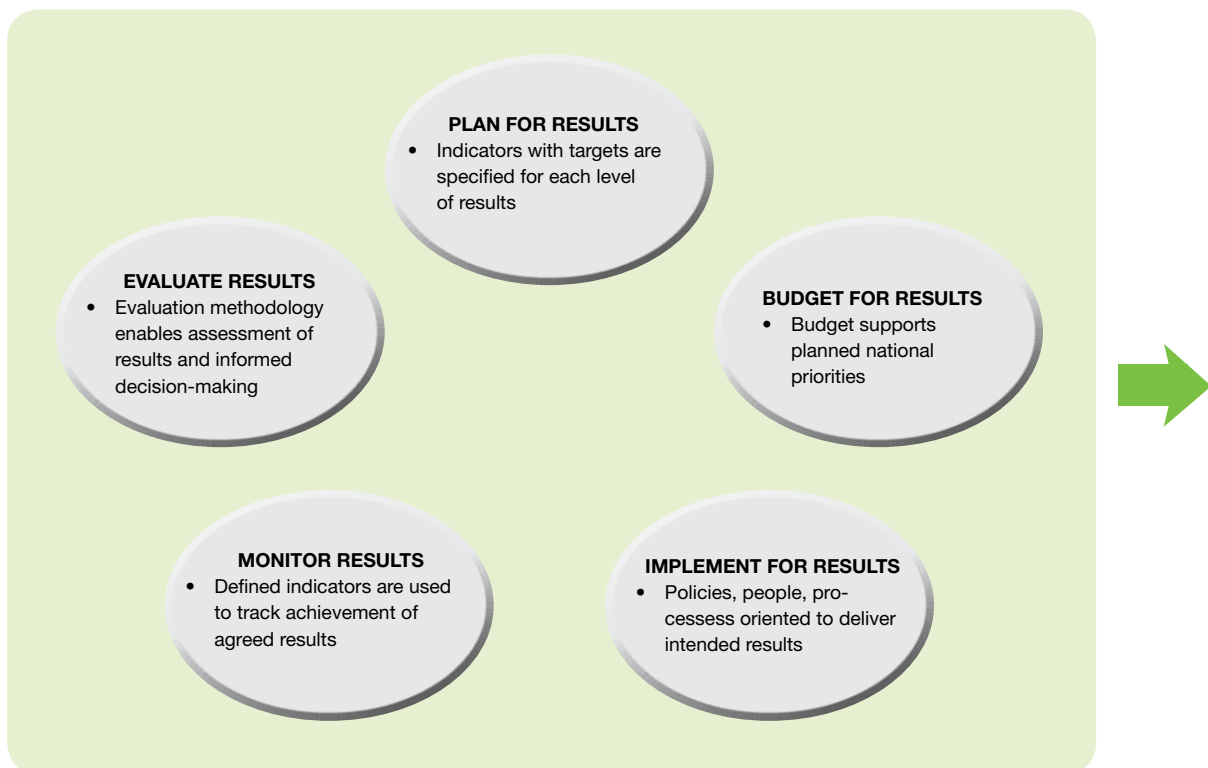
The framework identifies core results attributes for each PSM component (Figure 2). For example:

- **Results-based planning** involves rigorous analysis of intended results cascaded down from macro-level impacts, such as increased employment, to specific sector outcomes, such as increased literacy. These results must be clearly defined within a budget envelope, with indicators and targets, and with relevant monitoring and evaluation frameworks.
- **Results-based budgeting** ensures that the budget is formulated to deliver the results specified in planning. Results-based budgeting systems ideally produce multiyear budgets (consistent with the medium-term expenditure framework) to align with the planning time horizon.
- **Results-based implementation** means that the people, policies, and processes are effective, efficient, and economic in delivering the intended activities and services.
- **Results-based monitoring** means that specific parties are responsible for checking performance against the indicators specified in planning, using defined methodologies for data processing, analysis, and reporting.
- **Results-based evaluation** involves specific parties and stakeholders in assessing the achievement of the targets set in planning, using defined methodologies

More detail is provided in the table on core results attributes on the last page of this document.

Figure 2

Public Sector Management Components and Core Results Attributes



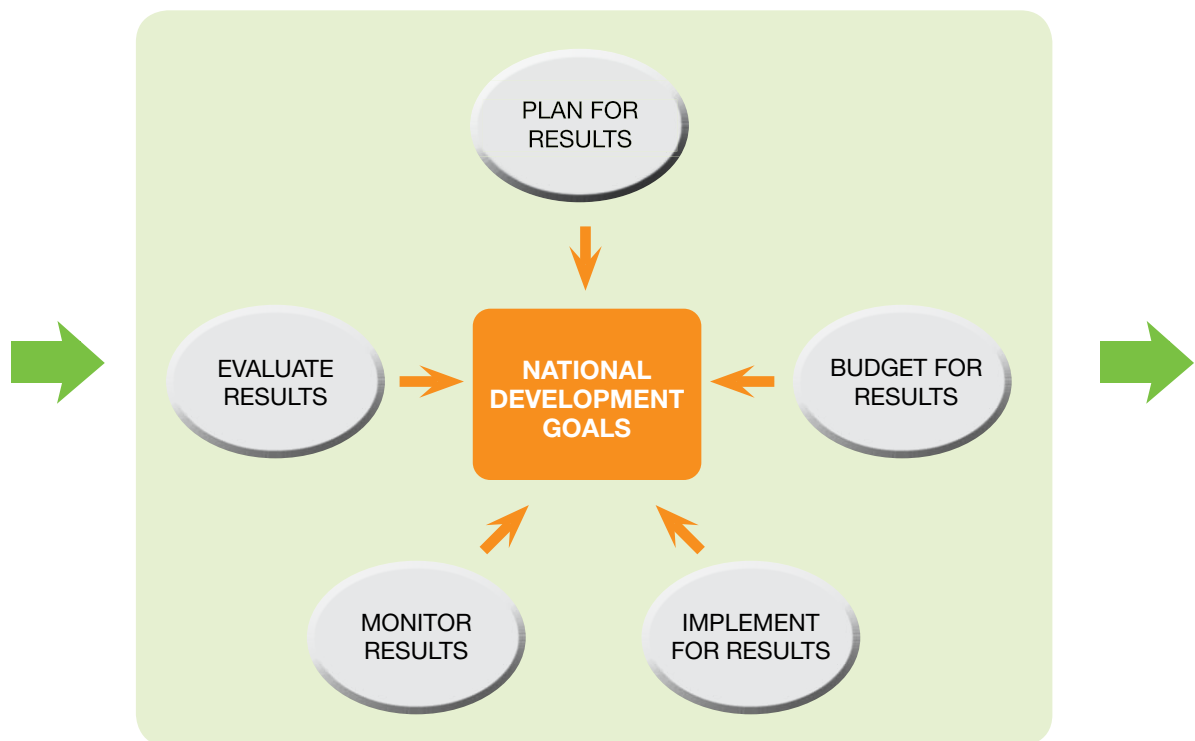
Focus on Common Results

The same set of nationally owned priorities and results should link all the components through the PSM cycle. That is, the results (impact, outcomes, and outputs) defined during planning must be the same results that are budgeted, delivered, monitored, and evaluated.

Otherwise, planning for results can become simply a top-down compliance document that ignores fiscal parameters, an output-based budgeting system can allocate resources to objectives not linked to the national plan, and the monitoring process can monitor indicators that provide no information on how to evaluate national objectives.

Figure 3

Focus on Common Results



Interdependency

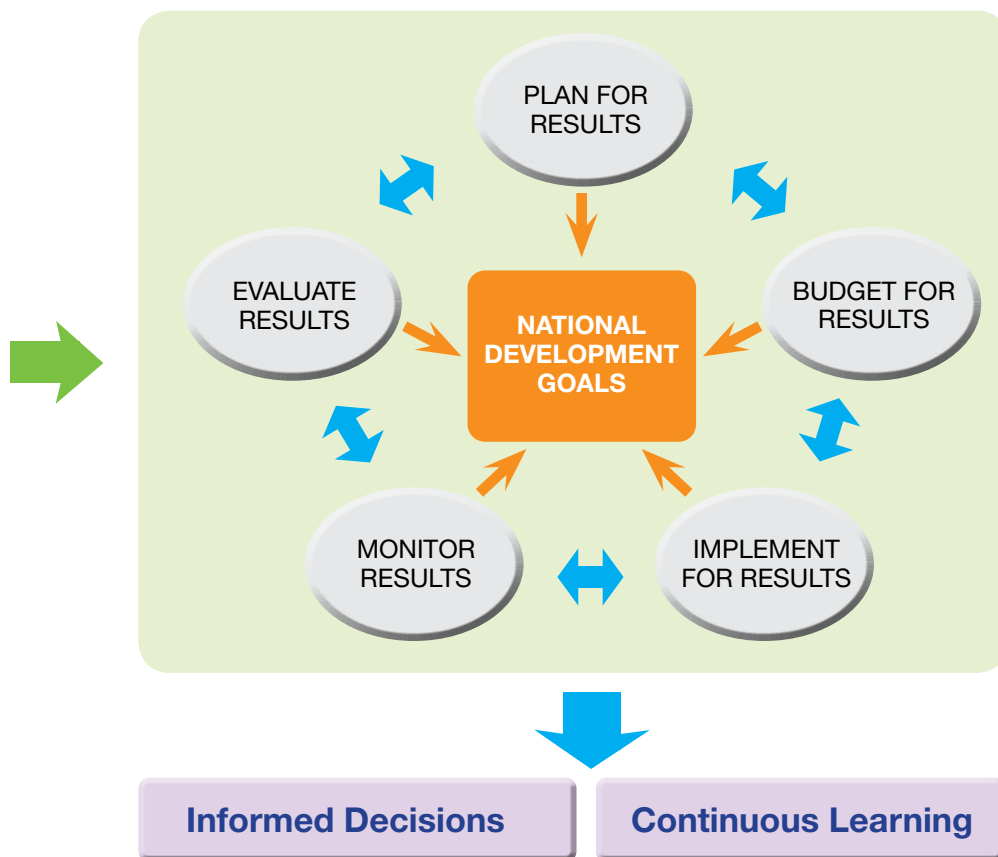
These components must also be interdependent—for example, top-down planning sets the policy parameters for budgeting but is in turn influenced by budget limits; during implementation, planning targets are reviewed and the budget is often reassessed to reflect the findings of monitoring; and so on.

Collectively, these components must work together in an integrated way to deliver and measure the achievement of national objectives. When this integration happens, future decisions are better informed, enabling continuous learning and the strengthening of the cycle—both for individual components and their linkages. There are also lessons for capacity development: there is little point in focusing on a single component and leaving the others unable to work in a complementary way. Similarly, the Framework allows for any component to be an entry point for reform as long as these interdependent linkages are supported.

It should be recognized that, as countries develop, the relationships among these components also change. Therefore, the linkages need to be reassessed periodically. For example, in many countries that have moved toward the medium-term expenditure framework (MTEF), the planning and budgeting components have merged under one institution.

