WORLD BANK GROUP
Global Knowledge & Research Hub in Malaysia

GLOBAL REPORT
PUBLIC SECTOR PERFORMANCE

OCTOBER 2018 INAUGURAL ISSUE

IMPROVING PUBLIC SECTOR PERFORMANCE

THROUGH INNOVATION AND INTER-AGENCY COORDINATION

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LIST OF ABBREVIATIONS

11MP	11th Malaysia Plan, 2016–2020
Adaa	Saudi Arabia's National Center for Performance Measurement
AGC	Attorney-General's Chambers
AGESIC	Uruguay's Agency for e-Government and Information Society (Agencia de Gobierno Electrónico y Sociedad de la Información y del Conocimiento)
AOS	Africa Olleh Services Limited
ARV	Antiretroviral
ASA	Advisory Services and Analytics
BAPPENAS	Indonesian Ministry of National Development Planning (Badan Perencanaan Pembangunan Nasional)
BF	Bolsa Familia Program
BFR	Big Fast Results
BKN	Indonesia's Civil Service Agency (Badan Kepegawaian Negara)
CAT	Computer-assisted Test
CC	Central Committee
CEO	Chief Executive Officer
CFMP	Citizen Feedback Monitoring Program
CIA	Central Intelligence Agency
CMAM	Mozambique's Central Medical Store
CoG	Center of Government
CPV	Community Party of Vietnam
CS	Civil Service
DAK	Special Allocation Fund (Dana Alokasi Khusus)
DATA Uruguay	Civil Society Organization in Uruguay that works on Open data, Transparency and Freedom of Information (Datos Abiertos, Transparencia y Acceso a la Información)
DBKL	Kuala Lumpur City Hall (Dewan Bandaraya Kuala Lumpur)
DfID	United Kingdom's Department for International Development
DHS	United States' Department of Homeland Security
DLI	Disbursement-linked Indicators
DMO	Delivery Management Office
DOSM	Department of Statistics Malaysia
DPO	Development Policy Operations
DTF	Delivery Task Force
DU	Delivery Unit
EAP	East Asia and Pacific
EC	Economic Council
ECA	Europe and Central Asia
EDPRS	Rwanda's Economic Development and Poverty Reduction Strategy
e-Procurement	Electronic Procurement
EPU	Economic Planning Unit
ERRC	Eliminate-Reduce-Raise-Create
ETP	Economic Transformation Programme
EU	European Union
FCV	Fragility, Conflict, and Violence
FDI	Foreign Direct Investment
FHA	Federal Highway Administration
FIFA	International Football Federation (Fédération Internationale de Football Association)
FIRJAN	Federation of Industries of the State of Rio de Janiero
FMIS	Financial Management Information System
FY	Financial Year
GAFI	Egypt's General Authority for Investment and Free Zones
GCPSE	Global Centre for Public Service Excellence
GDP	Gross Domestic Product
GGP	Governance Global Practice
GKL	Greater Kuala Lumpur
GLC	Government-Linked Company
GP	Global Practice
GTP	Government Transformation Programme
HI	High Income
HIV	Human Immunodeficiency Virus
HRM	Human Resource Management
HRMIS	Human Resource Management Information Systems

IAPG	Inter-Agency Planning Group
IBM	International Business Machines Corporation
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology
ICU	Implementation and Coordination Unit
ID	Identity Document
IEG	Independent Evaluation Group
IMCC	Inter-Ministerial Coordination Center
IMF	International Monetary Fund
IRS	Internal Revenue Service
ISU	Implementation Support Units
IT	Information Technology
ITU	Information Technology University
JD	Justice Delivery
KPI	Key Performance Indicator
KPK	Indonesia's Corruption Eradication Commission (Komisi Pemberantasan Korupsi)
LAC	Latin America and the Caribbean
LI	Low Income
LMI	Lower Middle Income
LSK	People Service Centers (Lok Sewa Kendras) in Madhya Pradesh state, India
M&E	Monitoring & Evaluation
MDA	Ministries, Departments and Agencies
MDG	Millennium Development Goal
MDTF-SSS	Multi Donor Trust Fund for Justice Sector Support in Serbia
MEF	Ministry of Economic and Finance
MEHD	Mozambique's Ministry of Education and Human Development
MENA	Middle East and North Africa
MOF	Ministry of Finance
MOHR	Ministry of Human Resources
MOT	Ministry of Transport
MOW	Ministry of Works
MP	Madhya Pradesh
M-PESA	Mobile Money Transfer Service
MPME	Ministry of Performance Monitoring and Evaluation
MQA	Malaysian Qualifications Agency
MQF	Malaysian Qualifications Framework
MQR	Malaysian Qualifications Register
MRT	Mass Rapid Transit
MSP	Uruguay's Ministry of Public Health (Ministerio de Salud Publica)
MTEF	Medium-Term Expenditure Framework
NA	National Assembly
NASA	National Aeronautics and Space Administration
NC	National Congress
NCLR	National Center for Legislative Regulation
NEAC	National Economic Advisory Council
NEM	New Economic Model
NGO	Non-governmental Organization
NHCDC	National Human Capital Development Council
NITF	National Implementation Task Force
NKEA	National Key Economic Area
NKRA	National Key Result Area
NOSS	National Occupational Skills Standards
NPC	National Planning Council
NPM	New Public Management
NSAC	National Strategic Assessment Committee
NSO	National Strategy Office
NSU	National Strategy Unit
NTC	National Transport Council
NTP	National Transformation Programme
NY	New York
OBB	Outcome-based Budgeting
OECD	Organization for Economic Co-operation and Development

OGG	Office of the Government
OGP	Open Government Partnership
OM-SPAN	Online Monitoring of Indonesia's State Treasury and Budget System
P4R	Program-for-Results
PBA	Performance-based Allocations
PCC	Policy Coordination Center
PCD	Policy Coordination Department
PDCA	Plan, Do, Check, Act
PDIA	Problem-driven Iterative Adaptation
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PEMANDU	Malaysia’s Performance Management and Delivery Unit
PEMUDAH	Malaysia’s Special Task Force to Facilitate Business
PFM	Public Financial Management
PISA	Program for International Student Assessment
PITB	Punjab Information Technology Board
PM	Prime Minister
PMO	Prime Minister's Office
PPBS	Planning, Programming, and Budgeting System
PSGA	Public Services Guarantee Act (state of Madhya Pradesh, India)
PSM	Public Sector Management
RAS	Reimbursable Advisory Services
RCT	Randomized Control Trial
RELA	Malaysia's People's Volunteer Corps (Jabatan Sukarelawan Malaysia)
RIA	Regulatory Impact Assessment
RPPA	Rwanda Public Procurement Authority
RRF	Rapid Response Facility
RTC	Rural Transformation Centre
SAR	South Asia
SAT	China’s State Administration of Taxation
SC	Steering Committee
SCC	Serbia's Supreme Court of Cassation
SD	Service Delivery
SDEJT	Mozambique's District Services of Education, Youth and Technology (Serviço Distrital de Educação, Juventude e Tecnologia)
SDG	Sustainable Development Goal
SEIO	Serbia European Integration Office
SIL	Sector Investment Loan
SME	Small and Medium Enterprise
SMS	Short Messaging Service
SOE	State-owned Enterprise
SPAD	Malaysia's Land Public Transport Commission (Suruhanjaya Pengangkutan Awam Darat)
SPAN	Indonesia's State Treasury and Budget System
SPPII	Project Management System (Sistem Pemantauan Projek II)
SRBMP	Shire River Basin Management Program
SRI	Strategic Reform Initiative
TNP2K	National Team for the Acceleration of Poverty Reduction (Tim Nasional Percepatan Penanggulangan Kemiskinan)
TOD	Transit-oriented Development
TVET	Technical and Vocational Education and Training
TWG	Technical Working Group
UN	United Nations
UK	United Kingdom
UMI	Upper Middle Income
UNDP	United Nations Development Programme
US	United States
USD	United States Dollar
UTC	Malaysia’s Urban Transformation Centre
VAT	Value-added Tax
WDR	World Development Report
WfD	Workforce Development

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EXECUTIVE SUMMARY

Public sector performance is fundamentally about governments being able to deliver on their policy commitments for the benefit of their citizens.

Governments with well-performing public sectors are capable of translating good policies into development outcomes. Such governments can also deliver outcomes to citizens in a manner commensurate with what the country can afford. They will be able to align the planned outcomes with citizens' preferences, doing so in a way that is perceived as broadly fair and impartial. In some cases, improving performance starts with improving the policy-making and policy coordination process at the center of government. However, many countries adopt sensible policies that do not result in better healthcare, education, sanitation, infrastructure management or reduced crime. This is primarily because of implementation gaps in the public sector results chain. Improving public sector performance therefore entails closing these gaps.

This report is an inaugural issue in a new series that aims to offer a fresh look at how developing countries are overcoming persistent problems in public sector management. It builds on a large body of literature on improving public sector performance, and it complements efforts of other international organizations, private consultancies/think tanks, and university programs. The primary purpose of the report is to help countries move further along the path of reform to achieve better public sector performance. With that goal in mind, the report aims to serve as a reference guide for all those involved in designing or implementing public sector reforms. The report pays homage to an old Chinese saying, "Crossing the river by feeling the stones" by highlighting the importance of experimentation, adaptation, and incremental reforms in reaching one's goal.

This report consists of two parts. Part I, which is designed as a recurrent stocktaking of global experience in improving public sector performance, presents case studies organized along thematic lines to highlight recent achievements in emerging economies. Part II focuses on a special, cross-cutting topic that is critical to public sector performance. This year's special topic is Policy and Inter-Agency Coordination, drawing on the conclusions from the 2017 World Development Report (WDR) which cites "coordination" as one of three essential institutional functions for making policies effective. Part II offers a canvas of strategies and techniques that countries employ to operationalize this concept.

PART I
Global Trends in Public Sector Performance

Significant improvements in public sector performance are being evidenced across the developing world today, as government officials and political leaders find new and innovative ways to tackle long-standing public management challenges. This report demonstrates that public sector performance is not merely a concern of high-income and OECD countries; it is being pursued diligently and successfully across a variety of country contexts, including in low-income and post-conflict environments. Through surveying its governance specialists from around the globe, the World Bank has assembled a collection of 15 cases that showcase how lessons from global experience are being adapted and applied in practice. Indeed, these cases reflect how the conceptual frameworks presented originally in the 2004 and 2017 WDRs are being operationalized. They are not intended to represent global best practice, but rather a mix of recent and ongoing efforts that are helping the public sector to deliver on its promises to citizens. Each of the cases offers evidence of a tangible impact on public sector performance, although the long-term story remains to be told.

