

# Performance Management and Good Governance

---

Ray C. Rist

The World Bank, Washington, D.C.

# The Power of Measuring Results



- If you do not measure results, you cannot tell success from failure.
- If you cannot see success, you cannot reward it.
- If you cannot reward success, you are probably rewarding failure.
- If you cannot see success, you cannot learn from it.
- If you cannot recognize failure, you cannot correct it.

# Performance management and measurement



- results measurement is a key element of most performance management reforms
  - improved reporting to Parliament , civil society, other parts of government
  - performance indicators are clear
  - steering not rowing
- common theme around the world

# Good governance



## Includes:

- credible accounting to Parliament on results achieved for tax \$ and authorities used
- clear performance expectations
- proper actions to protect public sector values and ethics

# How do you tell the difference between success and failure?



- We need an evaluation system to tell us:
  - -Are we doing the right things?
  - -Are we doing things right?
  - -Are there better ways of doing it?
- We need a monitoring system to track our key indicators so as to know if we are getting the change we have anticipated.

# What we have learned



- **goals** of PM becoming more modest and realistic
  - Informing, not dictating
- **criteria** for good PM are known
  - Strategy, implementation, communication
- **implementing** PM better understood

# What is Performance Management?



- Managing resources and outputs with the aim of bringing about an intended outcome—outcomes produce benefits!
- Learning from what is working and what is not working—going to high performance
- NOT managing for results is managing resources to produce outputs, with lip-service to outcomes

# Key Components



- Fostering a results-based culture
- Agreeing on strategic outcomes
- Agreeing on strategies to get there
- Measuring results
- Using results information to improve
- Credibly reporting performance
- Undertaking serious evaluation

# Problems faced by Managers



- Managers reluctant to be accountable for results not entirely under their control
- Too many performance indicators
- Changing priorities can quickly outdate aspects of a performance measurement system
- Existing incentives reinforce management of inputs and activities

# Six Challenges



1. setting realistic outcomes
2. attributing outcomes to actions
3. credibly reporting performance
4. linking financial and performance management
5. fostering a climate for change
6. Understanding PM is a political process with technical dimensions

# fostering the right climate



## Managing for outcomes:

- senior **leadership** and commitment
- Create the right **incentives**
- Building **expertise/capacity**
- Developing the capacity to manage from evidence
- **Tolerance for risk (ask forgiveness, not permission)**
- **Encouragement of innovation**

# key concepts



## Setting out intentions

- **Mission and strategic outcomes** (clarity of overall direction and benefits to be achieved)
- **performance expectations** (what is specifically to be accomplished by when and by whom)

## Developing measures

- **performance indicators**

# key concepts (cont.)



## Measuring achievements

- performance accomplishments
- Unintended consequences

## Results

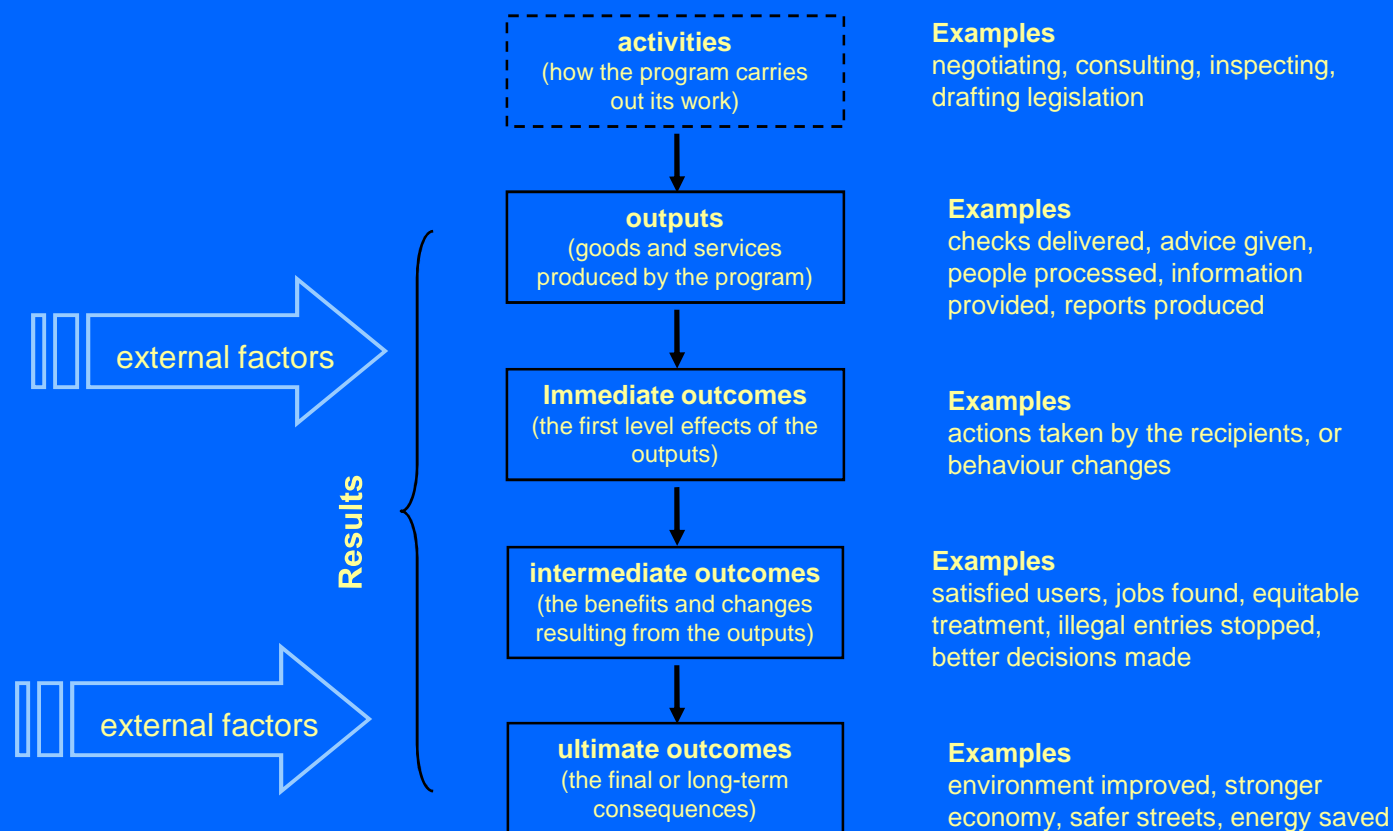
- Outcomes and impacts

## Results chain

- the logic of the program; its theory of change



# A Results Chain



# implementation lessons



- well known that **perverse behaviour** can result from using performance measures
- need to
  - have a **balanced set of key outcome measures**
  - **review** them periodically
  - use **common sense**
- **pilots** can be useful; **champions essential**

# implementation lessons (con't)



- anticipate resistance
- maintain momentum
- define key terms to use in your organization
- Use of information needs to be seen and be real
- full participation of stakeholders
- worry about data quality (GAO)

# Strategies for setting expectations



- Base expectations on past performance
- Identify benchmarks from other programs and jurisdictions
- Measure performance for a period to establish a baseline
- Set outcomes first, then measure progress
- Anticipate change will take time

# no pain, no gain



- you have to go through it
- there are no real shortcuts
- but you do need to get on with it (start where you are with what you have)
- start small
- Managing more effectively is the bottom line (evidence-based decision making)

# Finally.....



Performance management is not primarily:

- about measuring performance
- about designing performance indicators
- about measurement specialists

Performance management is:

- changing organizational cultures
- learning to learn
- managing (for results)