Figure 4

Interdependent PSM Components and the PSM cycle



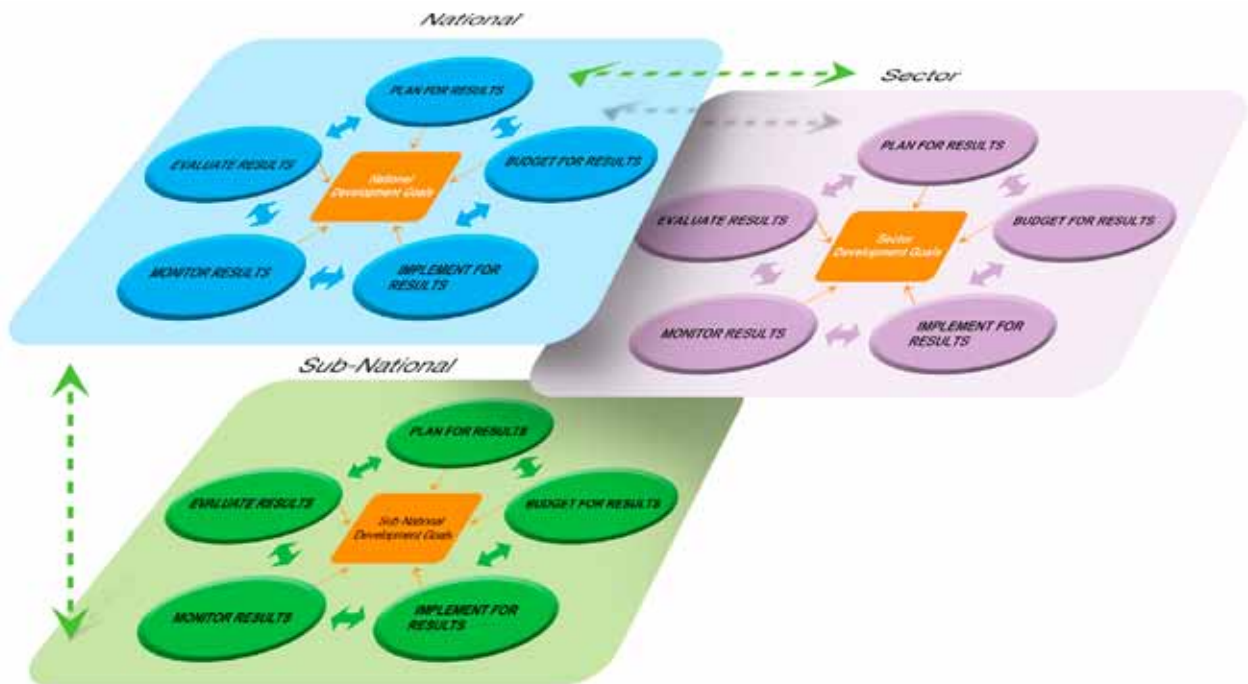
Horizontal and Vertical Linkages

Results-oriented PSM efforts at the national level must be linked with the results-oriented efforts of agencies at the national level—that is, the national development goals must be translated into specific agency priorities, making all of these institutions collectively responsible for achieving results through effective coordination.

Subnational levels of government (regions, districts, provinces, etc.) also play a significant role in achieving country results. For this reason, results-oriented PSM efforts at the national level must be linked with those at subnational levels so that all levels of government contribute to delivering a common set of development results. This means that subnational governments must have the responsibility to develop and implement their own strategic plans within the overall national policy framework, and this responsibility must be matched with clear accountabilities, predictable resources, and sufficient fiscal authority to finance program delivery.

These horizontal and vertical linkages enable better attribution and contribution to nationally defined results, and ensure that initiatives in various agencies and at various levels of government complement each other

Figure 5
Horizontal and Vertical Integration



Applying the Framework: Demand-Driven Development

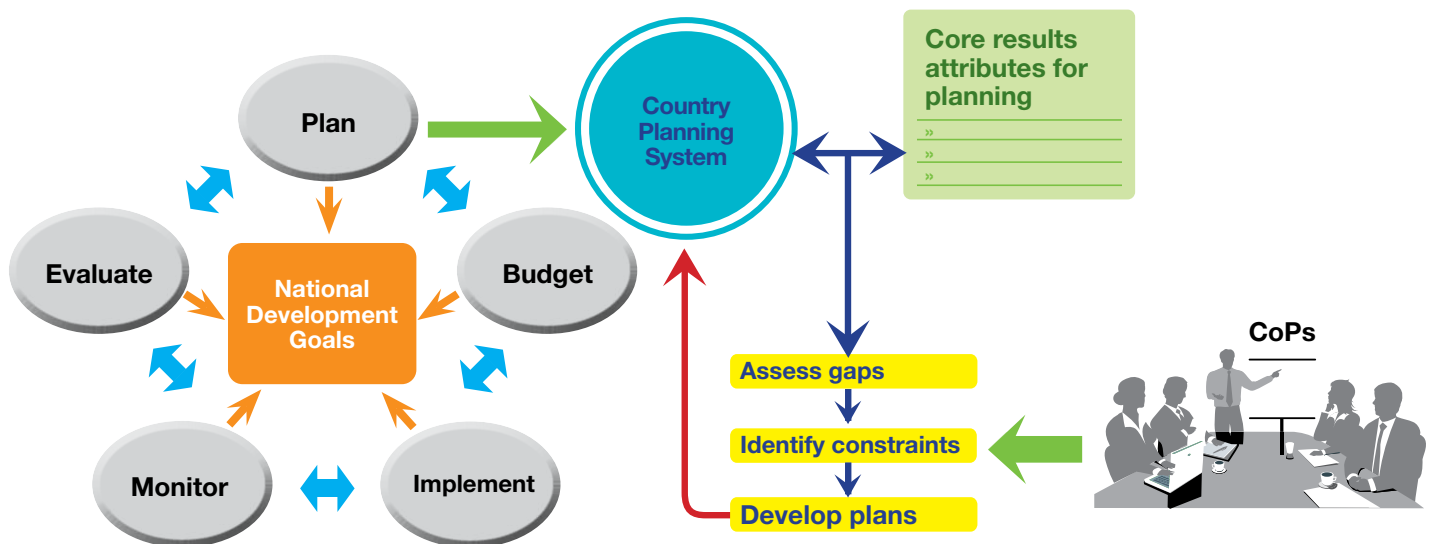
Guided by the Framework, a country (working with or without the assistance of development partners) assesses its country system for any of the PSM components against the core attributes for that component and against the overall objectives of focus on common results, interdependency, and vertical and horizontal integration. It then feeds the gap analysis and the capacity development actions directly into strengthening the system.

A network consisting of government officials, technical experts, and civil service organizations, can identify capacity development initiatives that are demand-driven and focused on country systems. Acting as Communities of Practice (CoPs), the members are change agents for mainstreaming results orientation in the public sector. At the country level, they can establish country standards, analyze gaps, and formulate capacity development plans that build on existing country systems and international good practice. CoPs can also advise on implementing and monitoring those plans. At the regional level, country members of the CoPs can define core attributes, share good practices, and engage in dialogue with development partners.

To encourage this interaction, the Asian Development Bank supports the Asia-Pacific CoP for MfDR (APCoP), which engages CoP members both at the regional and country level. APCoP works with other regional CoPs on MfDR, such as the African Community of Practice on MfDR (AfCoP) and the Latin America and the Caribbean Community of Practice on MfDR. (CoPLAC).

Figure 6

Building Country Systems and Using Country Based Communities of Practice (CoP)



Using the Framework: “Mapping” a Country’s Public Sector Management

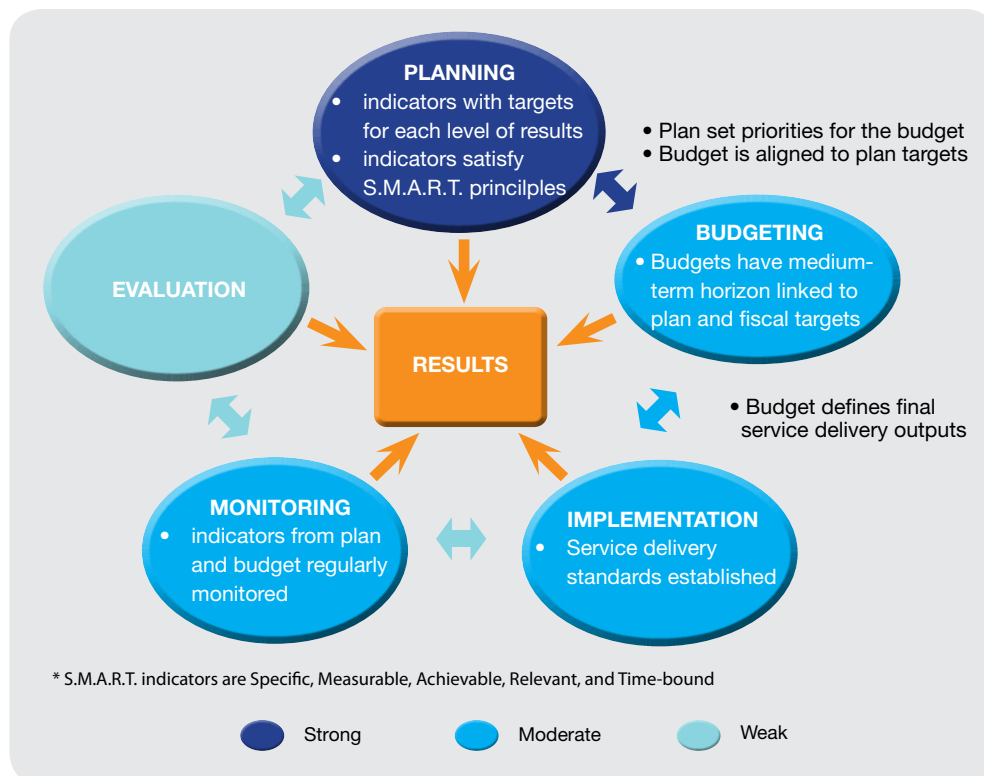
Using the identified features and core results attributes, a country’s planning, budgeting, implementation, monitoring, and evaluation and their linkages are reviewed. The component that is most aligned to the identified results attributes is considered the strongest component in the country context. Relative to the strong component(s), other components and the links between them are also identified as strong, moderate, or weak (as represented in Figure 7 by the dark blue, medium blue, and pale blue coloring of the circles and arrows linking them).

Country mapping describes a country’s existing results-based features and how these elements work in relation to each other. This suggests that, however weak, every country’s PSM has some results-oriented features and attributes. Figure 7 illustrates the use of the Framework to map the results orientation of a country’s PSM. More detail on the core results attributes is provided on the next page.

The application of the Framework in a country context does not claim to be a scientific assessment of a country’s results orientation. While there are identified results-oriented features and attributes, these principles may be applied in any country, form of government, or level of development. Performance based on these attributes is not meant to be compared across countries. Identifying the strengths and weaknesses of the country’s PSM cycle shows which components and linkages may need further support and which may be built on in future reforms. It highlights *where* reforms may be needed to complete the cycle for continuous learning. However, it does not prescribe *what* these reforms should be or *how* they should be designed.