As the interventions to improve public sector performance occur at many different entry points, the report has categorized each of the cases into one of five broad themes. The themes reflect that reforms have different objectives; some address concerns such as policy formulation and government administration, while others focus on functions that tend to be citizen-facing. The five themes are:

- **A** Driving Results from the Center of Government
- **B** Civil Service Management
- **C** Innovations in Managing Public Money
- **D** New Approaches to Last-Mile Service Delivery
- **E** Innovations in Delivering Justice Services

A Driving Results from the Center of Government

Effective leadership and coordination from the top of the executive branch is perhaps one of the most important factors for improved public sector performance. When the group of institutions that provides support to the head of government and his/her cabinet is functioning well, collective expertise from across the public sector is mobilized and brought to bear on the most pressing decisions facing the country. Once decisions are taken and ministries move forward with clear objectives and adequate resources, a well-functioning Center of Government (CoG) creates incentives for implementation, such as a systematic monitoring and evaluation system to reinforce accountability to the chief executive. Unfortunately, many CoG institutions fall short of this ideal. Governments experience challenges upstream with flawed policy development, and equally vexing challenges to assure effective implementation at the point of service delivery. There are often information asymmetries between policy-makers and last-mile service providers, as well as differences in incentives that can impede the quality and efficiency of services delivered to citizens.

The four cases under the theme of driving results from the center of government offer very different experiences, but each brings a compelling story of impact on the ground.

i. In **Rwanda**, government fused the modern concept of performance contracts with a traditional practice of public commitment called *Imihigo*. The President's Office began by using powerful non-monetary incentives to get mayors across the country to set development targets for their districts and deliver on them; after the initial success at district level, it was expanded to cover central government ministries as well.

ii. In **Malaysia**, the key CoG institutions adapted a management consulting concept from the private sector to encourage collaboration, break down silos across ministries, departments and agencies (MDAs), and find efficiency gains. Malaysia's case shows that it is possible to induce collaboration among MDAs to deliver services more efficiently and effectively.

iii. The **Mozambique** case provides another example of how the CoG can provide appropriate incentives to enhance service delivery. The Ministry of Finance introduced financial incentives and better information flows that enabled line ministries to achieve measurable improvements in medicine supply chains and primary education.

iv. In **Armenia**, a nascent but promising effort has been made to strengthen policy formulation at the very early stages. Armenia is integrating regulatory impact assessment (RIA) into broader government systems in order to enhance the take-up of more evidence-based policy-making.

B Civil Service Management

Effective management of the public sector workforce is another critical element to improving the overall effectiveness and efficiency of the public sector. Personal emoluments often constitute one of the largest shares of the annual budget (between 24 and 27 percent), and civil servants represent an important voting constituency for many political leaders. The quality of civil service performance is affected by the policies and procedures that govern entrance into the service, as well as the policies for managing and motivating them once they are in. Yet, changes to existing civil service pay and employment systems are often politically difficult to make due to the number of people affected, legacy systems, and potential vested interest. As a result, governments often contemplate carefully whether to embark upon whole-of-government reforms or to target one or more institutions where impact can be demonstrated first.

The report highlights two cases where countries have succeeded in improving the quality of civil servants at entry and enhanced the management systems governing their day-to-day performance on the job. The examples of Indonesia and China are all the more impressive given the large and diverse civil service workforces they have to manage.

i. In **Indonesia**, the Civil Service Agency (BKN) succeeded in introducing a computer-assisted testing system (CAT) to disrupt the previously long-standing manual testing system that created rampant opportunities for corruption in civil service recruitment by line ministry officials. Now the database of questions is tightly controlled, and the results are posted in real time outside the testing center. Since its launch in 2013, CAT has become the defacto standard for more than 62 ministries and agencies.

ii. In **China**, the State Administration of Taxation (SAT) embarked on a massive effort to transform the effectiveness of its core tax collection functions implemented by more than 800,000 staff. Over a three-year period, the SAT succeeded in implementing a performance plan for all staff. It included quantitative and qualitative indicators that cascaded down from the national level to the bureau level and to the individual. The new management systems were used by the Chinese authorities to expedite the transition from sales tax to value-added tax, while also gaining broad support from agency staff.

C Innovations in Managing Public Money

Public Financial Management (PFM) is a broad field encompassing government functions that are often invisible to the public, but nevertheless impactful. While the public may not observe these functions directly, they can experience problems with quality or access to public services when PFM is not working well. These are the functions for which civil servants themselves are both the agents and the customers. These internal clients require operating systems to work, information to be available when they need it, and others to perform their tasks on time and with accuracy. Service delivery suffers when governments do not adequately address the performance of their management systems and institutional incentives. These include public procurement, internal controls and standards (fiduciary), and the institutional incentives for budget management more broadly.

The three cases featured in this section offer a glimpse into how countries are taking steps to overcome institutional and technical constraints to improve their PFM performance.

i. The case from **Rwanda** demonstrates that modern procurement techniques that are widely used in OECD countries do not need to be off-limits for the developing world; capacity constraints we commonly expect in Sub-Saharan Africa can be, and are being, overcome. Drawing on the experience of other countries, Rwanda has been able to implement an e-procurement system that now covers virtually all public procurement in the country.

ii. In **Indonesia**, Ministry of Finance officials have demonstrated they can get timely, reliable expenditure and payment information to every government office across the nation, even though Indonesia is an archipelago spanning thousands of islands. They developed their online monitoring system (OM-SPAN) at a fraction of the cost that would have been the case under traditional approaches relying on international software licenses.

iii. The case of the **Brazilian city of Manaus** demonstrates that dramatic results can be achieved in terms of fiscal performance with the help of determined leadership, an overhaul of performance management systems, and enabling technology. Within a short time, Manaus went from being one of the worst performing to one of the best performing municipalities in Brazil in terms of fiscal management.

D New Approaches to Last-Mile Service Delivery

While better services are the outcome of the complex machinery of the state, including its upstream functions like policy coordination and budget management, this theme focuses on how countries are tackling issues in the "last mile" of service delivery. It concerns: How can government create the incentives for service providers to deliver quality and efficiency? How can it ensure ease of access for citizens? In many emerging economies, citizens often lack easily accessible information about government services, including the types of services they can request, their price, or how long they will take. This asymmetry in information can give rise to middlemen, inflated costs, long waiting times, and often bribery. Many emerging economies also face absenteeism among their public sector workers, and where absenteeism is not an issue, governments still struggle with the quality of service: a teacher simply showing up for class does not mean that the students will actually learn.

Several techniques to address key service delivery challenges emerge in the cases included in the report: institutional reform, beneficiary feedback, monitoring, and open data.

i. In the **state of Madhya Pradesh (MP) in India**, the government addressed severe and persistent service delivery challenges that could not be overcome through regulation of service providers. By adopting the Public Services Guarantee Act (PSGA) in 2010, MP legislated citizens' rights to a core 26 services. The legislation has helped create new norms for millions of day-to-day state–citizen interactions, inducing higher citizen expectations, and creating new standards of behavior for government servants.

ii. In **Uruguay**, the Ministry of Public Health launched an innovative partnership with civil society to make data on prospective healthcare providers more accessible and easy to use. The new web-based platform has been embraced by citizens who need to make healthcare choices, and has helped make service providers more accountable.

iii. The **Pakistani state of Punjab** introduced a citizen feedback program to monitor the performance of civil servants, stymy petty corruption, and improve public services. Starting from a small pilot in one of its districts, the province now operates a wide-ranging monitoring program that leverages the ubiquity of cellphones to actively solicit feedback from users of public services. The national passport office has since taken the approach on board and attributes citizen feedback to helping them slash the processing time for passports from three weeks to ten days.

iv. Also in the **state of Punjab**, inexpensive smartphones have been used to monitor the performance of officials in several sectors. The smartphones have helped to significantly reduce absenteeism, improve the quality and timeliness of facility inspections, and enhance spatial coverage.

E Innovations in Delivering Justice Services

The administration of justice provides a window into how public sector innovations are impacting a unique sector. The delivery of justice, as a core public service, helps define and protect rights – individual, collective, and commercial – and enforce corresponding obligations. The quality, efficiency, and independence of justice sector institutions have a direct impact on the economic performance of a country and contribute to creating an enabling environment for the growth and development of the private sector. Poor and vulnerable populations, as well as micro, small, and medium enterprises, suffer most from poor court performance and weak justice systems. Initial efforts to reform the justice sector focused mainly on institutional strengthening of the courts and the judiciary, including investment in new/refurbished court houses. Building on lessons learned, justice sector reforms now incorporate broader public sector management concepts and tools to design performance incentives, measure results, and support change management.

The experience amassed over the past decades of justice sector reform is highlighted in the cases from Serbia and Azerbaijan.

i. In **Serbia**, the broader political dialogue on EU accession provided an important motivation and urgency for tackling reforms in the justice sector. However, for the government to overcome longstanding challenges to progress in the sector, it needed to be innovative in its approach. Serbia combined a system of performance incentives for courts with increased management authority for presiding judges to help stimulate new approaches to reducing backlogs and enhancing court performance.

ii. In **Azerbaijan**, the government developed a new approach to dealing with their own backlog of cases, one which addressed both supply side and demand side elements. Recognizing that much of the backlog stemmed from relatively simple civil cases, such as claims for unpaid bills, the government partnered with the private sector in the use of an automated system to streamline the handling of uncontested cases, thus freeing up judges' time for more important cases.

Success Factors in Undertaking Public Sector Performance Innovations

The cases, despite their diversity, offer insights into the relevance of five key factors to improving public sector performance: political leadership, institutional capacity building, incentives, transparency, and technology.

- **Political leadership** is needed because few, if any, of the innovations are a purely technocratic exercise. In some cases, innovation required a change in leadership at the top to create the catalyst for a new approach to organizational management. Whether it applied to breaking down organizational silos, holding managers accountable, or requiring MDAs to comply with a more efficient and transparent procedure, each innovation required strong political leadership. Leaders need to find ways to collaborate with a wide range of internal and external stakeholders on the one hand, and overcome inherent opposition on the other.