Figure 7

Mapping a Country’s PSM Cycle

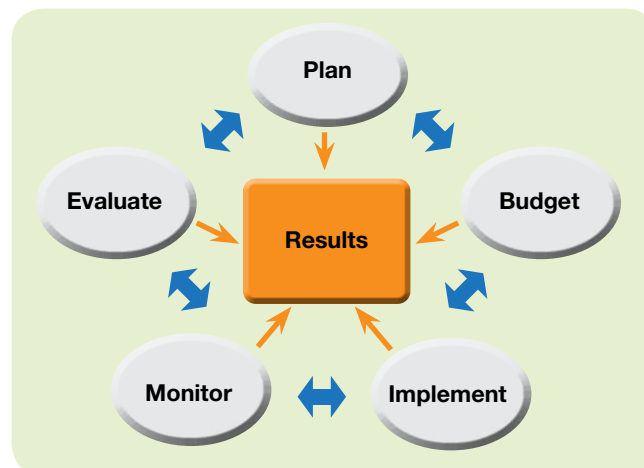


Core Results Attributes

Planning	Budgeting	Implementation Results	Monitoring	Evaluation
Linkages between levels of results and from national down to operational levels (agency, sector, or subnational) are defined.	Budget supports planned priorities.	Institutional priorities are aligned to budget deliverables.	Indicators are regularly monitored.	Evaluation methodology uses indicators from planning and results information from monitoring
S.M.A.R.T. (Specific, Measurable, Achievable, Relevant, and Time-bound) indicators with targets are specified for each level of results	Budget process allows efficient and effective prioritization of resources	Policies, people, and processes are oriented to deliver intended results	Institutional responsibilities toward integrating monitoring into ministerial and agency functions are defined.	Institutional responsibilities are defined with independent evaluation.
Planning targets are aligned to available budgets	Budgets have medium-term horizon linked to plan and fiscal targets.	Service delivery standards are established.	Data processing, analysis, reporting, and dissemination methodology are specified.	Stakeholder engagement and dissemination methodology is formulated.
	Financial management tracking, reporting, and dissemination methodology for budget execution is established.		Information from monitoring is applied in improving policy, program, and project design and management.	
<p>Planning results consider information from evaluation and sets the priorities for the budget.</p>	<p>Budget is aligned to plan targets and defines final service delivery outputs</p>	<p>Service delivery is aligned to budget with measurable performance indicators to facilitate results monitoring.</p>	<p>Monitoring system improves service delivery and provides data for evaluation</p>	<p>Evaluation assesses results achieved and informs succeeding plans</p>

Key Features

- Core Results Attributes
- Focus on Common Results
- Interdependency of PSM components
- Horizontal and Vertical Integration



- Informed Decisions
- Continuous Learning

Country Cases

This section considers results-based PSM in Cambodia, Indonesia, the Republic of Korea, Malaysia, the Philippines, and Sri Lanka.

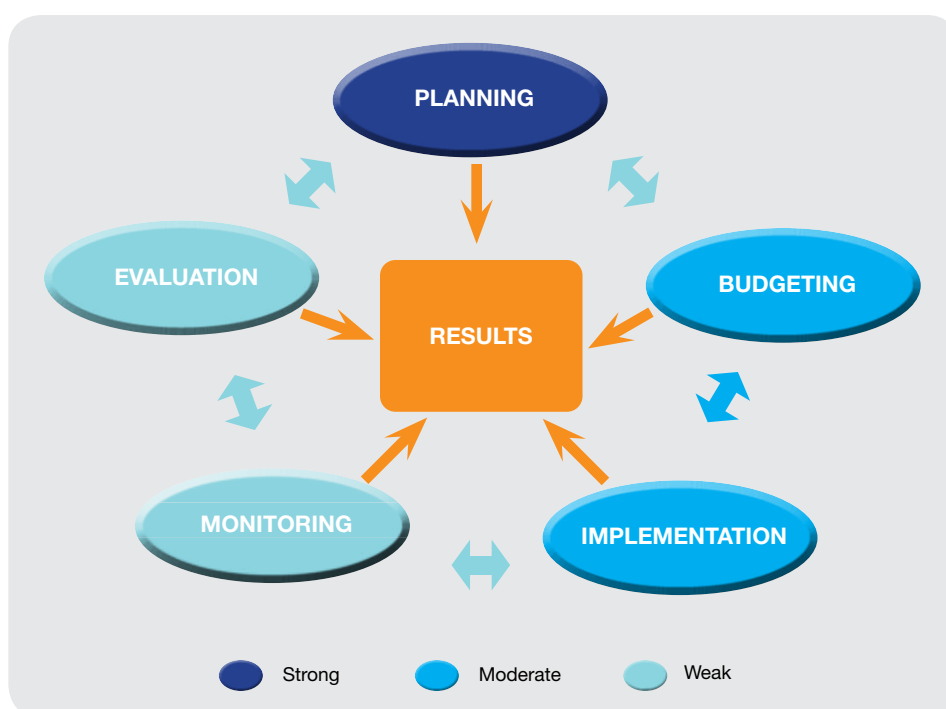
The cases were prepared by countries to identify the strengths and opportunities for reform in their PSM systems. The five countries were selected based on differing experiences in ongoing PSM reforms and varying economic conditions and levels of development.

The APCoP–MfDR Secretariat spearheaded the drafting of the country cases. The process involved close collaboration, including focus group discussions among government agencies and experts from the academe. Tobin Im, professor of the Asia Development Institute, Seoul National University prepared the Korean case. Mohd Sakeri Abdul Kadir, deputy head of the OBB Project Team and Richard Barahim, principal assistant secretary of the OBB Project Team of the Ministry of Finance prepared the case for Malaysia. The Sri Lanka case was prepared by Velayuthan Sivagnanasothy, secretary of the Ministry of Traditional Industries and Small Enterprise Development and Vaidehi Anushyanthan, assistant director, Department of Foreign Aid and Budget Monitoring of the Ministry of Finance and Planning of the Government of Sri Lanka. Validation was conducted with the Ministry of Planning for Cambodia, the Ministries of Finance for Indonesia and Malaysia, the Asia Development Institute of Seoul National University for the Republic of Korea, the National Economic and Development Authority (NEDA) for the Philippines, and the Ministry of Traditional Industry and Small Enterprise Development for Sri Lanka.

Cambodia

Public sector management (PSM) in Cambodia is undergoing substantial transformation. Although reforms are still in their early stages, planning in Cambodia has progressed to exhibit the strongest results-oriented features. A sequenced reform program on public financial management focused its first stage on making the budget a credible instrument with limited results attributes. However, other important attributes, such as plan–budget linkages, will be instituted in the later stages. Public financial management reforms have improved implementation through strengthened budget execution processes, better procurement, and early plans for enhancement of tracking and reporting. Monitoring and evaluation components remain weak with limited feedback to planning. With scarce resources spread out thinly over necessary capacity development initiatives, the ongoing budget reforms can be seen as an entry point to a more results-oriented PSM in Cambodia.

Public Sector Management Map of Cambodia



While facing significant challenges in rebuilding its public and private sectors, Cambodia has come a long way since the years of conflict and the 1991 Paris Peace Accords. PSM in Cambodia must be seen in the context of a number of good-governance drivers introduced to ensure development effectiveness and sustain a capable Cambodian state.

Since 1993, the task has been to strengthen economic policies and build institutions of democratic governance. Macroeconomic management during the most challenging environment in decades is a

major positive indicator of improving governance in Cambodia. A sound macroeconomic base supports an enabling environment for PSM. Sustained governance improvements are, in turn, predicated on strong PSM systems.

PSM has been part of the drive for improving the governance environment through the five cross-cutting reform areas and four programs to the reform agenda: (i) the administrative reform program, (ii) the legal and judicial reform program, (iii) the deconcentration and decentralization reform program, and (iv) the public financial management reform program. Still a unitary state, Cambodia has begun to grapple with the challenges of finding a balance between the roles, responsibilities, and accountability of the national government and those of the subnational governments which will play a greater role in service delivery at the local level.

Planning

Although still at its early stages, planning in Cambodia has progressed toward results orientation. The national plan reflects a cascading development vision to development objectives and outcomes with indicators and targets at each level.

There is no resource constraint in defining the priorities of the plan; instead, capital investment requirements needed to meet plan targets are estimated as a basis for revenue generation. Thus, the starting point has been to establish macroeconomic growth targets based on past performance, prospects of the economy, and global economic trends. The amount of capital investment needed to achieve these growth targets is then estimated. This presents a top-down planning perspective and outlook for budget revenues and expenditures over the plan period. The major challenge, however, is mainstreaming the plan into the budgetary process to allow the implementation and delivery of planned objectives.

The links between the national plan and the budget are tenuous. While the plan is meant to be operationalized through the public investment program and budget, establishing more specific links among strategies, plans, targets, and resources is left to each agency. However, stronger plan–budget linkages will be the focus of later stages of the 12-year sequential public financial management reform program.

Budgeting

The public financial management program supports significant budgetary reforms in Cambodia's PSM. Following a sequential approach, the program's first platform focuses on budget credibility, which ensures that the budget is backed up by sufficient and predictable revenues to implement planned programs and projects. While revenue collection has been gradually increasing, almost one-fifth of resources to back up the budget still come from grants. Actual expenditures generally exceed total revenues and grants, resulting in deficits that require domestic and foreign borrowings. Allocative performance is considered poor with major deviations between original allocations and final funds received. A medium-term expenditure framework has not yet been established.

While limited resources have constrained budgets to covering mostly recurrent expenditures, a medium-term financial deconcentration program has decentralized decision-making on the use of funds to budget holders against accountability for agreed results. The delegation of authority follows a sectoral route, direct from ministers to heads of budget management centers at the provincial, district, and facility levels. The new system has succeeded in shifting practices in the pilot sectors (particularly in education) toward partial program-based budgeting and the use of results as the basis for budget bids and reporting.

The current phase of the public financial management reform program is moving toward institutionalizing a budget strategic plan in each sector as a tool to integrate all resources (recurrent and capital). This intends to improve the link between the plan and the budget to establish a results focus and strengthen lines of accountability.

Implementation

With reforms in public financial management, implementation and efficiency have also improved through strengthened budget execution processes and procedures. Tracking and reporting are expected to be enhanced after the completion of the financial management information system—one of the identified measures to accelerate implementation of the second platform of the reform program.

Deconcentration and decentralization are nascent and will take time in Cambodia. Services remain largely centralized, although recognition of the benefits of decentralized service delivery has prompted the channeling of funds to direct service providers at the subnational units of line ministries and local governments. While financing for the subnational units is currently on an ad hoc interim budget basis, legislation has been passed that provides a framework for intergovernmental fiscal transfers. Transfers would consist of automatic transfers and specific transfers, some of which may be tied to local government performance.

Monitoring

Monitoring is generally weak, although some forms of routine and regular monitoring are in place. The government undertakes periodic monitoring of progress in achieving the overall results of the national strategic development plan, as well as the challenges in achieving the targeted results. Millennium Development Goal targets is also included in the core indicators identified for progress monitoring.

Cambodia's public sector lacks an established monitoring methodology and defined institutional responsibilities. However, the government enjoins all ministries, agencies, and development partners that finance and implement programs and projects to carry out periodic monitoring and evaluation and submit reports to the Ministry of Planning.

Evaluation

Evaluation in Cambodia's public sector is also weak, with no developed auditing mechanisms. Formal audit mechanisms will be established under the second platform of the public financial management reforms. However, with the help of development partners, Cambodia has already begun to conduct risk and performance audits. The Ministry of Planning uses the findings of submitted monitoring and evaluation reports in the overall assessment of progress in achieving the targeted results of the national plan.

Accomplishments, Challenges, and Lessons Learned

Cambodia has begun to put in place some nascent features of results-based PSM, including a cascading national plan with indicators and targets at each level. It has succeeded in raising revenues, reducing reliance on external borrowings, and instituting public financial management reforms that enable more sustainable planning, predictable budgeting, and improved implementation. Nevertheless, challenges remain in strengthening results orientation in PSM and building linkages among its components.

Horizontal integration with ministries and agencies is still weak, although sectors such as education and health have pioneered a program-based budgeting approach. While results-oriented management at the subnational levels is just beginning, the reforms that are building central government budgeting capacity would be critical to the soundness of future intergovernmental fiscal mechanisms.

With very limited resources spread out thinly over necessary reforms and capacity development initiatives, budget reforms underway can be seen as an entry point to a more results-oriented PSM in Cambodia. However, the dynamic results-based PSM framework suggests that, while strengthening individual components can be a driver of further reform, emphasis on the linkages would be crucial to reinforce other components toward results orientation and to sustain initial reforms.

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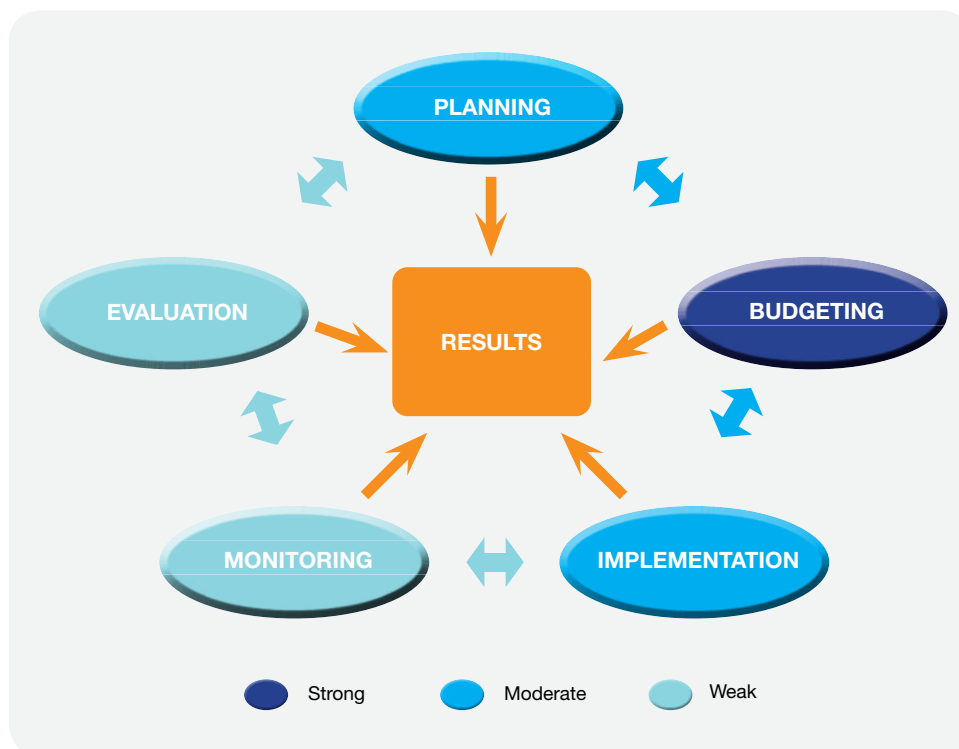
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Indonesia

Indonesia's journey toward results-based public sector management (PSM) started with performance-based budgeting. The country has made significant achievements in results-focused budgeting, especially in changing the budget from being based primarily on inputs to one in which outputs are defined. Central planning targets are moderately aligned to available budgets despite many programs that cut across ministries and agencies. Adequate policies, processes, and people are generally in place at the central government level to deliver intended results. However, implementation by some subnational governments is hindered by insufficient human resource capacities, resulting in inequitable public service delivery across regions and districts. Results-based monitoring and evaluation systems are weak, lacking established data collection and evaluation methodologies. Challenges remain in focusing components on common goals and integrating a results-based PSM at the subnational level.

Public Sector Management Map of Indonesia



The Asian Financial Crisis of 1998 triggered massive protests in Indonesia with calls for increased government accountability, transparency, and improved delivery of public services to citizens. Among the

ambitious programs of political and administrative reform was Indonesia's "big bang" decentralization, begun in 2001. A series of laws were passed that detailed the budget process, outlined the responsibilities of the Treasury, outlined the national development planning process, set out regional governments' responsibility for public services, and provided the operational framework for the supreme audit institution.

Indonesia launched a series of government budget and financial management system reforms that set the direction to move toward results-oriented PSM. While planning and implementation appear to exhibit results-oriented attributes at the national level, weaker links to monitoring and evaluation make it difficult to assess results notwithstanding reforms. The current priority—and challenge—for the public sector is to shift the implementation of reforms toward results-oriented management at the subnational level.

Planning

Indonesia has a tradition of integrating annual bottom-up with top-down planning through the consultative development planning (*Musrenbang*) process. Badan Perencanaan dan Pembangunan Nasional (BAPPENAS) (National Development Planning Agency) and, to a lesser extent, the Ministry of Finance are responsible for the national development plan. The strategic plan sets development priorities for the next 5 years and quantifies common goals with targets, indicators, and baselines.

The national five-year plan is broken down into annual plans and discussed annually with representatives of all local and provincial governments. Inputs from communities and subnational governments are brought together with national and sectoral priorities for the national level as well as for subnational levels. However, this participatory approach is based mostly on inputs and does not provide clear mechanisms to incorporate local inputs in the final annual planning document.

Central planning targets are moderately aligned to available budgets despite the numerous programs that cut across ministries and fail to follow the budgetary program structure. Beginning in 2011, however, the budget is broken down from the plan with clear ceilings and resource envelopes. However, this linkage cannot yet be assessed at the subnational level.

Budgeting

Key legislation in 2003 and 2004 set the direction to move to output-oriented PSM in Indonesia. An output orientation in the budget reinforces an eventual adjustment in the planning, monitoring, and evaluation systems at the national and subnational levels toward output orientation. However, planning and monitoring remain largely input-based exercises, primarily due to a lack of legislation that enforces a results focus. Performance or output indicators are mostly limited to budget disbursement rates.

The State Finance Law established (i) a unified budget for development and routine expenditure; (ii) a medium-term expenditure framework (MTEF); (iii) performance-based budgeting, which restructured the budget based on programs and activities and associated performance indicators that allow for results-based budget allocation and evaluation; and (d) single treasury accounts. The more difficult step has been the continuing efforts to make the budget more comprehensive by bringing various activities that were previously off-budget onto the budget.

Performance-based budgeting linked to national priorities determines key performance indicators of program and project outputs and a costing methodology that uses standardized input and activity costs to achieve allocative and operational efficiency. However, the performance-based budgeting is focused on outputs with weak linkages to outcomes and the different levels of results. In 2002, the Ministry of Home Affairs passed a ministerial decree for subnational governments to change budgeting to a performance-based system.

Implementation

In general, adequate policies, processes, and people to deliver intended results are physically in place at the central government level. However, some subnational governments have low or insufficient human resource capacities that often slow down effective and efficient implementation and give rise to inequitable public service delivery across regions and districts.

The Ministry of Home Affairs has developed and monitors output-level minimum service standards based on the functional assignments of subnational governments in collaboration with line ministries. Each sectoral ministry has been asked to develop service standards, which have been established in key sectors such as education, health, and public works. However, the service standards have not been linked to defined national or subnational targets. One challenge is how subnational governments can be held accountable for these standards given their low fiscal capacities and the lack of sanction mechanisms in place for noncompliance.

Monitoring

Monitoring is generally weak, lacking a well-established data collection methodology and sufficient baseline data for monitoring. At the subnational level, most planning documents include qualitative indicators.

Institutional responsibilities for monitoring are not clearly defined. BAPPENAS and the Ministry of Home Affairs have partially overlapping monitoring functions to monitor and evaluate subnational governments. The Ministry of Home Affairs is in charge of monitoring the development of the regions and development outcomes, while BAPPENAS is in charge of monitoring and evaluating the development planning process. The Ministry of Finance is responsible for monitoring the budget disbursement rate.

At the subnational level, there is no single institutional scheme for monitoring, and agencies' responsibilities overlap. Badan Perencanaan Pembangunan Daerah (Local Development Planning Agency) is in charge of monitoring and evaluating the development progress, while the roles and responsibilities of local sector agencies are unclear.

Meanwhile, the President has set up UKP 4, a special unit to monitor the progress of the country's strategic development priorities based on the medium-term plan. Assessment of achievements is reported directly to the President. Data is collected and delivered by the ministries and the internal audit agency and physical spot checks are conducted in the field. Monitored data feeds into weekly reports submitted to the President.

Evaluation

While an overall evaluation methodology has not yet been clearly formulated, Indonesia has made significant progress with regard to the evaluation of its national development priorities and programs. At the national level, the President's signed performance contract with all ministers has become the basis for the evaluation with selected ministries sanctioned for failing to meet performance targets. However, results-based evaluation is generally limited to outputs with the exception of large development programs supported by international development partners. The establishment of UKP 4 is a significant step in the evaluation of major development programs.

The central level lacks a dissemination methodology for evaluations, while dissemination is more established at the subnational level. Governors, mayors, and district heads are required to publish annual accountability reports, detailing the annual accomplishments of the local government that include all

levels of results. However, a lack of data availability and lack of capacity of subnational government officials to conduct evaluations limits reporting to mostly qualitative and output-level information with data on budgetary allocation and execution mostly excluded.

Accomplishments, Challenges, and Lessons Learned

Through the introduction of performance-based budgeting that reinforces a medium-term strategic plan and results-based monitoring, a performance culture focusing on results has started to emerge in Indonesia. The central government has introduced local incentive funds—fiscal transfers to subnational governments that meet a set of basic education, finance, economics, and welfare criteria, each of which has a set of outcome, intermediate outcome, and output indicators. However, the fund is not yet regulated in the Law on Fiscal Balance, which may affect its sustainability; and, at less than 0.3% of total intergovernmental transfers, the fund would need to be expanded to provide enough incentive for subnational governments to improve performance.

While the budgeting process has adopted results features at the output level, planning and monitoring have remained largely input-based. Creating a legal environment conducive to results-based PSM continues to be a challenge. It has been necessary to harmonize existing regulations related to public finance management to avoid overlapping and conflicting rules, while government regulations are being revised to accommodate budgeting reforms.

Indonesia has managed sufficient horizontal integration of the PSM cycle, but vertical integration remains a challenge. While the national-level planning, budgeting, implementation, and—to a lesser extent—monitoring systems are linked, vertical integration has become weaker in the transition to a decentralized system. Normatively, national and subnational planning, budgeting, implementation, and monitoring are linked to each other but, in practice, large gaps remain. Given the decentralized nature of government, national government has little control over subnational spending and the related planning and budgeting process. Supporting the use of results-based PSM at each level of the public sector is crucial to achieving common national goals.