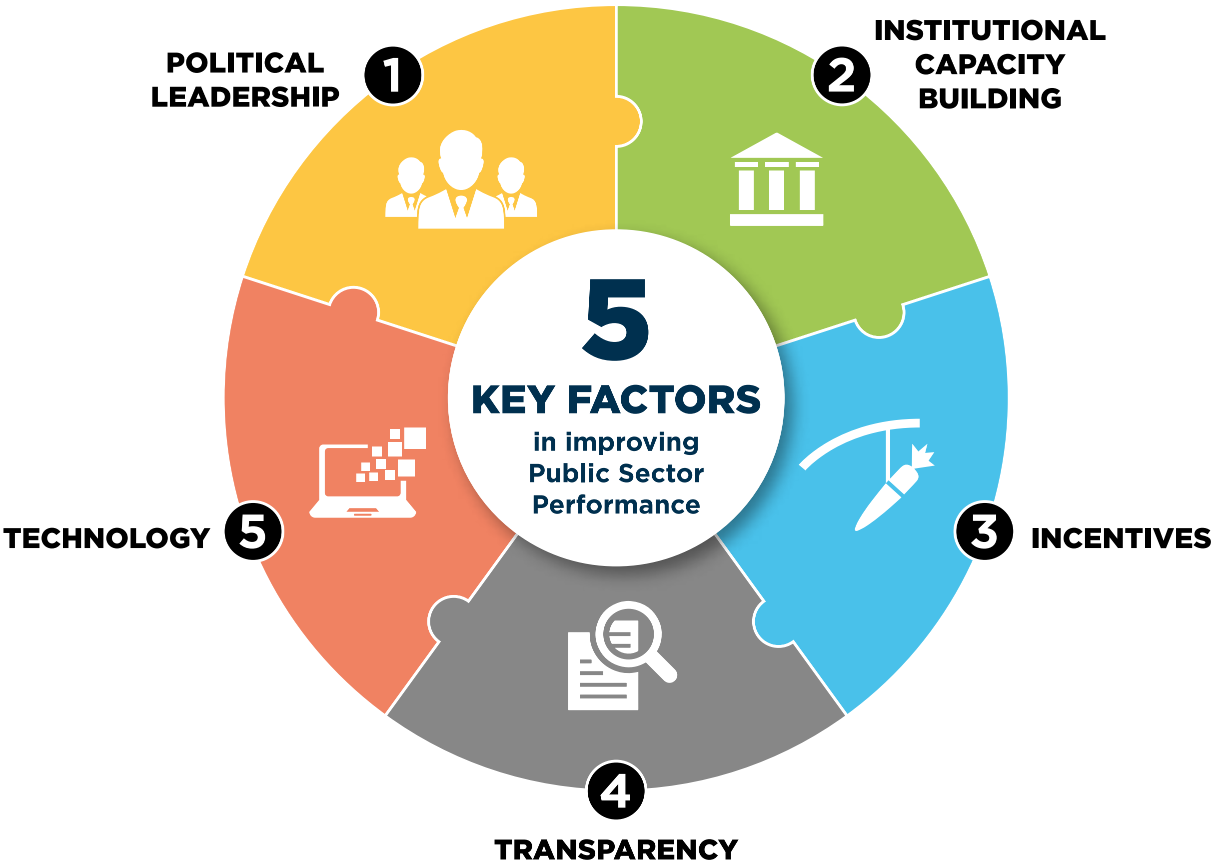
- **Institutional capacity building** of existing bodies is a common element across many of the cases, especially in driving results from the CoG and in managing public finances. Officials often used a mix of technology, new management approaches, and staff training to strengthen institutional capacity to deliver results. For reforms to endure, one ultimately needs to create sustainable institutions.

- **Incentives** matter, and we see this applied both at the institutional level (e.g., through government-wide policy, creating systems and structures that shape institutional objectives, and program monitoring systems) as well as at the level of civil servants (e.g., through performance targets and reward systems). We see examples of performance management upstream at the CoG where broad policy is formulated, and also downstream at the point of service delivery closest to citizens and beneficiaries.

- **Transparency** can benefit either internal stakeholders (e.g., other government officials) or external stakeholders and citizens. Aside from the usual argument about the intrinsic value of the right to information and general benefits of openness, the key takeaway from the case analysis in this report is that increased transparency can help deliver change in public sector performance. Greater internal transparency may mean breaking down government silos and ensuring inter-agency information sharing, or publishing and circulating performance information. Transparency can also be a powerful driver for changing incentives.

- **Technology**, while not a panacea, is present in two-thirds of the featured cases, either showcasing the technology application that was central to the reform, or playing a supporting role (e.g., application of smartphones supported a broader operational change in Pakistan). While the cases give insights into the relevance of technology for public sector performance, none of them reflected the use of cutting-edge technology. Instead, they applied relevant, even basic, IT tools and know-how to their specific functional requirements and did not over-design their efforts. Furthermore, the technology application is rarely a stand-alone solution; rather, it is accompanied by policies and procedures to change behavior.

FIGURE 1 The Five Key Factors to Successful Public Sector Performance Innovations



This analysis suggests some recommendations for both governments and development institutions who seek to support improvements in public sector performance. In the short term, it pays to invest in the initiatives that foster transparency and/or employ technology in a context-savvy and fit-for-purpose manner. At the same time, the medium- to long-term efforts can focus on changing incentives and building institutional capacity. Changing incentives is a particularly broad category, as it may include some quick wins in government-wide monitoring and HR systems, while also involving more long-term transformations of the institutional and civil service culture. Last but not least, acknowledging that political leadership is a necessary precondition for most public sector performance reforms is important. All too often, public sector performance reforms fail because they are attempted as purely technical solutions, rather than having a political ownership and drive.

PART II
Special Topic: Policy and Inter-Agency Coordination

Why coordination matters and why it is difficult

As the responsibilities of government have grown in volume and complexity, policy and program coordination has become ever more challenging, and the stakes have never been higher. Government ministries, departments and agencies (MDAs) have expanded in size and mandate to serve a growing population that demands more and better services – a phenomenon that applies to both rich and poor countries alike. As bureaucracies have grown, coordination within MDAs also becomes more challenging, as more players and a greater array of interests now need to be brought into the decision-making process. Larger bureaucracies in turn lead to greater separation between the citizens and those who are supposed to serve them, contributing to a growing feeling of alienation from government.

Solutions to public service delivery often require more joined-up and inter-connected responses than was previously thought necessary, if they are to deliver results. A survey by OECD found that inter-agency coordination was viewed as the most pressing challenge to implementation of the Sustainable Development Goals (SDGs). Indeed, many social problems that require government attention and action are not easily structured and contained, requiring that agencies with different mandates and missions work together to coordinate their activities for the common good. Different levels of government may be involved every step of the way, which may require not only horizontal coordination across sectors, but also vertical coordination across the national-subnational axis. The challenges to such coordination may be magnified in emerging economy contexts because information flows are often more rigid and hierarchical in nature, and subordinate employees are often not empowered to share information with employees from other ministries.

An important benefit of improved coordination is that it helps to ensure that disparate agencies are pulling in the same direction. Many government decisions often involve the delicate weighing of priorities against each other. How should a government in the Middle East, for example, best balance the need to diversify non-oil revenue sources through increased visa fees with its broader desire to increase tourism? How should a large municipality in Africa manage major investments in water, sanitation, and land management in an integrated and holistic manner? Without appropriate forums to weigh these policy and operational tradeoffs, agencies can often work at cross-purposes.

The social and economic impact of poor coordination takes various forms. First, poor coordination can lead to decisions being made on the basis of inaccurate, biased or incomplete information. Second, decisions taken may not be implemented because they were not properly vetted for their cost, legality, and consistency with established policy. Third, it may generate needless waste and duplication of effort among agencies. Fourth, poor coordination can create additional compliance burdens on citizens, for example, by forcing them to invest time, effort, and energy fulfilling similar requirements with different government agencies because of lack of inter-agency information sharing.

Although this part of the report deepens the analysis of coordination, the cases presented in Part I illustrate the importance of coordination in driving performance from the CoG and improving service delivery. In particular, Case #1 (Rwanda) detailed the coordination between the central and local governments at a critical time for this nation's post-conflict rebuilding and development. Case #2 (Malaysia) has illustrated how coordination may involve breaking down silos among line agencies to achieve better service delivery outcomes for all. Case #3 (Mozambique) focused on coordination between the Ministry of Finance and line ministries to improve health and education outcomes. At the same time, cases illustrating coordination mechanisms in Part I are not confined to the CoG theme. For example, Case #10 (India) highlights the establishment of one-stop shops as part of the implementation of the PSGA, in which inter-agency coordination greatly increases convenience and citizens' access to public services.

Effective coordination can be viewed across a continuum of simple to complex. The Metcalfe scale (Table 4) is a useful first-cut approximation for addressing inter-agency coordination from a CoG perspective, as it shows what a desirable trajectory would look like. In practice, however, coordination is not an integrated whole that progresses in a unified manner from simple operational coordination between two ministries to complex whole-of-government coordination of government strategy. Some areas, such as national security and foreign affairs, may have tight and well-defined procedures for coordinating policy, whereas others (such as business regulation or social protection) may be much looser and more fragmented.

Governments around the world have adopted various approaches to enhance coordination. Some are formal and enshrined in their country's constitution; others are more informal; and yet others are by-products of formal processes established to achieve other goals. In emphasizing that coordination was one of three essential institutional functions for making policies effective, the 2017 WDR stressed the importance of focus on the function, rather than on the form of the institution. Depending on the historical traditions, the political and bureaucratic culture, but also the task at hand, a range of various mechanisms can be fit for purpose.

Toward enhanced coordination: Key dynamics and approaches

Enhancing coordination will depend not only on the adopted formal institutional mechanisms, but also on their interplay with the broader institutional environment and with other processes that influence coordination. Table 5 of the report presents a broader breakdown of the dynamics influencing government coordination. Formal policy coordination mechanisms at the apex of government (such as cabinet offices, cabinet/sub-cabinet committees, and delivery units) make up only a relatively small proportion of the diverse array of coordination mechanisms and approaches taking place within government. They are important, in that they address the question of what government should do in a given domain, and decisions reached at that level will have implications down the line. But much of the actual work of coordinating government activity and interaction on a day-to-day basis takes place elsewhere.

- **Broader environment**: A host of broader political and social dynamics influence how easy (or difficult) it will be to establish institutions and procedures that facilitate policy and operational coordination. At the most basic level, effective policy and operational coordination is more difficult in environments where the government structure is highly fragmented. Leadership style matters, in that some leaders more naturally seek consensus, while others prefer more hierarchical decision-making structures and processes. The existence of shared national values and a national vision promote cooperation because they can facilitate policy legitimacy. Other important factors are whether the country is a single party or multi-party state, and whether structures within the dominant political party are designed for coordination.

- **Formal coordination mechanisms**: These include apex bodies at the CoG, such as cabinets, councils, or politburos, which are all forms of committees that are chaired by the chief executive of the government – be it a president, prime minister, or a monarch – and consist of heads of government ministries. Their role varies greatly, from determining policy and coordinating operations in the Commonwealth systems, to largely ceremonial in nature in some presidential systems. The institutions that provide support to the chief executive, such as a Cabinet Office, Chancellery, or General Secretariat, generally establish procedures that ensure smooth cross-agency information flow and help with the technical scrutiny of how decisions affect other sectors. Cabinet sub-committees are used to help coordinate decision-making in certain areas. They can either discuss specific issues before they are considered by the cabinet, or serve as the actual decision-making bodies. Other countries seek broader support and technical input from civil society and business representatives by establishing expert panels and advisory boards to feed into the policy process. Vertical coordination with sub-national governments presents specific challenges to central governments, which have generally relied on fiscal transfers and regulation as the primary tools to influence them.

- **Government practices that influence coordination**: Such practices include formal government processes that have different primary functions, but still aid coordination. For example, budget process reforms focused on program budgeting have been used to promote greater coordination around shared objectives among multiple MDAs. Government-wide monitoring and evaluation (M&E) systems have played a similar role, especially for the goals that fall outside the jurisdiction of a single implementing agency. Some governments have experimented with Delivery Units, small agile bodies at the CoG set up to drive a limited number of high-priority goals, most of which are usually beyond the purview of a single ministry. Administrative reorganization, when a new department is created to carry out the functions of disparate agencies working toward a single goal that is deemed a priority of the administration, is another indirect mechanism to improve coordination, albeit with varying results. Finally, socialization within an organization can play an important role in shaping the perspectives, incentives, and preferences of civil servants. A generalist civil service cadre is not a panacea, but at its best can inculcate a strong sense of collective identity and the broader public good that transcends the parochial incentives of the ministry where the civil servant happens to be posted.