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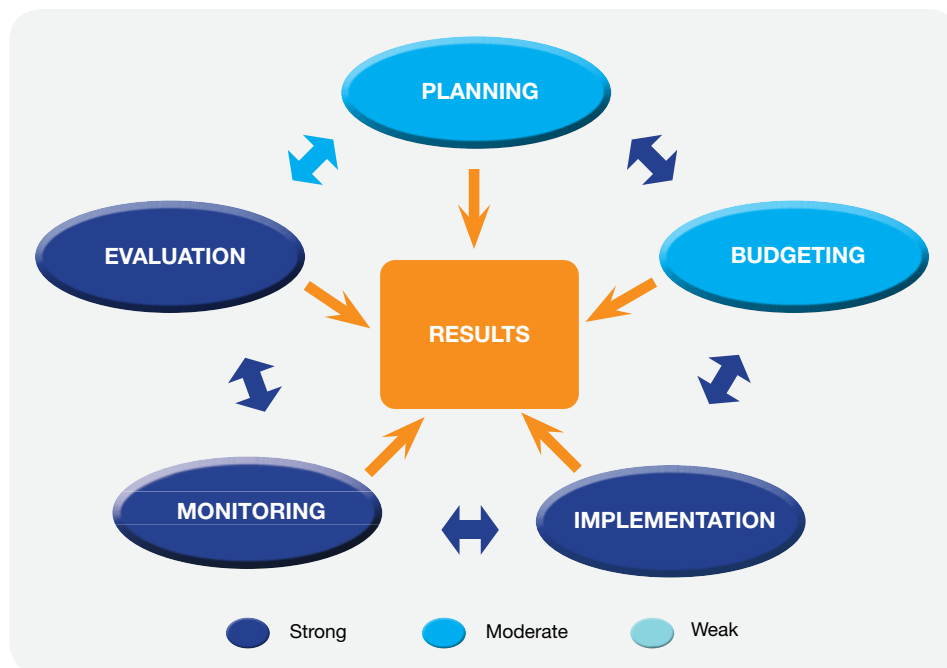
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Republic of Korea

The Korean public sector exhibits aspects of substantial results orientation in each component, which together are significantly interdependent. The continuous pursuit for results-based public sector management (PSM) began with strong and highly centralized planning during the era of high economic growth. Over the years, central planning has weakened relative to the period of development. Planning and budgeting are significantly aligned and primarily administered by a single ministry. The strongest results-based components are implementation, monitoring and evaluation. Despite current real-time monitoring and robust evaluation systems, challenges remain including resistance to evaluation in the senior civil service, an emphasis on general learning rather than specialization, and a fragmented and overlapping evaluation system that leads to redundancy and evaluation fatigue.

Public Sector Management Map of Korea



The Government of the Republic of Korea's results-based management initiative in the public sector has focused on organization, human resources, finance, and evaluation, and there has been considerable interconnectivity between areas (Kim 2002). Since the push for restructuring began, the government has implemented a medium-term expenditure framework, introduced a top-down budget, adopted a rigorous performance management system, and developed a digital budget information system (Park and Kim 2007). The principle of "budgeting for results" has come to the fore in the public sector, with the emphasis shifting away from budgetary inputs and toward outputs and outcomes (Kim 2002). Motivated by the poor financial condition of the government after the 1998 Asian Financial Crisis, and made ever more

apparent by the need to deal with an inadequate social safety net, widening income disparities, and an aging population (Park and Kim 2007), results-based reforms throughout the public sector have attempted to both formalize and streamline existing strengths and create accountability.

The Korean public sector exhibits significant aspects of results-orientation in each component, which together are significantly interconnected. The strongest components are implementation, monitoring and evaluation. Current planning efforts may be considered to have weakened relative to the strong central planning of the developmental period.

Planning

Under the performance-based budgeting framework, introduced in two phases in 2000 and 2003, agencies measure performance systematically through a strategic plan and performance report, the results of which are incorporated into budgeting and management. The performance plan (i) incorporates each agency's mission statement, (ii) establishes midterm -goals (3-5 years), (iii) establishes performance objectives in line with goals, (iv) identifies performance indicators and methods to measure them, (v) suggests strategy and policy measures, and finally (vi) provides a budget statement relevant to the objectives. The performance report, for its part, would include outcomes achieved and unachieved, (with reasons for the latter) and a schedule for the completion of unachieved objectives (Kim 2002). The Korean performance system is outcome-orientated, but outputs are used in cases where it is difficult to define appropriate outcome measures, such as for the Ministry of Construction and Transportation. Outcome (or output) targets are defined by the various ministries. The former Ministry of Planning and Budget (MPB), which was merged with the Ministry of Finance and Economy to form the Ministry of Strategy and Finance in 2008, makes the ultimate decision as to whether the defined targets are appropriate. Ministries also conduct preliminary feasibility studies (PFS), which use cost-benefit analysis and multi-criteria analysis to improve the methods of ex ante evaluation at the preparation stage. PFS are employed particularly for large projects. The PFS is conducted by an interdisciplinary team to provide diverse ideas and increase objectivity. Analysis focuses on both economic aspects of a project and policy analysis, which incorporates social issues that are difficult to quantify. The strong link between planning, performance information, and budget allocations has motivated individual ministries and agencies to improve the quality of the performance information (Park and Kim 2007).

Budgeting

In 2000, the Budget Management Bureau at the former Ministry of Planning and Budget introduced a performance-based budget for 16 pilot organizations. Four performance management frameworks were introduced as part of the reforms: performance-based budgeting, implementation completion inspection, feasibility studies, and incentive payments for expenditure savings or revenue increases (Kim 2002). This phase of performance budget implementation, as well as another following in 2003, was based largely on the United States Government Performance and Results Act, with various contextual modifications. A third initiative in 2005 introduced the Self-Assessment of Budgetary Program, an evaluation tool derived from the Program Assessment Rating Tool first developed in the United States. This initial rollout of the system saw 555 government programs—about a third of the total—appraised, with the remaining programs scheduled for appraisal over the next 3 years. Self-assessments employ a checklist developed by the MPB that focuses on planning, management, and results (Park and Kim 2007).

Two other initiatives related to the budget have been implemented to introduce greater managerial autonomy to the ministries. First, top-down budgeting gives ministries more freedom in establishing budget priorities. Under the top-down budgeting system, the former Ministry of Planning and Budget introduced spending ceilings on the various ministries, who otherwise have autonomy in allocating funds within their area (Park and Kim 2007). The ceilings take into account the results-based performance data produced by in the yearly evaluation reports of the ministries, and target both discretionary funding and larger projects.

Second, under the total wage system, introduced in 2005, the Ministry of Public Administration and Security sets a wage ceiling for ministries but allows the ministry itself determine its own organizational structure, as well as salaries and incentives for staff. In the short term, this system has met with only partial success, as there continues to be a strong culture of seniority-based promotion within the public service. Nevertheless, since the introduction of the total wage system, the Ministry of Public Administration and Security has promoted the framework by strengthening monitoring tools and offering financial incentives to agencies that save on the total wage bill.

Implementation

Throughout their implementation, projects are reviewed to discover problems and incorporate the information into the following year's budget. Inspection teams are composed of a deputy director of the central budgeting agency, an officer in the ministry under review, and specialists from the private sector. The inspection process takes approximately 5 months and incorporates expert opinions, interviews, and survey data. The report is submitted to the Budget Office, which uses the information to improve budget and institutional efficiency (Kim 2002).

The Republic of Korea's highly competitive public bureaucracy is chiefly responsible for the implementation of development policy. The most common recruitment process for the lower ranks of the civil service is through the country's open examinations and promotions take place internally, but beginning in 1999, an increasing number of higher civil service positions are being opened up to government-wide competition as well as to talented individuals from the private sector (Kim 2010). Both promotion and, increasingly, pay, are formally determined by regular performance evaluations, although seniority still plays a part. A significant portion of the criteria of an individual employee's performance evaluation is based on the objectives and measures of the strategic plan of the agency, thus aligning performance parameters for individuals with the goals of the organization.

The central budget office uses the annual performance reports in its negotiations with the various ministries, and this practice has in turn created positive feedback by encouraging the use of performance information by the ministries in formulating their budget requests. Ministries that do not meet their performance targets or receive a poor evaluation under the Self-Assessment of Budgetary Program may face a budget cut in the future, and senior civil servants are aware that performance plays an increasingly important role in their own career prospects (Park and Kim 2007).

Monitoring

Major policies are evaluated annually by a policy evaluation committee established by the Prime Minister's office. In addition to the performance information supplied by the ministries, these policies incorporate customer survey data from frontline organizations. Indicators cover planning implementation, effects, public relations, and policy evaluation. Evaluations categorize ministries into high, medium, and low performers, with various incentives such as more prestigious cabinet assignments for ministers who score highly. This evaluation system fosters competition among ministries and diminishes the possibility of failure by reviewing the policymaking process as a whole. Moreover, the country's entire policy evaluation system is online and thus each measurement of the Balanced Scorecard can be evaluated in real time. Team members and leaders can monitor their real-time performance and ranking among other teams, which increases not only transparency and objectivity, but also competition. The incentive system, career development, performance results, and training programs are all connected.

A major strength of the Korean monitoring system is its ability to react quickly to minor fluctuations in the expected performance of its units. The abundance of real-time information is a powerful tool with which managers may efficiently distribute resources within their divisions. Another strength of the monitoring

system is the tendency to quantify all aspects of performance and behavior. The trend toward complete quantification allows the behavior of disparate agencies to be compared with a sufficient level of accuracy to pinpoint weaknesses in individual agencies, and creates a high degree of competition between, and thereby higher performance in, ministries and organizations.

Evaluation

Closely linked with the monitoring system, Korea has several levels in its evaluation system. There is a regular program review process as well as an in-depth evaluation process on selected programs. The evaluation results from the program review process is integrated into the overall budget cycle in Korea through the Self-Assessment of Budgetary Programs. The results of this evaluation are used to inform decision makers, such as the cabinet expenditure review committee and feed into budget formulation. Linking results with budget allocation, the central budget authority institutes at least a 10% cut on programs that have been rated as ineffective.

Evaluation results under the Self-Assessment of Budgetary Programs are also used for personnel evaluation in certain line ministries. The performance management system was introduced to raise the level of accountability along with ministerial autonomy by strengthening the link between budgeting and performance. Early in the implementation of the performance management framework, the results of performance evaluations were intended primarily for the executive, however, a revision of the Budget and Accounting Act made all the information available to the National Assembly. Initially, the whole-of-government approach was weak, as few incentives existed for officials to look outside their own ministries to focus on interdepartmental issues (Kim 2002).

In 1999, both an annual performance salary for high-ranking officials and performance incentives for middle- and lower-tier employees were introduced and the percentage of individual pay based on performance has increased every year since its introduction. Bonuses have focused on individual performance, but have also been used to drive financial efficiency. Public officials who significantly increase government revenue or successfully cut some portion of their budget are rewarded with incentive payments (Kim 2002). Nevertheless, given that the employment status of career civil servants is protected by law, savings affecting personnel are not frequent.

Accomplishments, Challenges, and Lessons Learned

Despite a significant results orientation with strong evaluation systems, there are various challenges to improving the Republic of Korea's national performance framework. These include resistance to evaluation in the senior civil service; an emphasis on general learning rather than specialization, resulting in few staff being capable of gaining expertise in performance management; and the fragmented nature of the evaluation system. There are currently multiple small systems and four major evaluation systems operating simultaneously across agencies, which have led to significant redundancy and evaluation fatigue (Park and Kim 2007). Opportunities exist to increase the coherence of evaluation guidelines, collaboration, accountability, and the effectiveness of the post-evaluation proposals, and improve training and skills (Kim 2002).

Three characteristics of the Republic of Korea's management for results framework stand out. Firstly, in government there is a common belief in the value of competition to increase performance. Competition is encouraged among ministries and individuals throughout the civil service, who are increasingly conscious of the performance-based nature of their pay and promotion opportunities. Secondly, the majority of the reform efforts of the past decade have emphasized bottom-up strategies in sharp contrast to the nation's top down administrative past. However, the willingness and capacity of lower-level employees to innovate has at times been found lacking and potentially wasteful, and ranking leaders continue to play an important role in planning and evaluation. Thus, it may be fair to say that the current administrative

framework continues to be predominantly top-down. Finally, performance incentives tend to target organizational units rather than individual employees in the hope of achieving better performance for the government as a whole (Lee and Moon 2010).

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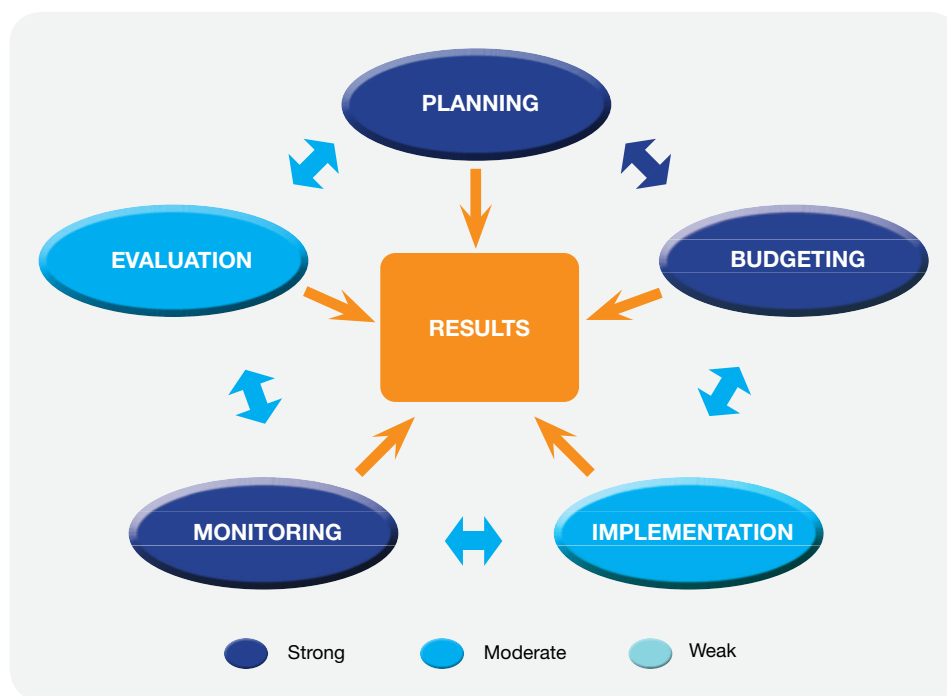
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Malaysia

Since independence, public sector management (PSM) in Malaysia has undergone a series of reforms and transformation initiatives to respond to the rapidly changing environment and increasing demands. Strong planning and budgeting processes have been at the forefront of these reforms. Monitoring activities track operational and results-based key performance indicators at different program levels. However, there is currently no centralized and integrated monitoring system in place. While exhibiting significant results-oriented features and attributes in all components, the current system shows weaknesses in its implementation and evaluation stages. The introduction of the outcome-based approach in the 10th Malaysia Plan (2011–2015), which will be supported by the implementation of outcome-based budgeting in 2013, will address these weaknesses through strategic integration of planning, budgeting, implementation, monitoring, and evaluation at various levels.

Public Sector Management Map of Malaysia



Since independence in 1957, the Malaysian public sector has been the main driving force of national development. Although its contribution to gross domestic product has reduced over time, the public sector continues to define and play a significant role through policy formulation. The continuing challenges posed by internal and external environments, coupled with fiscal challenges and the increasing demands for better quality and more responsive services, requires continuous engagement and improvement in service delivery.

PSM in Malaysia has gone through a series of reforms since independence. Malaysia's earliest budget reform can be traced back to 1969 when the government introduced the Program Performance Budgeting System. It subsequently introduced the Modified Budgeting System (MBS) in 1990. Due to fiscal challenges arising from global uncertainties since the late 1990s, the government decided on a number of strategic reforms to improve program and service delivery. Among the reforms was the focus on outcomes in aspects of planning and budgeting. By focusing on outcomes, planning, budgeting, implementation, monitoring, and evaluation are better integrated and aligned to optimize resource allocation.

As part of the PSM initiatives, the government recently introduced the Government Transformation Programme and the Economic Transformation Programme under the 10th Malaysia Plan (2011–2015) to transform Malaysia into a developed nation by 2020. These initiatives set the stage for integrated strategic fiscal planning and effective public finance management.

A comprehensive review was carried out focusing on how these national goals will be realized. Limited resources and the importance of managing fiscal deficits were identified as major challenges. In response, Outcome-Based Budgeting (OBB) will be implemented in 2013 to replace the existing MBS. OBB is a comprehensive mechanism to translate planning into results through effective program implementation with greater accountability through systematic monitoring and evaluation of performance for more effective and efficient public expenditure.

Planning

Development planning in Malaysia started in the 1950s with the preparation of the First Malaya Plan (1956–1960). Then, the First Outline Perspective Plan (OPP1) was prepared to set the broad thrusts and strategies of the national development agenda over the long term (1971–1990). This was followed by OPP2 (1991–2000) and OPP3 (2001–2010). Similarly, the Vision 2020 (1991–2020) spells out long-term national aspirations and foci.

Based on the long-term plan, a five-year plan (Malaysia Plan) is formulated by the Economic Planning Unit, under the Prime Minister's Department, through a consultative process under mission cluster groups and technical working groups. The plan sets out the macroeconomic growth targets, and the size and allocation of the public sector development programs. A mid-term review is carried out in the middle of the 5-year planning cycle to determine whether the plan is being implemented in accordance with the stated targets and schedules, and to make any necessary policy and strategy adjustments.

The annual planning is done in conjunction with the annual budget process by the Ministry of Finance. Although the Economic Planning Unit is also involved in determining the details of the annual development budgets, separate treatment of development and recurrent expenditures tends to divide the planning, budgeting, and implementation process.

To address this issue, the government has adopted an integrated strategic planning framework, starting at the national level with the establishment of the National Results Framework (NRF) under the 10th Malaysia Plan. The NRF is built on the outcome-based approach focusing on the national priorities under the 5 strategic thrusts, with 24 key result areas, 24 national outcomes, and 30 programs to be implemented by line ministries and agencies. Government-wide budget reform is being implemented with the introduction of OBB. OBB improves and expands the MBS and extends its coverage to complete the cycle from planning for results to budgeting, implementation, monitoring, evaluation, and performance reporting. Under OBB, clear alignment from national planning to ministry-level program implementation will be determined through the establishment of the Ministry Results Framework (MRF). The MRF requires top-down planning, whereby each Ministry must realign its programs and activities to the NRF and develop a results framework that will identify outcomes at the program and activities level, and sub-program outputs. The MRF helps determine accountability levels for achieving the desired outcomes and results.

Budgeting

The Budget Management Division of the Ministry of Finance (MOF) coordinates the preparation of the national annual budget presented to Parliament. The MOF reviews and screens the programs, activities, and budget submission of each ministry. Under the MBS, logical linkages between the inputs, outputs, and impacts of programs and activities were established. Resource allocation was improved through more efficient management of programs and delegation of authority that fosters accountability. Nevertheless, appropriations for development and operating expenditures are undertaken separately, and as a result planning and budgeting under the MBS diverged.

The implementation of OBB in the 2013 budget will provide a “single view” of the budget, incorporating both development and operating requirements under each program. Ministries and departments are required to prepare their strategic plan for resource allocation based on the agreed results framework. The comprehensive nature of the results framework also focuses on medium-term goals that fit in with annualized objectives, cascading from the national to the operational level. The budget process will be a bottom-up approach, starting from the activity level up to the ministry level. Ministries will be required to prepare budgets on a 2-year rolling basis against a 5-year planning backdrop.

Implementation

The implementation of development projects and programs is being undertaken by line ministries and agencies in accordance with the planned strategies. However, program managers seldom use the MBS as a strategic management tool. Therefore, attempts to link input efficiency with output performance and outcomes have met with challenges. Implementation and performance are measured by the number of outputs generated, inputs used (expenditure), and physical progress of the development projects. This has resulted in wasteful expenditure in an attempt to justify greater performance.

Under OBB, the implementation of programs and activities will be carried out according to the strategies identified in the MRF. The MRF will determine the level of performance that can be achieved by an entity for a given annual budget allocation and will hold the manager accountable for results as defined in the Performance Agreement.

To facilitate the process of assigning accountability to managers, a comprehensive results framework has been developed within the MRF to identify results at the ministry (tier 1), program (tier 2), and activity (tier 3) levels. Clear lines of accountability and linkages are established between organizational and personnel performance.

Ministries will have to submit quarterly and yearly performance reports to the MOF. These will be used to justify their budget submissions. Ministries that do not meet their performance targets or receive poor evaluations may face budget cuts in the future.

Monitoring

Program monitoring tracks key performance indicators—both operational and results-based—at different program levels, so that timely and appropriate steps can be taken to keep a program on track and to ensure that objectives or goals are met in the most effective manner. Currently, there is no centralized and integrated monitoring system in place. Ministries and agencies have developed and maintained separate monitoring systems to suit their internal needs.

Furthermore, there are concerns over the ministries' capacity to conduct evaluations on a sustainable basis. There is insufficient training on data collection and interpretation for monitoring purposes, and monitoring is primarily conducted on expenditure rather than program performance.

Another challenge is the lack of a comprehensive monitoring and data management system. Currently, monitoring and data collection is done manually and does not provide real-time performance data to enable quick response to performance fluctuations.

Under OBB, a comprehensive and systematic e-enabled management information system with capabilities for budget submission, budget review and verification, and performance monitoring and reporting is being developed. The new system will identify information needs by the users at various levels. The information can be aggregated into an early warning system or dashboard for management that will generate information on shortfalls in resource utilization, over-expenditure, variances in achievement, and identification of weaknesses and remedial actions that need to be taken. The information will be used to decide on funding and apportionment of resources, human resource deployment, policy adjustments, and program improvements.

The dynamics of OBB can only be realized when linkages within the performance framework are driven by the management information system and the monitoring and evaluation framework. These two components will provide the performance measurement dimension to the strategic planning framework by way of accurate, reliable, and timely information targeted for decision making. Performance reporting focuses on the performance aspects of program such as completion of activities, delivery of outputs, and the achievement of outcomes at the departmental level, as well as performance across departments and sections.

Evaluation

Evaluation of program performance and results for effective and efficient public expenditure is a mandatory exercise to be undertaken at least once every 5 years. However, the program evaluation is not carried out as mandated under the MBS, but is done on an ad-hoc basis. This is due to factors such as the lack of a structured monitoring mechanism resulting in a weak management information system, lack of enforcement by the central agencies, and perhaps lack of expertise in monitoring and evaluation. In addition, since the current planning and budgeting processes are not sufficiently linked, undertaking evaluation, determining outcomes, and attributing results become a challenge.

One of the key benefits of OBB is improving the evaluation aspect of its results-based performance, which should be carried out periodically or for a specific purpose. Under OBB, evaluation will assist in establishing the necessary vertical and horizontal linkages and provide information and analysis to help decision makers judge the efficiency and effectiveness of a program or project. Ministries can access information about program objectives, resource utilization, activity completion, output generation, outcomes, and impact achievement from the online system for evaluation purposes. The evaluation report will later be used to assess the importance and relevance of the program or activity, and to help managers decide whether it should be continued, revamped, or stopped.

Accomplishments, Challenges, and Lessons Learned

Since independence, PSM in Malaysia has undergone a series of reforms and transformation initiatives to respond to rapidly changing environments, increasing demands from the public, and challenging fiscal situations. The planning and budgeting processes, in particular, have been at the forefront. The earlier planning and budgeting systems show weaknesses in implementation, monitoring, and evaluation. Therefore, the introduction of the outcome-based approach in the 10th Malaysia Plan, which will be supported by the implementation of OBB in 2013, will address the challenges and weaknesses identified. OBB introduces strategic integration in planning, budgeting, implementation, monitoring, and evaluation at various levels.