Global experience with strengthening coordination

The experience of the Bank staff in assisting governments around the world with strengthening coordination is multifaceted. Improving coordination at the sectoral level has found a heavy focus in the Bank's sector investment loans, where more than 440 interventions over the past 30 years have sought to improve the quality of coordination within a specific sector. At the same time, in response to the rapid increase in country demand in the past decade, the Bank is now involved in over 40 interventions dedicated to improving coordination at the CoG. This includes coordination at the time when policies are formulated, as well as coordination at the time of their implementation.

- **Policy Development.** In systems where cabinets play an important role, their collective decision-making capacity has often required strengthening. This can take various forms, from preparation of a cabinet manual in Sierra Leone to cabinet workshops in Serbia focused on a shared vision and collective leadership. Some countries, such as Latvia, established formal bodies to strengthen cross-ministry coordination and aid in the policy review process. The lesson from these reforms is that the technical advice must be delicately balanced with political imperatives; a policy coordination mechanism that is perceived to replace political decisions with technical solutions may not be sustainable.

- **Policy Implementation.** Various overarching processes tend to provide an impetus for the coordination of reforms focused on whole-of-government M&E. These include high-level public sector reforms spurred by the long-term Vision exercise in Botswana, or European integration efforts in the Western Balkans or Moldova. The institutional arrangements for government-wide M&E vary, ranging from dedicated ministries and specialized agencies, to delivery units and other agile bodies. No single form is preferred or best practice; rather, its success depends on how it fits the purpose. Some overly ambitious efforts, such as India's Performance Management and Evaluation System, could not be sustained because they did not achieve the full buy-in of the relevant stakeholders. Another key message is that the role of the CoG should be on high-level coordination issues rather than managing the granular M&E that is best done by the MDAs themselves.

Malaysia's experience offers additional insights about what types of coordination mechanisms can work and why. Malaysia is an upper-middle income country with about 100 agencies operating in the Prime Minister's Department as of May 2018, rendering coordination within the CoG as well as with and among MDAs particularly important. It has a sophisticated and comprehensive ecosystem of institutions and processes for policy development and policy implementation. The specific examples of coordinating the implementation of past national agendas such as the National Transformation Programme through a delivery unit, as well as the National Blue Ocean Strategy through the Ministry of Finance, further strengthen the takeaway that the specific institutional arrangement is less important than whether it is fit for purpose. Similarly, overcoming the challenges in the coordination of urban public transport shows that under certain conditions, even a highly fragmented institutional landscape can produce results.

The main conclusions from the review of global experience with coordination reforms reinforce the idea that no single institutional arrangement works for all contexts. In the spirit of the 2017 WDR, the institutional function is more important than a particular form.

What Has Worked?

- High-level political backing is important for any reform to enhance coordination, as is the quality of leadership. The person at the helm of the reform should be technically skilled and politically savvy, as well as close to the chief executive.
- Flexible and adaptive coordination mechanisms work better than rigid and prescriptive ones, as they have a better chance to be sustained and become self-reinforcing even as leaders change.
- The reforms that anticipated resistance and invested in buy-in were most likely to succeed.
- Routine reporting procedures, combined with a careful assessment and monitoring of obstacles and measures to resolve them, are essential links in the accountability chain.
- Coordination of cross-sectoral priorities was most likely to succeed when there was an established link between these cross-institutional objectives and the budgetary resources allocated to them.
- Center of government functions best when it focuses on strategic coordination and leaves the granular upstream and downstream coordination tasks to the MDAs.

What Has Not Worked?

- Complex designs often lead to faltering reforms. Simple mechanisms often work best in low-income countries and FCV contexts.
- Overlapping functions and blurred accountability make coordination difficult. This is often as important in sectoral coordination as it is in government-wide coordination.
- Before introducing new institutional coordination mechanisms, it is important to take stock of what already exists. Building on the existing institutions tends to work better.
- Institutional solutions uncritically transferred from one context to another lead to isomorphic mimicry and rarely produce the desired outcome.

Conclusions

Successful efforts to improve coordination at the center of government described in Part II share some common dimensions with those identified in Part I:

- **Political leadership:** Political leadership manifests itself in the degree to which the chief executive – Prime Minister or President – can give focused attention and follow-up to making sure that coordination happens. As a result, a delivery unit or comparable body within the Cabinet Office or Chancellery that has the political backing and weight of the chief executive will see its requests and actions taken more seriously by the MDAs. Delivery Units fail when they are technocratic only and detached from those with the political clout to reward, punish, and unblock. In addition, the number of priorities to be pursued needs to be limited; otherwise, the political leadership will be unable to give them the attention they require.

- **Institutional capacity building:** Long-lasting coordination mechanisms are those that have established a set of work processes that contribute to the long-term capacity of CoG institutions and where the processes have intrinsic value in improving performance. Government-wide monitoring bodies are more likely to leave a legacy if they are not designed merely as an ad hoc effort to address a temporal (political) problem of performance. Effective coordination also needs to take into account the existing institutional relationships and inter-dynamics across ministries. Merging institutions rarely produces the benefits to coordination that their designers promise.

- **Incentives:** As policy-making inherently involves compromises and competing objectives, policy coordination around the Cabinet process has to speak to the incentives and motivations of political officials. Incentives may be even more important at the implementation stage: there are abundant examples of the use of performance management dashboards, accompanied by a set of formal and informal rewards for those who deliver on their agreed outputs or outcomes. Rewards and sanctions may be targeted to individuals or institutions. Incentives take diverse forms, and Malaysia's experience shows how institutions were motivated to accept support to break down silos between them and achieve fast results.

- **Transparency:** Successful policy coordination at the CoG contributes to enhanced transparency. Transparency may pertain to internal or external stakeholders or both. Well-functioning Cabinet processes will make new policy proposals and their potential impact transparent to others in Cabinet who might be affected. Transparency – like good coordination mechanisms in general – is fit for purpose. It does not overwhelm the capacity of CoG bodies to absorb the information or respond to it. On the one hand, performance management systems have been used successfully to communicate to public officials and citizens the performance standards that need to be met by MDAs. On the other hand, when there are too many indicators to monitor, important accountability relationships are undermined because critical information cannot be processed and acted on in a timely manner.

- **Technology:** While technology has been instrumental in helping improve service delivery in the cases presented in Part I, its importance to policy coordination at the CoG is less prominent. The role of technology can manifest itself in the enabling of one-stop shops by helping agencies share information more easily across service platforms and by making exchange of citizen information more seamless among agencies (e.g., Egypt's one-stop shops created by GAFI). Technology takes a more prominent role in facilitating intra-sectoral coordination to improve last-mile service delivery. For example, modest technology applications are enabling data collection that directly feeds into performance dashboards, which are monitored by CoG institutions.

The underlying message of this report is a positive one: improving public sector performance is possible even in difficult circumstances, although the trajectory is not always linear. In today's world, governments and the public sector are facing increasing pressures to perform at a higher level than ever before. While this report does not provide all the answers to public sector performance challenges, it analyzes innovations that have worked and identifies key factors that have contributed to their success. However, the overarching element of success is strong coordination to ensure that governments and their MDAs are no longer operating at cross-purposes. Through coordination, performance can be boosted, and through innovation and experimentation one can get a glimpse of the other side of the river and ideally the direction of the next stone.

SETTING THE STAGE

Public sector performance is fundamentally about governments being able to deliver on their policy commitments for the benefit of their citizens.

Governments with well-performing public sectors are capable of translating good policies into development outcomes. Such governments can also deliver outcomes to citizens in a manner commensurate with what the country can afford. They will be able to align the planned outcome with citizens' preferences, doing so in a way that is perceived as broadly fair and impartial. In some cases, improving performance starts with improving the policy-making and policy coordination process at the center of government. However, many countries adopt sensible policies that do not result in better healthcare, education, sanitation, infrastructure management or reduced crime. This is primarily because of implementation gaps in the public sector results chain. One key element in improving performance therefore entails closing these gaps.

This report is an inaugural issue in the new World Bank series that aspires to fill an existing knowledge gap by focusing on how governments in developing countries overcome institutional or capacity constraints to make change happen. Instead of being indicator-centric, it draws on case studies of performance innovations. It brings narratives from around the world and focuses on non-OECD perspectives. Its periodicity will also help to move beyond snapshots by tracing over time innovations and important developments in public sector performance. By drawing on the Bank's broad domain of expertise spanning many sectors and countries, the report aims to highlight the impact of public sector innovations in many different contexts. The Bank's experience and vantage point also provides a unique insight into the political economy considerations that political leaders must navigate. Finally, in the spirit of experimentation and searching for the best fit, the collection of case studies presented in this volume aspires to serve as an inspiration for governments around the world trying to find their own solutions to persisting problems in public sector performance.

This chapter lays out the building blocks for this volume. The next section discusses why it is important to learn from non-OECD countries' experience with improving public sector performance. We then clarify what we mean by public sector performance, and how this report fits into the existing knowledge landscape. To motivate why we are embarking on this series, we then discuss what the Bank brings to the table by offering hands-on, practical lessons from its support to public sector performance reforms. We finally consider what the report does and doesn't do, as well as the architecture of this volume.

Innovating in difficult places: Learning from governments as they re-invent themselves

Governments around the world are facing strong pressures to re-invent themselves. Improving, or altogether transforming, the performance of the public sector means finding ways to provide better services more efficiently. This may involve enhanced delivery systems, better-managed public finance, a more skilled and accountable public workforce, as well as finding new ways to monitor services and coordinate the agencies that provide them. Many governments feel increasing fiscal pressures to do more with less, as public expenditures continue to grow faster than revenues due to complex challenges facing the 21st century: aging populations, rising healthcare and pension costs, and mounting security concerns. At the same time, citizen expectations of government services are generally growing as well. In the interconnected world, citizens in some countries are accustomed to the ease with which they access services in the private sector, booking appointments with a click of a mouse or making banking transactions through their mobile phones; they expect the same of their governments. Unfortunately, in other countries, even the most basic services are a challenge for the public to access.

Aside from the internal pressures from tight budgets and citizen expectations, there is also the external pressure driven by international benchmarking. For example, every year governments around the world await the publication of the Doing Business rankings, competing for the coveted top tier in their region or income group in the ease of doing business. A higher ranking in Doing Business, as a result of simplifying business regulations, is positively associated with higher investment and growth (Anderson and Gonzalez 2012).[1] Notwithstanding the recent debate about the methodology, this exemplifies the power of international public comparison and healthy competition to drive positive change in how governments work. Other international rankings, such as the Program for International Student Assessment (PISA) scores have a similar effect in spurring reform in the public education sector around the world. Although such rankings will always have their methodological critics, they are, at the very least, a useful approximation of public sector performance in a particular area. Such rankings are also a powerful benchmarking tool: If students in two countries have almost identical PISA scores, but one country spends double per capita on education, there must be efficiency savings in the system.

Both the internal and external motivations for change underscore how important it is for governments to learn and adapt while boosting their accountability to citizens. In the private sector, where competition is the primary driving force, the leading firms are constantly learning from each other, and adapting what they do and how they do it. Governments are often slower and more reluctant to change their ways of doing things. There are objective reasons for this, stemming from the fact that the business of government is fundamentally different from that of the private sector (Micklethwait and Wooldridge 2014).[2] At the same time, the inability or unwillingness to learn and adapt leaves governments with outdated systems and approaches to tackle the 21st century challenges, both present and emerging.