With the implementation of OBB, emphasis will be on the achievement of results, rather than spending, to give a more holistic view of the achievements of a program or an activity. It is hoped that the implementation of a results-based management initiative through OBB will maximize results through managing crosscutting initiatives and focusing on a nationwide result to eliminate deficits and reduce government debts.

It is anticipated that the implementation of OBB will face challenges of capacity building, awareness, institutionalization and sustainability, senior management commitment, continuous data upload for effective performance monitoring, and political buy-in.

A prudent, flexible, and pragmatic public sector is crucial in planning for results, budgeting, program implementation, monitoring, and evaluation. Adjustments must be made quickly once market forces have demonstrated that certain policies, strategies, and procedures no longer apply in the light of changed circumstances.

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The Philippines

The Philippines' pursuit of results-based public sector management (PSM) started with strong planning. Over the years, planning has been linked more fully with the other components, particularly the budget. The budgeting system has a medium-term expenditure framework in place and performance indicators to monitor the delivery of outputs of ministries and agencies at different levels of results. However, challenges remain in strengthening implementation and achieving established service delivery standards. Decentralization highlights weaknesses in implementation, and local governments' own management functions must be made more results-focused to strengthen existing national-local linkages. Adequate monitoring mechanisms are in place, but while evaluation systems are also in place, ex post facto audits and reports may be delayed, findings may not be effectively disseminated, and feedback mechanisms remain weak to sufficiently inform succeeding plans and budgets.

Public Sector Management Map of the Philippines



The Government of the Philippines has been working to implement results-oriented measures for about 2 decades. Modest growth and fiscal deficits have affected the government's ability to allocate resources for the basic services needed to achieve the Millennium Development Goals (MDGs). The slow decline in the poverty incidence and high inequality provided a push for public sector reforms toward more efficient use of resources for service delivery.

The Philippine public sector exhibits aspects of results orientation at each component. The strongest component is planning which plays a role in reinforcing a results-based budget. Despite adequate

monitoring showing weaknesses in implementation, evaluation findings from monitored results could better inform decision making.

Planning

Planning is led by the National Economic and Development Authority (NEDA), the government's central planning agency. It coordinates the formulation of the medium-term national plan and specifies sector and ministerial numeric targets and a regional breakdown. Planning cascades to subnational levels to spell out objectives that guide the investment programming priorities of (i) the medium-term national plan, (ii) the regional development plan, and (iii) the local development plan by provincial and municipal governments. The plans and investment programs at various levels are intended to form an integrated system of planning activities and outputs in which the higher levels provide the context and the lower levels serve as policy inputs.

Alignment of results at the various levels of governments is being strengthened through the development of an accompanying results matrix (RM) to the latest development Plan (2011-2016). This provides the results orientation to the planning component by linking sector and sub-sector goals to the overall societal goal. NEDA collaborated with the rural development sector agencies in developing the integrated results frameworks for the agriculture, agrarian reform and natural resources sectors. The integrated results framework establishes the results linkage between sector goals and agency deliverables (major final outputs). This facilitated the formulation of the respective agencies' results matrices.

While planning targets are not directly linked to available budgets, the identified investment priorities serve as intermediate output to align the plan to the budget. Without a budget ceiling, agencies rank their programs and projects according to their relevance to and impact on planned sector outcomes. The financing requirements and ranking of the programs and projects give an indication of which priorities will be funded once budgetary levels are known. A performance-based budgeting results framework provides the basis for measuring the delivery of aligned results for their programs and projects.

Budgeting

Working with NEDA, the Department of Budget and Management coordinates the preparation of the budget submitted to Congress. A medium-term expenditure framework is in place, which includes medium-term fiscal targets and forward estimates of the costs of ongoing programs and projects. Performance indicators monitor the delivery of outputs by ministries and agencies at different levels of results. Since 2002, the Department of Budget and Management has also been reviewing agencies' financial and physical statements and reports as the basis for decisions about the release of funds in subsequent periods.

Zero-based budgeting has been adopted in 2011 to assess the continued relevance of programs and projects and guide subsequent resource allocation.

Implementation

While planning is strong and budgeting is progressing toward results orientation, implementation remains a weaker component in the PSM cycle. Complicated procurement processes, slow releases of funds, and tight internal controls to deter leakages strain budget execution.

Decentralization highlights certain weaknesses in implementation and the PSM cycle in the Philippines. The devolution of certain national government responsibilities to local government units (LGUs) in 1991 had implications for both the devolving agencies and the LGUs. For the agencies, there was a need

to ensure that their reduced budgetary outlays were focused on building the capacity of LGUs and setting standards for devolved functions and effective delivery of retained functions. For LGUs, their plans, budgets, and personnel needed to be developed to absorb the new responsibilities. While weak monitoring and evaluation of implementation at the local level make it difficult to assess the overall impact of decentralization on delivery of services, some studies suggest that limited own-source revenues and access to financing constrains accountability for achieving results and emphasizes regional disparities.

As part of the Philippines' decentralization policy, national government agencies have been partnering more with their regional offices and local governments in project implementation. Nevertheless, remaining overlapping mandates among national ministries, agencies, and local governments affect the coverage and quality of service delivery.

Monitoring

Adequate monitoring systems exist in various agencies in the Philippines, sometimes to the point of generating excessive data, much of which could be put to more strategic use. At the national level, the results matrix is being fine-tuned to translate goals and objectives into measurable outcomes and outputs. As a monitoring instrument of the national plan, the results matrix contains the critical indicators and targets to be achieved. The implementation of specific programs and projects are also monitored. NEDA regional offices manage regional project monitoring and evaluation, while central agency projects in the regions are tracked by a regional project monitoring committee. Progress toward the Millennium Development Goals is also monitored regularly and has fed into strategy formulation for the current national plan. Results monitoring and evaluation are built into all projects and programs funded by official development assistance and reviewed annually by NEDA.

Evaluation

An evaluation of the medium-term national plan is undertaken before preparing the successor plan. Programs and projects are evaluated after their completion to assess achievements of impact, outcomes, and outputs.

Ex post evaluation is conducted at the project level by NEDA for selected development assisted projects and pursued jointly or with the assistance of development partners. While at the early stages of developing its own ex post evaluation framework, the Philippine government utilizes the evaluation systems of development partners. The Commission on Audit, a constitutionally independent supreme audit and accounting body, also conducts ex post facto audit reports. Its reports, although reasonably thorough, tend to be delayed and the process is not properly sequenced with the subsequent formulation of the national plan.

Despite the many evaluations, project reports, and studies related to results conducted in the Philippines, findings have not always been effectively disseminated and feedback mechanisms remain weak. Studies have not been fully used and their recommendations have not been fully adopted.

Accomplishments, Challenges, and Lessons Learned

The Philippines has succeeded in putting in place many of the components of results-based PSM, including strong planning that is being progressively aligned to the budget, and adequate results monitoring focused on outputs rather than inputs. In addition, broad consultation at various points in the PSM process helps ensure ownership of the plan and transparency in the process. Nevertheless, challenges remain in overcoming weak linkages among PSM components, particularly in implementation, monitoring, and evaluation.

Horizontal integration among ministries and agencies could be improved by translating the results focus of oversight agencies to implementing agencies and filling data gaps for results measurement. While results-oriented management is trickling down to local government processes, building local government capacity and improving coordination with national agencies is critical to achieving national targets.

With limited resources spread thinly over various reform agendas, past reforms have focused on strengthening planning and budgeting, while implementation, monitoring, and evaluation have received lower priority. The interdependence of components suggest that strengthening weaker components and linkages in the Philippine PSM cycle will be crucial to achieving common results and sustaining initial reforms.

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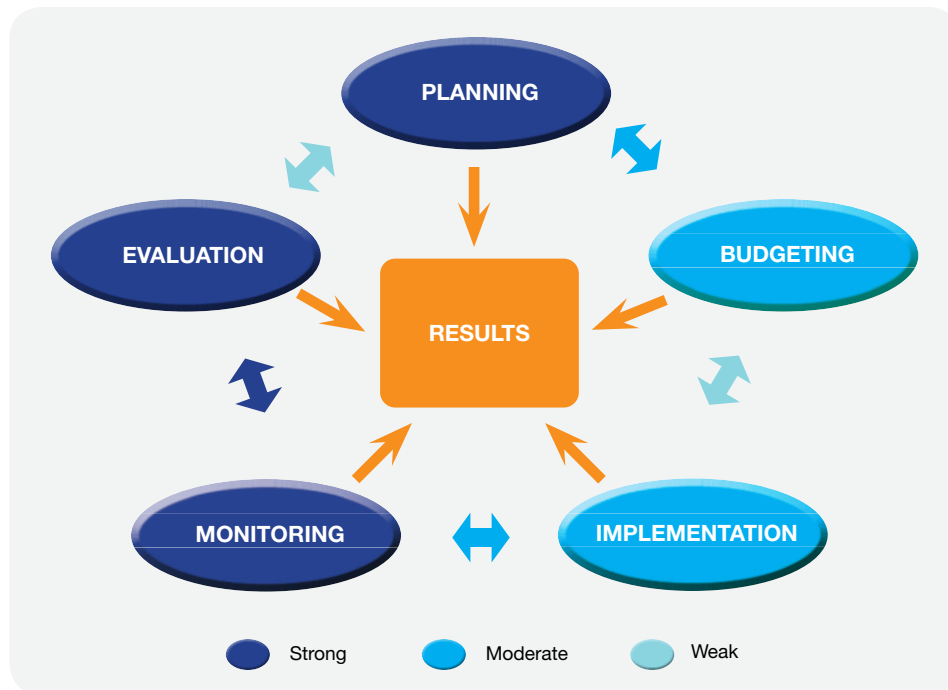
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Sri Lanka

Sri Lanka has put in place a foundation for advancing results orientation in the public sector. The unique feature of its approach is that it seeks a “whole of government” approach that cascades from national to sectoral, subnational, institutional, and project levels. Strong monitoring and evaluation systems drive Sri Lanka’s policy of putting results at the core of public sector management. Planning adequately identifies results at each level. The budget system continues to undergo reform with plan–budget links being strengthened through the Medium Term Expenditure Framework. However, budgeting and implementation need to reinforce performance-based budgeting and aligning institutional priorities to budget deliverables. Despite robust monitoring and evaluation systems, the feedback mechanisms and component linkages need to be strengthened to ensure continuous learning in the development cycle.

Public Sector Management Map of Sri Lanka



After bringing the 3-decade-old war to an end in 2009, Sri Lanka has achieved many positive developments. Sri Lanka’s economy has continued to grow at an annual rate of over 6% and the poverty level declined from 22.7% in 2002 to 7.6% in 2010 despite local and global challenges. Sri Lanka has achieved near-universal literacy and made remarkable progress in social development, specifically in reducing maternal and infant mortality, and is well on track to achieve the Millennium Development Goals (MDGs).

Sri Lanka’s 10-year development plan—Mahinda Chinthana: Vision for a New Sri Lanka—focuses not only on higher economic growth but also on a better quality of growth in each sector and poverty reduction. The thrust of the national development strategy has been the sharing of the benefits of economic growth

across all segments of the society with equity, social inclusion, and environmental sustainability. Given relatively high fiscal deficits financed through external debt, however, Sri Lanka understands the need to manage the public expenditure efficiently to achieve better results.

The National Administrative Reforms Council, the Ministry of Finance and Planning, the Finance Commission, and the key line ministries championed the institutionalization of managing for development results (MfDR) within the government to ensure results through a shift in the focus of public sector management from inputs and activities to outcomes and results. A whole-of-government approach covering national, sectoral, institutional, and project levels has been adopted. With support from highest level of government, the bureaucracy has been reoriented to a culture of results, and recent efforts have been made to cascade the results culture to the provincial government.