While the incentives are different from the private sector, governments are also realizing that they need to keep competing and learning from each other. Although not perfectly mobile, private investment, skills, talent, and tax bases are much more portable than they were in the 20th century. As a result, states and local governments that are not offering effective or efficient services risk losing out to others (Rodrik 1998; Garrett 1998).[3] Where they have flexibility from central government to define policies or test new delivery models, regional and local governments have often been incubators of experimentation. Not all reforms will work out, but an array of experimentation means that some good results will emerge.[4] Learning from each other, from

both the successes and the challenges in improving public sector performance, is an important way of moving forward and meetings citizens' expectations.

Governments are increasingly interested in moving from diagnostics to implementation, asking not merely what to do, but also how to do it. Quantitative rankings are important because they induce competition, help diagnose the problem, and often drive the momentum for change. However, understanding how other countries have tackled their public sector transformation through qualitative case studies can provide inspiration for how to go about the reform. What were the mechanics of solving the problem in a different country setting? What pitfalls could have been avoided? What features need to be adapted to the local context?

Emerging economies have important lessons to offer not only to their peers, but to developed countries as well. The arguments for south-south learning are well-established. Emerging economies' experience is often more valuable for their peers than the OECD blueprints that may be too advanced and costly to ponder. Aside from being more contemporaneous and relatable, such peer learning can also aid in leapfrogging ahead by utilizing technological advances, such as mobile phones (World Bank 2017a). In fact, many service delivery innovations take place in non-OECD countries, where the stakes are higher, the scale of the challenge is significantly larger, and the existing systems more rudimentary. Often, the innovations come from governments themselves; yet others are born out of state failure, in which case the private sector fills the space to provide basic services in innovative ways. Even when privately driven, such innovations have served as an inspiration to governments in both non-OECD and OECD countries to emulate and adapt such approaches in their public sectors. Box 1 illustrates some of the widely known examples of innovations that originated in emerging economies. Conditional cash transfers initiated in Brazil are now being considered in developed countries that look to transform their social assistance programs, and mobile money pioneered in Kenya has now spread to parts of Europe and Asia.

BOX 1 Notable Innovations from Emerging Economies

Brazil: Bolsa Família – conditional cash transfers in welfare

In 2002, the innovative Bolsa Família Program (BF) was launched. It was based on a simple concept: trusting poor families with small cash transfers in return for keeping their children in school and attending preventive healthcare visits. Ten years later, BF has been key to helping Brazil more than halve its extreme poverty – from 9.7 to 4.3 percent of the population. Most impressively, income inequality also fell markedly. BF now reaches nearly 14 million households – 50 million people or around one fourth of the population. Brazil's experience is showing the way for the rest of the world. Despite its relatively short life, BF has helped stimulate an expansion of conditional cash transfer programs in Latin America and around the world – such programs are now in more than 40 countries. In 2012 alone, more than 120 delegations visited Brazil to learn about BF.

India: Re-thinking healthcare

India cannot yet boast stellar health outcomes, but that may be one of the drivers of innovation in the sector. "When it comes to re-thinking healthcare, India is one of the most innovative places in the world," write John Mickelwaith and Adrian Wooldridge in their best-selling book about global efforts to reinvent the state. One of the new initiatives they describe is driven by Dr. Devi Shetty, a heart surgeon and entrepreneur, who applies mass production to healthcare. His hospital in Bangalore has over 1,000 beds, which allows for specialization, decrease in costs, and improvements in quality. This model also helps rethink the role of doctors, where some of the simple tasks can be delegated to nurses and physicians' assistants. The pressure is higher in the developing world: India has only 6 doctors per 10,000 patients (as compared to 27 doctors per 10,000 patients in the UK). Costs are further reduced by using simpler and therefore much cheaper medical devices. Dr. Shetty takes his ideas abroad: he has established video links with hospitals in India, Africa, and Malaysia. He also exports his training model to over 30 countries. Although these efforts in India are privately driven, they have been implemented on an impressive scale. They offer inspiration for healthcare reforms in other countries, be they government or private-sector driven.

Kenya: M-PESA – mobile money transfer service

M-PESA, launched in 2007 in Kenya, started the mobile money revolution in Africa that is now taking root worldwide. The service allows customers to use a mobile phone for deposit, withdrawal, and money transfer activities; pay bills; and purchase airtime. M-PESA's initial "disruptive" innovation was based on leapfrogging: exploiting existing mobile subscriptions in Kenya to create accessible financial services, circumventing the expenses associated with storefronts and in-cash transactions. By 2016, 75 percent of the country's adult population had a mobile money account, with transactions amounting to the equivalent of 4.5 percent of annualized GDP per day. M-PESA transformed banking in other countries, leading to an explosion of mobile money services across Africa and beyond, enhancing financial inclusion.

Source: Wetzel (2013); Micklethwait and Wooldridge (2014); World Bank (2017a)

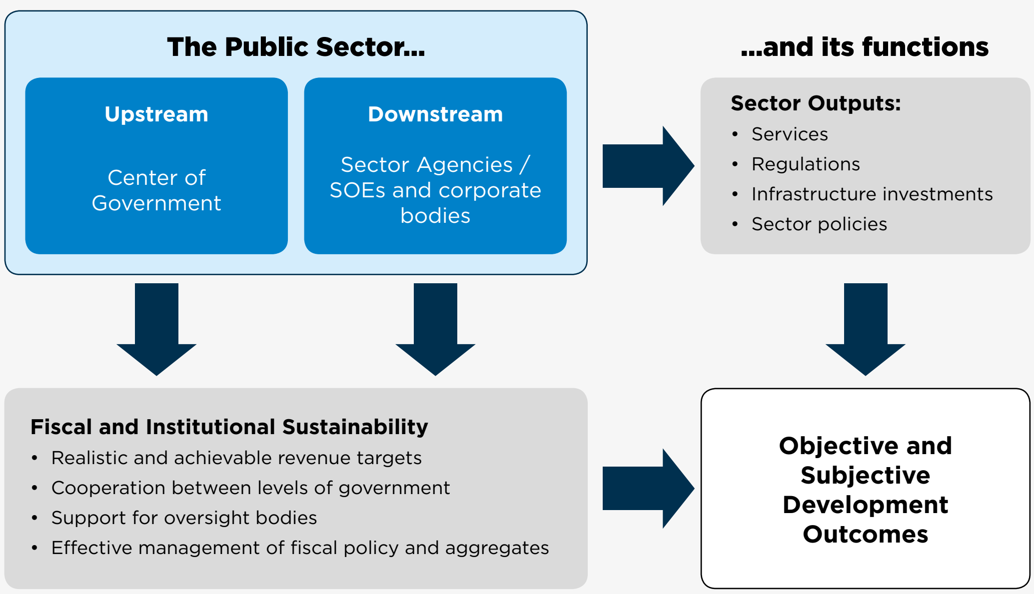
Public Sector Performance: What is it and where does this report fit?

To understand why some governments perform better than others, it is useful to consider both the types of outputs that the public sector produces, as well as the process through which this happens (World Bank 2012a). The public sector delivers a variety of outputs. Some of them affect citizens and firms directly; this includes public services such as education, healthcare, clean water, roads or better regulations. These results occur downstream in the production process, after a complex interplay among decisions and processes upstream: for example, policy formulation and prioritization; coordination across government bodies; fiscal and institutional sustainability; revenue and expenditure management; or accountability and governance mechanisms. These upstream public sector outputs are less tangible but equally critical. Figure 2 depicts the public sector results chain that includes both types of results.

Public sector performance is the ability of the government to produce high-quality results in an efficient and accountable manner. As Figure 2 illustrates, those results take different forms. Some services have considerable client-facing visibility (e.g., primary education), while others are less visible (e.g., environmental or food safety regulations).

Why do some public sectors perform well, while others falter? The answer to this question lies in understanding how the links in the public sector results chain, depicted in Figure 2, work. Good public sector performance means that the links in the results chain are working well, while poor public sector performance can be traced to weak links within the results chain. For example, poor education quality can be caused downstream (e.g., by school management arrangements that weaken accountability) or upstream (e.g., by financing mechanisms that allow funds to

FIGURE 2 **Public Sector Results Chain: Upstream and Downstream Outputs**



Source: World Bank (2012a)

dissipate before they reach schools). Weak links can be either in formal rules and procedures, or in their lack of enforcement. Sound policies may also suffer from lack of implementation capacity. Similarly, some methods of service delivery may be outdated, or fail to take into account weak incentives for civil servants to do what is needed. Governments around the globe are looking for new ways of fixing these weak links in the results chain, be it by improving the direct interaction with citizens and firms, or enhancing the upstream or back-office functions of the public sector.

Over the last two decades, the Bank has formulated analytical frameworks for understanding different aspects of public sector performance, as evidenced by four World Development Reports (WDRs) that tackled related themes.

i. **The State in the Changing World (1997):** This WDR was devoted to the role and effectiveness of the state: what it should do, how it should do it, and how it can improve in a rapidly changing world. It argued against reducing the role of the government to the minimalist state; instead, it viewed the state as a facilitator of the activities of the private actors.

ii. **Building Institutions for Markets (2002):** This WDR explored how the state should play the facilitator role. It suggested four principles for building effective institutions: complement what exists, innovate, connect communities, and promote competition.

iii. **Making Services Work for Poor People (2004):** This WDR delved deeper into the heart of public sector performance, focusing on three key accountability relationships in the service delivery chain: between users and providers, between citizens and policy-makers, and between policy-makers and providers. The long route of accountability links citizens (through voice, or political process) to policy-makers, and, in turn, to service providers through their managerial ability to supervise and monitor providers (through the compact, or contractual relations). The short route of accountability links citizens more directly to service providers, representing the ability to monitor providers and hold them accountable (client power). Service delivery failures happen when one or both routes of accountability are weak. Information asymmetries between the three principal-client relationships were assumed to be key to service performance failures.[5]

iv. **Governance and the Law (2017):** This most recent WDR provides the latest analytical framework for thinking about what governance features make the state effective. It argues that power asymmetries are the reason why the form of the institutions is less important than their function: for example, decentralization does not always produce better municipal services, and anti-corruption agencies do not always reduce corruption. To produce better outcomes for citizens, governments need to build institutions that bolster commitment, enhance coordination, and encourage cooperation. These "three Cs" together counteract the unequal distribution of power in societies that is often the answer to why formally well-designed institutions do not always work as intended. Credible commitment to policies is important to counteract politicians' short-term horizons; enhanced coordination is key to elicit behaviors and beliefs that lead to better development outcomes; and cooperation is necessary to avoid the free-rider incentives, opportunism, and exclusion.

It is impossible to address state effectiveness and public sector performance without a normative discussion addressing what the state should provide. Should the state be minimalist or activist? Should it be built on democratic norms to serve its citizens? Full treatment of these issues is well beyond the scope of this report. At the same time, the thinking in this report is anchored on the 2017 WDR, which starts from the premise that every society "cares about freeing its members from the constant threat of violence (security), about promoting prosperity (growth), and about how such prosperity is shared (equity)."[6] The WDR does not advocate an ideological prescription for a particular size of the state, or a type of political regime. Its approach "is consistent with the transition from a dialogue based on ideology to the dialogue based on ideals that has transpired in the global development community over the past few decades." These common goals adopted by the majority of nations worldwide are exemplified in the Millennium Development Goals (MDGs) and

Sustainable Development Goals (SDGs). Starting from this assumption of nearly universally shared goals, this report focuses on how non-OECD countries went about improving the state's ability to perform these functions.

This report is grounded in the WDR framework and assumptions about the role of the state, while offering a hands-on practical look at improving public sector performance. It draws on the hitherto tacit knowledge of the frontline Bank staff working with governments around the world that experiment with innovative ways to improve what they do. The collection of these case studies seeks to provide inspiration to reform-minded governments by offering vignettes of innovations adopted by emerging economies to enhance their performance. In addition to highlighting the most interesting and notable innovations from these economies, the report offers an in-depth analysis of a particularly relevant special topic in public sector performance. The goal is to also look at this topic through the lens of the Bank engagement in an operational way. The special topic for this inaugural report builds on one of the "three Cs" of the 2017 WDR – coordination. Although the WDR uses the concept of coordination in a game-theoretic way, this report operationalizes it by analyzing the practical aspects of this key concept: the mechanisms that countries choose to facilitate their policy and inter-agency coordination.

Recent literature about improving public sector performance

The literature dedicated to finding new ways to improve public sector performance is extensive. The last few decades of the 20th century were dominated by the New Public Management (NPM) approaches, characterized by introducing private sector elements to public management: measuring outcomes rather than processes; introducing performance-based budgeting; emphasizing incentives, accountability, and competition; espousing a customer- or citizen-centric view of services; and embracing the digital revolution and new information technologies (Gruening 2001).[7] In 1993, these ideas were collected in a widely influential book by David Osborne and Ted Gaebler, Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector. For a generation, NPM was thought to show the way to smarter, leaner government. However, while it did influence how governments around the world work, NPM stopped shy of its larger goals. Performance management systems were often too rigid to spur continued innovation. Performance-based budgeting reforms have been difficult to sustain. The digital revolution and ICT alone failed to transform government (World Bank 2016a).[8] Despite better performance measurement, trust in government has not improved dramatically. In short, the NPM did not bring about the revolution it promised.

The most recent thinking about improving performance adopts a more incremental approach that involves experimentation. The focus on incentives, accountability, citizen-centricity, data, and evidence-based decisions remains; at the same time, there is also a recognition that one size does not fit all and different solutions may be appropriate for different contexts. Trial and error is expected, and flexibility is key on the path to finding the best fit for the particular challenge and its context. Progress is possible as long as governments keep trying to improve, even while stumbling, but learning from these pitfalls and adapting their approach. In the academic and public policy circles, this method has become known as problem-driven iterative adaptation, or PDIA (see Andrews et al 2017; building on earlier efforts by Hirschmann 1967 and Ellerman 2006). The emphasis is on experimentation rather than ideology.[9] Yet these ideas are far from new.

They are encapsulated in the well-known Chinese saying, "crossing the river by feeling the stones." Each experiment that worked for some governments can be considered a stepping stone for others, but it needs to be tried out, and possibly adjusted to the specific context at hand. Documenting such experiences thus becomes important as an inspiration or catalyst for trying and adapting, rather than as a prescription for an approach that can be directly emulated.[10]

Establishing what works and why in enhancing public sector performance is fraught by data challenges, which the latest research efforts are beginning to address. A set of recent handbooks summarizes what the development community has learned in the past few decades about various themes in public sector management (PSM), such as civil service reform or public finance (Massey 2011; Allen et al 2013; Bovaird and Löffler 2015). One of the most often cited limitations in these synthetic efforts is the availability of reliable data that would allow inference about what works and why. Aggregate indicators, such as Government Effectiveness (GE) of the Worldwide Governance Indicators (WGI), are a good macro tool to see major improvements across countries,[11] but they have limited use for granular research or actionability for governments. This spurred an ongoing effort, through initiatives such as the World Bank's Bureaucracy Lab, to collect better administrative data across countries, such as civil service wage levels, to enable cross-country comparisons of public sectors, including better understanding of what affects public sector performance (World Bank 2017b). Relatedly, a growing body of experimental economics research is looking at what motivates public sector employees, to help with the design of better incentive structures that would enhance public sector performance (Finan et al 2015; Banuri and Keefer 2013).

In recent years, several international organizations have begun to capture and disseminate innovations and good practices in public sector management. Since 2009, OECD has been producing a biennial report Government at a Glance, which provides a dashboard of key indicators for the analysis and international comparison of performance, including indicators on key governance and public management issues (OECD 2017). These include transparency in governance, regulatory governance, public procurement, and the implementation of employment and remuneration reforms, among others. A more recent effort comes from the Global Centre for Public Service Excellence (GCPSE), founded by the UNDP and the Government of Singapore. Working with leading think-tanks, universities and practitioners, GCPSE explores trends and innovation in public service and produces new knowledge relevant to non-OECD countries.[12]

Private sector think-tanks and universities have also started to curate some of the public sector performance knowledge derived from their work with governments. These include the McKinsey Center for Government, the Boston Consulting Group's Centre for Public Impact, and the IBM Center for the Business of Government, among others. These centers generate position papers with a wider focus on public sector themes, but most of their outputs are focused on specific topics in public sector performance, such as McKinsey's recent report on government productivity (McKinsey 2017). In addition, university-affiliated initiatives, such as Innovations for Successful Societies at the Woodrow Wilson School of Public Affairs at Princeton University, look to chronicle home-grown government innovation around the world on a case-by-case basis.[13]

This publication series aspires to fill an existing space in this arena by focusing on the experience of developing countries that have managed to improve public sector performance against the odds. It complements ongoing efforts, such as the OECD Government at a Glance series and various data collection efforts, by being case-study focused, rather than driven by quantitative indicators. Importantly, the qualitative case studies presented here highlight non-OECD perspectives. The annual collection of these innovative cases from around the world will help to identify trends among emerging economies in any given year as well as over time. In the spirit of the PDIA, the report does not offer "best practices"; instead, it documents the successes, pitfalls, and adaptation of different approaches that countries have attempted on their journey to better performance. Building on the experience and knowledge of the Bank's operational staff also provides a unique angle that complements the existing efforts by academics and practitioners alike.

What does the World Bank frontline staff bring to the table?

The World Bank assists governments around the world in improving their performance through development finance and advisory support on both upstream and downstream issues. The Bank's upstream work includes supporting cross-cutting government-wide initiatives, such as reforms in PFM, both budget planning and execution; human resource management (HRM) and civil service reform, including public sector performance appraisal and HRM information systems (HRMIS); internal controls; audit; functional reviews of public administration; and economic development planning. In addition, the Bank has engaged in supporting the downstream reforms that directly involve service delivery and citizen interface. Examples include: capitation financing and procurement reforms in education and health; reforming administrative service delivery, including business process re-engineering, automation, and front-office reform; establishing one-stop shops for government services; and improving judicial services.

During the last decade, the Bank has been supporting governments in their efforts to introduce technological innovations to improve service delivery. These innovations, particularly digital technologies, have transformed the way that public sectors deliver services to citizens: from the new wave of Digital ID, financial management information systems (FMIS), HRMIS, and digital data exchange and interoperability on the upstream, to the downstream administrative service delivery, geo-tagging and big data approaches, and seeking citizen feedback through mobile technologies.

The Bank's experience in supporting these public sector performance innovations worldwide presents a treasure trove of learning opportunities; therefore, this report series is designed to tap into the tacit knowledge of the Bank's frontline staff. The Bank's staff have accumulated extensive knowledge from supporting public sector performance reforms around the globe. This report series can capitalize on this knowledge and allow for cross-pollination and south-south learning, moving away from over-reliance on the best practices in OECD countries that are often not applicable to the reality in emerging economies. Before embarking on this series, the Bank lacked an effective instrument for providing a timely, regular, and systematic update on what we collectively know about the state of public sector performance innovations around the world.

During the last decade, the Bank has been supporting governments in their efforts to introduce technological innovations to improve service delivery.

At the same time, this report is informed by the recent research emphasizing the importance of political economy considerations for the success of the Bank's PSM projects. The existing research shows that political context factors have a larger influence on the success of the Bank's public sector reform projects than on other projects (Blum 2014).[14] Relatedly, there are limits to the Bank's ability to support public sector reform because the governments often commit to the Bank-financed PSM projects for other reasons than improving public sector performance (Andrews 2013).[15] However, the cases featured in this report represent a "positive deviance" from this pattern. The selection process allowed for highlighting those cases where the governments were able to make change happen and improve public sector performance in their countries. Our detailed case descriptions also analyze the political economy environment and related considerations, to highlight what may or may not be transferable to other contexts.

What this report does – and doesn't – do

This report series is intended for policymakers, global practitioners specializing in advising governments on improving public sector performance, as well as researchers working in related fields. The report strives to broaden the existing perspectives beyond the good practices in public sector performance from the advanced OECD economies and highlight notable innovations among emerging economies. The report also aims to re-invigorate the knowledge flow on public sector performance among development practitioners more broadly.

This publication series provides a recurrent knowledge outlet for systematic information to the development community on public sector innovations around the world, as well as for advancing the understanding of operationally-relevant topics in public sector performance. The series is designed to strike a middle ground between a brief practitioner's note and an academic study on a particular topic of interest in public sector performance, drawing on the experiences outside OECD countries relevant for the developing world. A systematic stocktaking to learn about innovations in public sector performance worldwide on an annual basis should be of interest to the development community as a whole. It is our hope that capturing and widely disseminating the vignettes of worthy innovations from the developing world will give an impetus to peer-to-peer learning and move the public sector performance frontier further in a much shorter time. Moreover, drilling down more practically and operationally into selected issues in public sector performance, and doing so periodically, can further our collective knowledge and give development practitioners the tools they need to bring improvements in this vital area.

Instead of coming up with a new theoretical framework, this report is part of the effort to operationalize the 2017 WDR by building on its assumptions and validating its framework. In particular, this report upholds the 2017 WDR's emphasis on the function of institutions rather than their form. As the empirical evidence in the featured cases demonstrates, the solution to the problem has to be context-specific and take into account the underlying political dynamics. Because public sector performance is ultimately about enhancing citizens' outcomes as manifested in better service delivery, the report also draws on the 2004 WDR on service delivery and the accountability relationships among the citizens, state, and service providers. Finally, since innovations presented here often have a technological component, the report also links to the 2016 WDR on Digital Dividends. The findings from the cases echo the 2016 WDR's conclusions that ICT alone will not transform government; rather, ICT can only be a conduit, as policies and processes are designed to change behaviors for better citizen outcomes.

Inclusion of cases in the report does not suggest an endorsement by the World Bank that these are the most innovative or the very best public sector performance examples that can be found. Indeed, there are many technological advances, such as big data or the use of drones, that are not included here. Many countries by now have had some experience with open data, e-procurement, or FMIS, and some have advanced applications in place. Because the countries of focus were ones where the Bank has been actively engaged, it naturally excluded most high-income countries (e.g., Singapore, Estonia, South Korea, and other notable public sector innovators). Rather than finding the most advanced practices, the report shows that PSM innovations are possible even in the most challenging environments, and that governments are succeeding in addressing long-standing challenges.