Planning

Sri Lanka follows the 10-year development plan, Mahinda Chinthana: Vision for a New Sri Lanka. Results targets are expressed in key focus areas such as infrastructure development, agriculture, small and medium-sized industry development, health, and education. For each focus area, an outcome matrix has been developed which identifies targets for 2020 with key performance indicators (KPIs) and sector strategies clearly articulating the change process.

Similarly, sector plans have a results framework with output and outcome targets for specific projects and programs. When it comes to project planning, the logical framework analysis, or results matrix, is mandatory for large projects. The Department of National Planning requires all line ministries and project proponents to formulate a project planning matrix or project design matrix with a hierarchy of objectives, objectively verifiable indicators, means of verification, and risks and assumptions.

At the provincial level, results-oriented development plans are also being formulated. The Eastern Provincial Plan, guided by the Oregon and Minnesota State results-based planning process, includes a clearly articulated results matrix.

Budgeting

The national budget is being aligned to the national development strategy. In 2010, a budget call by the Treasury requested all line ministries and agencies to identify two thrust areas and six output and outcome KPIs setting out the baseline with targets for a 3-year period. All the ministries identified their vision and mission and devised results frameworks aligned with the national development strategy. Under the budget call, line ministries are required to justify their budget requests with well defined output and outcome indicators. Following this, the Finance Commission issued a similar budget call to provincial councils requesting them to integrate results frameworks into their budget and align them with the national development plan. While there has been a shift toward performance budgets in Sri Lanka, the institutionalization of MfDR in the budgeting process needs to be further strengthened.

The budget has been undergoing reform in recent years. Improving budget predictability and the effective use of the plan and budget to achieve results have been emphasized. The Medium Term Expenditure Framework has been prepared to incorporate outcome-based KPIs to ensure that public expenditures are allocated rationally among priorities.

Implementation

As part of the management reform initiative, the National Administrative Reforms Council instructed all line ministries and agencies to establish management reform cells and formulate results frameworks with

KPIs at the ministry and agency levels. Under the coordination of the Department of Foreign Aid and Budget Monitoring, ministries developed agency results frameworks (ARFs) and agency scorecards (ASCs) to institutionalize MfDR. The ARFs include the vision and mission of the ministry, core thrust areas, and clear goals with KPIs setting out the baseline and medium-term targets for 3 years. The ARFs were aligned with the Mahinda Chinthana Development Framework and identified projects and programs to meet the outcomes set out in the results frameworks. The information was posted on the web platform.

To strengthen service delivery, results-based indicators have been prepared for the ministries dealing with education, highways, health, and water. The indicators will be monitored during budget execution and will become the basis for greater public sector accountability for the provision of services to citizens by the national government and provincial councils. The provincial councils have also been instructed to include these indicators in their provincial activities, thus establishing common results for the national and subnational governments.

Ministries' performance is regularly monitored using outcome and output indicators, holding public officials accountable for results. A performance measurement system was implemented on a pilot basis in 2006 in four ministries (health, education, agriculture, and highways) and has since been expanded to all ministries. Each ministry has a results framework against which to assess performance to monitor the outcomes of the budget.

Monitoring

Line ministries work with statutory boards and corporations to formulate results frameworks that cascade MfDR from ministry to agency levels. For example, the Ministry of Traditional Industries and Small Enterprise Development formulated results frameworks for the institutions under its purview, such as the Industrial Development Board, the Palmyrah Development Board, the National Design Centre, the National Crafts Council, and North Sea. Ministry secretaries periodically request institutions to submit their scorecards to monitor achievements against the targets set out in the ARFs. At the ministry level, progress reviews are conducted using results frameworks to assess the achievement of outcomes. At the national level, the President conducts quarterly progress reviews based on the ARFs and ASCs. The MfDR web platform captures ASCs, using a color coding scheme based on traffic light signals to rate the performance of ministries and institutions. However, further capacity development initiatives will be necessary to strengthen the process and sustain initial efforts.

All development projects costing over 50 million rupees are monitored and performance reports are submitted quarterly to the Cabinet of Ministers. The President and the Cabinet of Ministers review these reports and adopt policy interventions to accelerate implementation. Web-based data collection, analysis, and reporting have been put in place to allow online project monitoring and to facilitate timely action on issues.

Given the national development objective of reducing poverty, systematic monitoring of the progress toward achieving the MDGs has been adopted using data gathered from household income and expenditure, and surveys of demographic health. An annual MDG country report helps the government prioritize the allocation of budgetary resources to areas needing more assistance.

Evaluation

Sri Lanka's evaluation system was established in the 1990s. Localized evaluation guidelines have been prepared and the government evaluates selected development projects and programs. The Ministry of Finance and Planning, the Department of Foreign Aid and Budget Monitoring (DFABM), relevant line ministries, research institutions, and donor country-level offices undertake ongoing and ex post evaluation of selected development projects. Some evaluation reports are widely disseminated while others are disseminated among

smaller groups of stakeholders. Moreover, field inspection based rapid evaluation assessments are conducted by the DFABM, line ministries, and the Ministry of Finance and Planning.

The DFABM has developed a comprehensive web-based evaluation information system to capture project evaluations covering aspects such as overall assessment, key issues, lessons learned, and follow-up actions and recommendations. This system is accessible to policy makers, planners, project managers, and other stakeholders. The system also helps derive lessons for the sector level from project evaluation findings to meet the information requirements of the high-level policy makers. The post-evaluation information system makes the evaluations findings accessible to the public. Ministries use these evaluation findings in their planning, budgeting, and policy making.

There is a need to strengthen evaluation capacity development within and outside the government. Although there is a formal mechanism to incorporate lessons learned from evaluation into new projects through the project submission format, in reality this linkage remains fairly weak.

Auditing of all public sector institutions and investment programs is conducted by the Auditor General's Department, which reports to Parliament. In the past, audit has been mainly limited to financial and compliance audit. However, there has been a shift in focus to the achievement of results and outcomes through performance audit or value-for-money audit. The Auditor General's Department is expanding its capacity to strengthen the audit officers with performance-based audit methods and tools.

Accomplishment, Challenges, and Lessons Learned

As a change management process, MfDR requires policy commitment, political will, champions to lead the process, change agents, and capacity at all levels. The highest policy-level commitment enabled Sri Lanka to move with relative speed in the MfDR process, establishing a strong foundation to advance results orientation in the public sector. It has set up an agency dedicated to steering line ministries into common results and adopted other structural changes in the bureaucracy to facilitate mainstreaming of results in its management functions. Subnational authorities are likewise mandated to align their performance indicators with the national-level indicators.

There is a need to strengthen performance based budgeting and implementation. Given tight budgetary resources, the government has strengthened its monitoring and evaluation systems to ensure value for money from public expenditures on goods and services. However, it is important to strengthen the feedback mechanism to ensure evaluation lessons are effectively used in the planning and design of new projects to improve project quality.

The public finance management reforms that started in 2004 have put in place improvements in the budgeting system. The strong commitment of the Government of Sri Lanka has enabled the public sector to take steps toward institutionalization of MfDR at both the national and subnational levels to enhance development effectiveness.

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Core Results Attributes

Planning	Budgeting	Implementation Results	Monitoring	Evaluation
Linkages between levels of results and from national down to operational levels (agency, sector, or subnational) are defined.	Budget supports planned priorities.	Institutional priorities are aligned to budget deliverables.	Indicators are regularly monitored.	Evaluation methodology uses indicators from planning and results information from monitoring
S.M.A.R.T. (Specific, Measurable, Achievable, Relevant, and Time-bound) indicators with targets are specified for each level of results	Budget process allows efficient and effective prioritization of resources	Policies, people, and processes are oriented to deliver intended results	Institutional responsibilities toward integrating monitoring into ministerial and agency functions are defined.	Institutional responsibilities are defined with independent evaluation.
Planning targets are aligned to available budgets	Budgets have medium-term horizon linked to plan and fiscal targets.	Service delivery standards are established.	Data processing, analysis, reporting, and dissemination methodology are specified.	Stakeholder engagement and dissemination methodology is formulated.
	Financial management tracking, reporting, and dissemination methodology for budget execution is established.		Information from monitoring is applied in improving policy, program, and project design and management.	
<p>Planning results consider information and sets the priorities for the budget.</p>	<p>Budget is aligned to plan targets and defines final service delivery outputs.</p>	<p>Service delivery is aligned to budget with measurable performance indicators to facilitate results monitoring.</p>	<p>Monitoring system improves service delivery and provides data for evaluation.</p>	<p>Evaluation assesses results achieved and informs succeeding plans.</p>

Framework for Results Based Public Sector Management

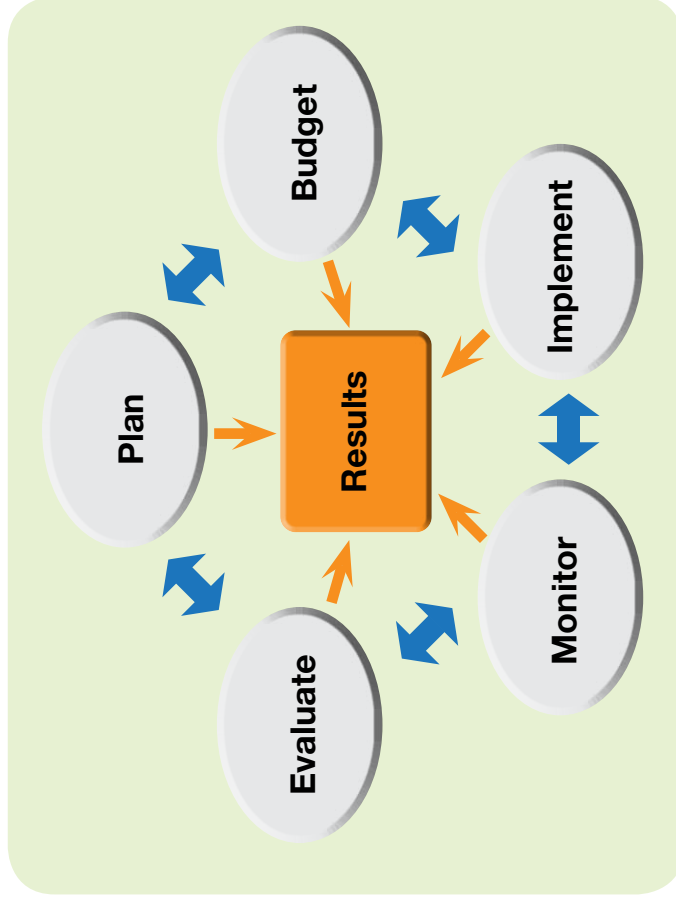
Key Features

Core Results Attributes

Focus on Common Results

Interdependency of PSM components

Horizontal and Vertical Integration



Informed Decisions

Continuous Learning

About the Framework for Results–Based Public Sector Management and Country Cases

This report highlights the key features for a results–based public sector management system, a principle based approach to capacity development, and the role of the communities of practice in leading demand-driven capacity development initiatives. The cases exemplify country experiences as seen through the Framework

About APCoP-MfDR

The Asia-Pacific Community of Practice on Managing for Development Results (APCoP) is a regional country network of the Asian Development Bank (ADB) developing member countries (DMCs) in Asia and the Pacific which shares a common objective of introducing and institutionalizing MfDR in public management. It promotes learning and knowledge exchange among public managers, organizations, executing agencies and practitioners on how to better achieve results in country operations.

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