This report highlights only a small subset of public sector performance innovations that are occurring globally, but the series aims to stimulate identification of other cases that merit attention in the future. The report draws on examples from across the globe, including low-income, fragile and post-conflict countries. The report is naturally biased toward the Bank-supported interventions because those are what the Bank's staff are most familiar with. At the same time, it includes some of the interventions that were not financed or otherwise supported by the Bank, but are known to the Bank staff through their frontline work with the governments. While the current method of inquiry allows to tap into the accumulated knowledge of the Bank's staff, it also implies that only the innovations known to the Bank are highlighted. This is why the cases presented here should not be viewed as "top 15" innovations currently found in non-OECD countries. It is quite possible that other countries have even more interesting innovations to offer that the Bank is not yet aware of. We hope that this report series re-invigorates the dialogue between governments and the Bank about public sector performance and related innovations, so the subsequent issues can build on an ever-wider base of nominations.

The case study method used in this volume presents its own set of tradeoffs. While other publications have opted for quantitative coding and analysis of various aspects of public sector performance (e.g., McKinsey 2017; OECD 2017), this report employs qualitative methodology. Although this does not allow for direct comparison and ranking of the countries and their experiences, it offers a more in-depth look at how they were able to effect change in a given context. A case study can offer policy-makers a more granular look at not just what has been accomplished by a particular reform, but also how their peers went about it under specific circumstances. Often, the most valuable lessons are in how the trial and error took place, often with partial reversals and learning from pitfalls. This approach is grounded in a venerable literature on case study methodology (Yin 1984; George and Bennett 2005; Gerring 2007) that has enjoyed a recent renaissance in the research and policy arena (Rolfing 2012; Widner, Woolcock, and Nieto 2019)

The ultimate impact and sustainability of a given public sector innovation can be hard to assess, but it should not diminish the achievements that these cases represent. The public sector innovations highlighted here are written to reflect both the achievements as well as the limitations. Many of the cases document reforms that are recently completed or still in progress. In each one, there are already signs of impact on public sector performance. This does not mean that an impact evaluation has been completed; many of these reforms either do not lend themselves to randomization, or contextual variables may be too complex to track (World Bank 2013). However, as we argue in detailed case descriptions, there is good reason to believe that the benefits will endure. At the same time, given that governments change, political and economic environments transform, and the needs and demands of citizens evolve, it is possible that these reforms will be reversed or replaced with something even better.

This report series is intended for policymakers, global practitioners specializing in advising governments on improving public sector performance, as well as researchers working in related fields.

Architecture of the report

This report consists of two parts. Part I serves as an annual stocktaking of the global experience in improving public sector performance. It highlights the key challenges, innovative solutions, and the Bank's support to governments working on improving performance around the world. For this inaugural issue, it presents a series of cases nominated and selected by Bank staff to illustrate innovative interventions by the Bank's government counterparts. It includes innovations such as: setting up innovative monitoring and evaluation systems in Rwanda; managing performance from the center of government by breaking down silos in Malaysia; using smartphones for the last-mile service delivery and citizen feedback in Pakistan; and incentivizing judicial performance in Serbia.

Part II zooms in on a special topic in public sector performance, leveraging the Bank's experience and collective accumulated knowledge. This is designed to either address a new trend, highlight new Bank knowledge, or address knowledge gaps. The two-part structure allows for a recurrent update in Part I along a set of key issues, while Part II offers a deeper examination of a special topic.

This year, the special topic is Policy and Inter-Agency Coordination. Coordination among various government actors and units is key for the success of complex policies, but it remains a challenge irrespective of the country's level of economic and public sector development. Building on the theoretical framework of the 2017 WDR that highlights coordination as one of "three Cs" critical for effective institutions and citizen outcomes, this report takes a hands-on empirical and operational approach to the topic.[16] It looks into why policy and inter-agency coordination is such a persistent problem for countries at all levels of development, delves into methodological challenges in assessing how well coordination works, and attempts to categorize and learn from various types of coordination mechanisms used around the globe. Most importantly, it attempts to distill the lessons from the experiences of governments that adopted various whole-of-government as well sector-specific coordination mechanisms, teasing out what worked, where the challenges stemmed from, and what pitfalls could be avoided.

NOTES

1. Although the causation is difficult to establish, a recent paper by Anderson and Gonzalez (2012) shows that a difference of one percentage point in regulatory quality as measured by Doing Business distance- to-frontier scores is associated with a difference in annual FDI inflows of US$250–500 million.

2. For example, public sector productivity is a lot more difficult to measure than in the private sector; governments must be deliberately slower in some of their functions, like convicting citizens of a crime; and governments have to stop people doing things they might want to do (e.g., by issuing regulations) and make them do things they do not necessarily want to do (e.g., paying taxes or wearing seatbelts).

3. There is an influential literature in political economy in the late 1990s that showed that instead of a "race to the bottom" and gutting the state to attract firms and capital by offering the lowest tax rates, globalization has been associated with expansion of the state and public services (Rodrik 1998; Garrett 1998).

4. This line of reasoning has gained traction in the development literature. For example, Bin Wong argues convincingly that the Chinese history offers many lessons of experimentation with social spending that adapted to China's development goals over centuries (Wong 2011).

5. Politics shapes opportunities for client power and informs the assumption of the short route to accountability for public services existing in practice. In revisiting the 2004 WDR a decade later, the core argument was amended in important ways (Devarajan et al 2011; World Bank 2016b). The social contract created around a type of service in a given society (i.e., whether people mobilize for a type of service provision) and the political salience of a service (whether a sector is used for creating some rents) will determine whether citizens mobilize to demand stronger accountability and how the government answers these demands. Understanding the political economy of existing distortions in the system (elite capture, politically grounded regional inequalities in access) is increasingly recognized as critical to explaining public sector performance, and shaped the core of the 2017 WDR on Governance and the Law.

6. These ideas are rooted in centuries of European political thought. They are consistent with Thomas Hobbes' view of the role of the state providing law and order, J.S. Mill's idea of the state securing the liberty of its citizens and thus allowing the markets to flourish, and Beatrice Webb's and other welfare state proponents' expansion of the state's role as a provider of welfare to ensure equity. See Micklethwait and Wooldridge (2014) for a recent re-examination of these ideas.

7. As Gruening (2001) observes, the NPM movement precedes the attempts to codify it in the literature. It began in the late 1970s and early 1980s, when "its first practitioners emerged in the United Kingdom under Prime Minister Margaret Thatcher and in the municipal governments in the U.S. (e.g., Sunnyvale, California) that had suffered from economic recession and tax revolts. Next, the governments of New Zealand and Australia joined the movement. Their successes put NPM administrative reforms on the agendas of most OECD countries and other nations as well. Only later did academics identify the common characteristics of these reforms and organize them under the label of New Public Management."

8. As the 2016 WDR Digital Dividends argues, "greater digital adoption [is] not enough. To get the most out of the digital revolution, countries also need to work on the 'analog complements'—by strengthening regulations that ensure competition among businesses, by adapting workers' skills to the demands of the new economy, and by ensuring that institutions are accountable."

9. The lack of an ideological prescription should not be confused with the lack of theoretical ideas underpinning PDIA approaches. In many ways, they echo the power of incentives and mechanism design, for which Leonid Hurwicz, Eric Maskin, and Roger Myerson received the 2007 Nobel Prize in economics.

10. This is, of course, not without pitfalls. For a recent analysis of the broad challenge of replicating a case from one context to another, see Williams (2017).

11. For example, Fritz (2016) utilizes the WGI GE indicator to explore the characteristics of public sector reforms of non-OECD countries where the GE has increased dramatically in recent years. She finds that political commitment was the strongest driver in these success cases.

12. For the latest GCPSE publications, see http://www.undp.org/content/undp/en/home/ourwork/global- policy-centres/publicservice.html

13. For more information, see https://successfulsocieties.princeton.edu/about

14. Specifically, Blum (2014) analyzes a large dataset of the World Bank projects between 1990 and 2013 and finds that PSM projects perform better in countries with democratic regimes; in the presence of programmatic political parties; and in more aid-dependent countries.

15. Andrews (2013) argues that governments are motivated to sign on to World Bank financing not because they want to improve public sector performance, but because they want to signal their wish to modernize. This often leads to isomorphic mimicry or copying "best practice" institutions from developed countries formally, rather than emphasizing their function. When these reforms fail, a new round of "signaling" commences, which is rewarded by the current aid system.

16. In a sense, policy and inter-agency coordination as discussed in this report is a combination of two high-level concepts in the 2017 WDR: coordination and cooperation.

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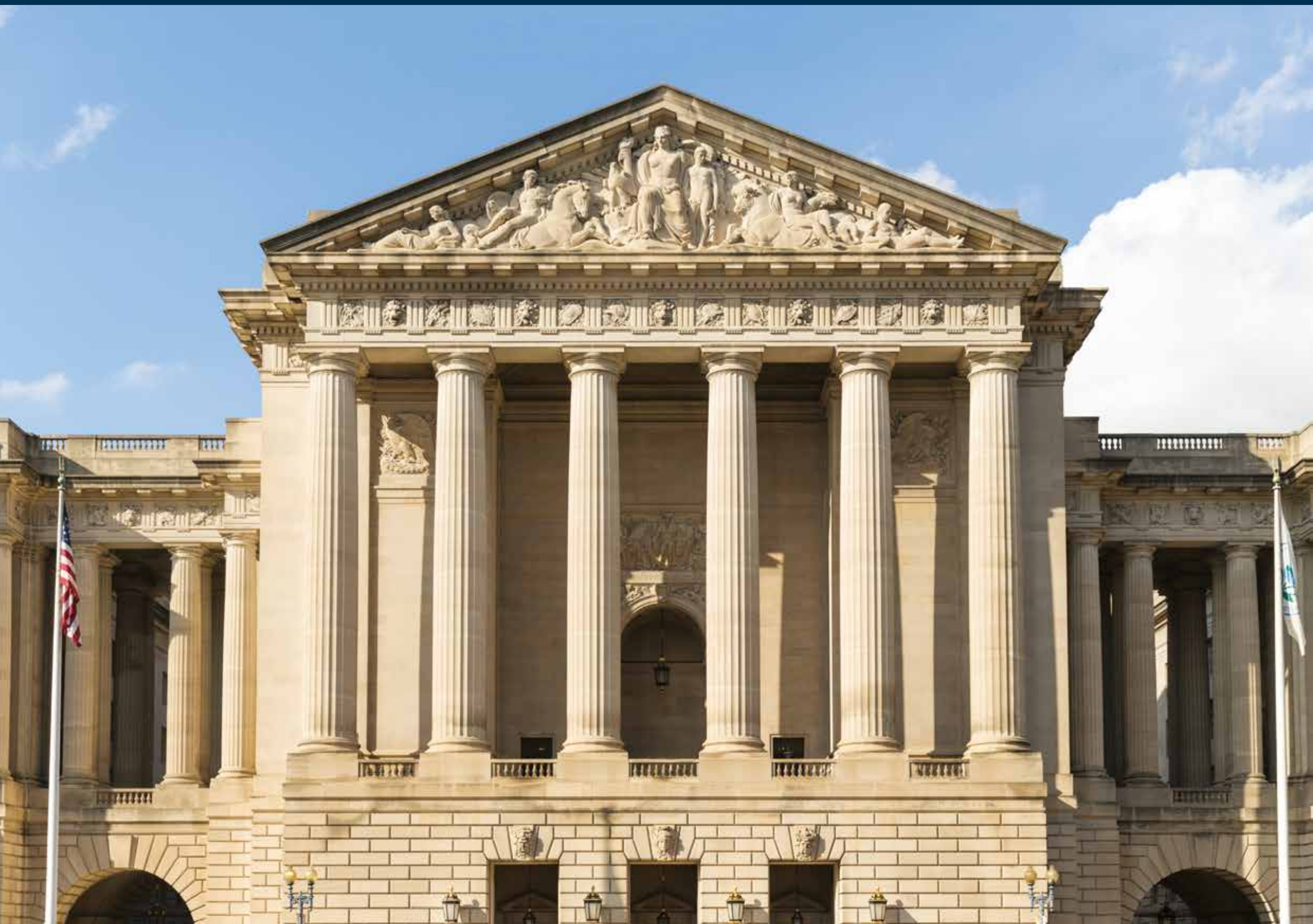
PART 1

GLOBAL TRENDS IN PUBLIC SECTOR PERFORMANCE



Overview

Significant improvements in public sector performance are being evidenced across the developing world today, as government officials and political leaders find new and innovative ways to tackle long-standing public management challenges. Information in the 21st century on governance and public sector management is extensive, and many forums are available for countries to learn about international best practice. Yet, as the fifteen cases in this report illustrate, the real successes in public sector performance come not just from drawing on the global experience, but adapting the lessons to one's own national or local context. The types of reforms showcased in the report are not necessarily unique from a global perspective, nor are they intended to represent global best practice. Indeed, the institutional, political, or capacity constraints in many non-OECD countries would render international best practice somewhat irrelevant. Yet, we are convinced that the cases are innovative and noteworthy because they illustrate how countries address persistent and pernicious public management challenges by selecting the right mix of policies, tools, and incentives that fit their political economy context. Moreover, each of the cases shows indications of the impact on public sector performance – in some instances that impact has materialized and has been measured, while in a few it is still indicative as the implementation is at an early stage. Nevertheless, they all provide a measure of assurance that public sector transformation is possible even in the most challenging of circumstances. Public sector performance reform is not to be limited to high-income countries.

The cases highlighted in the report can be categorized broadly into five themes, reflecting differing objectives and functions of public sector management. The first three are considered "upstream" reforms because they deal with policy formulation and monitoring and the administration of government. The latter two could be considered "downstream" reforms because they produce public sector outputs that citizens experience first-hand. The five themes are:

- **A** Driving Results from the Center of Government
- **B** Civil Service Management
- **C** Innovations in Managing Public Money
- **D** New Approaches to Last-Mile Service Delivery
- **E** Innovations in Delivering Justice Services

What do we learn from this collection of public sector innovations from across the developing world? In many respects, the cases reinforce the relevance of the frameworks and lessons in the Bank's 2004 and 2017 WDRs, and help shed light on how the concepts can be operationalized in practice. Due to their brevity, they do not necessarily capture the full extent of experimentation, missteps, and political turmoil that has led to the success that we observe today. They also may not give a full picture of the political economy challenges that had to be overcome, or that may still loom on the horizon as threats to sustainability. Nonetheless, they show how efforts to introduce innovation into public sector management can be successful.

Selecting the Cases

Case nominations for Part I were sourced from around the World Bank to illustrate innovative interventions by the Bank's government counterparts in improving public sector performance. The selection of interventions was based on four criteria, as described in Box 2. While there was some consideration of regional representation, it was not a predominant factor in the final selection. The cases were then developed through interviews with Bank staff involved in the engagement, as well as the key government officials at the center of the reform.

BOX 2 Case Selection Process

All regional units of the Bank's Governance Global Practice were invited to submit 5–10 interventions based on a common template. The template also provided guidance on what interventions were eligible as "innovations."[1] A core team of approximately 10 public sector specialists reviewed and ranked each of the nominations based on the case selection criteria described below. The most promising 15 cases were submitted for further research and development into a fully developed case. The team tried to make the selection process as objective as possible, while recognizing that some judgment calls would be necessary.

Case Selection Criteria

1. **Clarity, significance, and persistence of the problem to be addressed:** Can we clearly and succinctly identify the public sector performance problem that was being addressed? Is it a problem that could be relatable to other countries? Is it substantial, and has it been a persistent problem?

2. **Innovative approach:** Is the intervention itself clearly and succinctly identifiable? Can we credibly say that the intervention was innovative in its approach? (Other countries may have addressed similar problems – e.g., passport delays – but is the approach at least innovative for the country context?) By innovative, we mean a new way of addressing an old problem. Is the role of the government – rather than the Bank or a consulting firm – clearly evident?

3. **Evidence of impact:** To what extent can we clearly identify the benefits of the intervention? Are the benefits significant and widely recognized by key stakeholders? Are the beneficiaries identifiable? (This does not require the existence of a formal impact evaluation, but there should be some evidence that there is a demonstrable improvement in performance.)

4. **Replicability:** Does the intervention provide useful lessons that other countries may benefit from? Could it conceivably be replicated in other countries? Are the cost and scale of the intervention within the reach of other countries, at least those at a similar level of development?

Source: Authors

Case nominations for Part I were sourced from around the World Bank to illustrate innovative interventions by the Bank's government counterparts in improving public sector performance.

The World Bank has supported many of the reforms that have taken place, but in some cases it has only been an observer. Most nominated (83 percent) and selected (87 percent) innovations have been supported by the Bank, either through the provision of development financing or through advisory support.[2] Countries have partnered with the Bank when it is helpful to strengthen governance, but there is ample evidence of countries transforming public sector performance without a visible role played by international development institutions. For this report, cases were drawn from those reforms known to Bank staff which supported governance functions. Without doubt, other countries who are not included in this report will have witnessed equally interesting and impactful examples of public sector performance improvement. As those examples are shared with the Bank in the years to come, they could be considered for selection in future editions. Furthermore, although there are numerous examples of sector-specific improvements across the world (e.g., in health, education, water, etc.), the selection method for this report tried to focus on examples that had more cross-cutting lessons that could be applied across sectors, with the exception of the justice services. The method of inquiry naturally biases the pool of cases to be considered towards those with Bank involvement.

The Bank's selection process was designed to draw on the tacit knowledge of Bank staff from across the world working on governance. In total, 54 nominations were received from across the Bank's six regions, with the vast majority (90 percent) drawn from low- and middle-income countries and coming from all regions where the Bank works. Indeed, public sector performance innovations are not confined to a particular geographic region or income level; to the contrary, they can be found in the poorest and most fragile corners of the world if the governments are committed to improving the way they work. At the same time, because the innovations presented here come from the developing world, they may not represent the most technologically advanced solutions available. A detailed discussion of the case nomination and selection process can be found in Box 2.

Selected cases are largely representative of the pool from which they were drawn. Case submissions and selections can be profiled along several dimensions such as region, income level, theme, and government effectiveness (see Figure 3 and Figure 4). For example, almost three-quarters of selected cases are from upper- or lower-middle income countries, and all the Bank's regions were represented except for one. By far the largest number of submissions came from the broad area of PFM, which includes budgeting, FMIS, fiduciary, as well as procurement reforms. This also reflects the lending volumes and advisory support by the Bank that are tilted toward the technical PFM reforms. At the same time, the selected cases showcase more center of government and service delivery reforms, even though they represent a smaller share of the Bank's portfolio. This suggests that these may be the areas where emerging economies most keenly experiment with new innovative approaches. There were some differences between submitted and selected cases on the dimension of government effectiveness, which is based on the quintile ranking in the Worldwide Governance Indicators (WGI). About 28 percent of the submissions were for countries with low or very low government effectiveness rankings, but only 14 percent of the cases actually selected were from these lowest two quintiles (see Figure 4).

FIGURE 3 Submissions and Selected Cases: Distribution by Region and Income Level

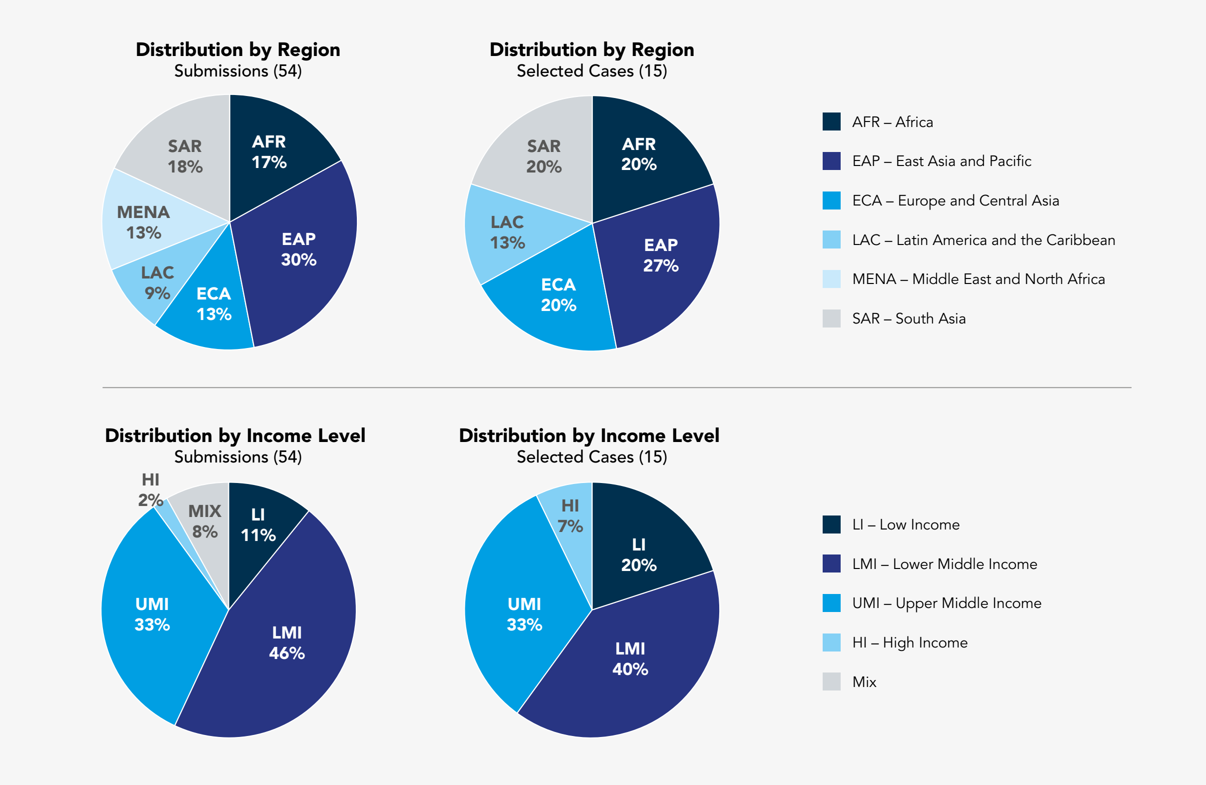
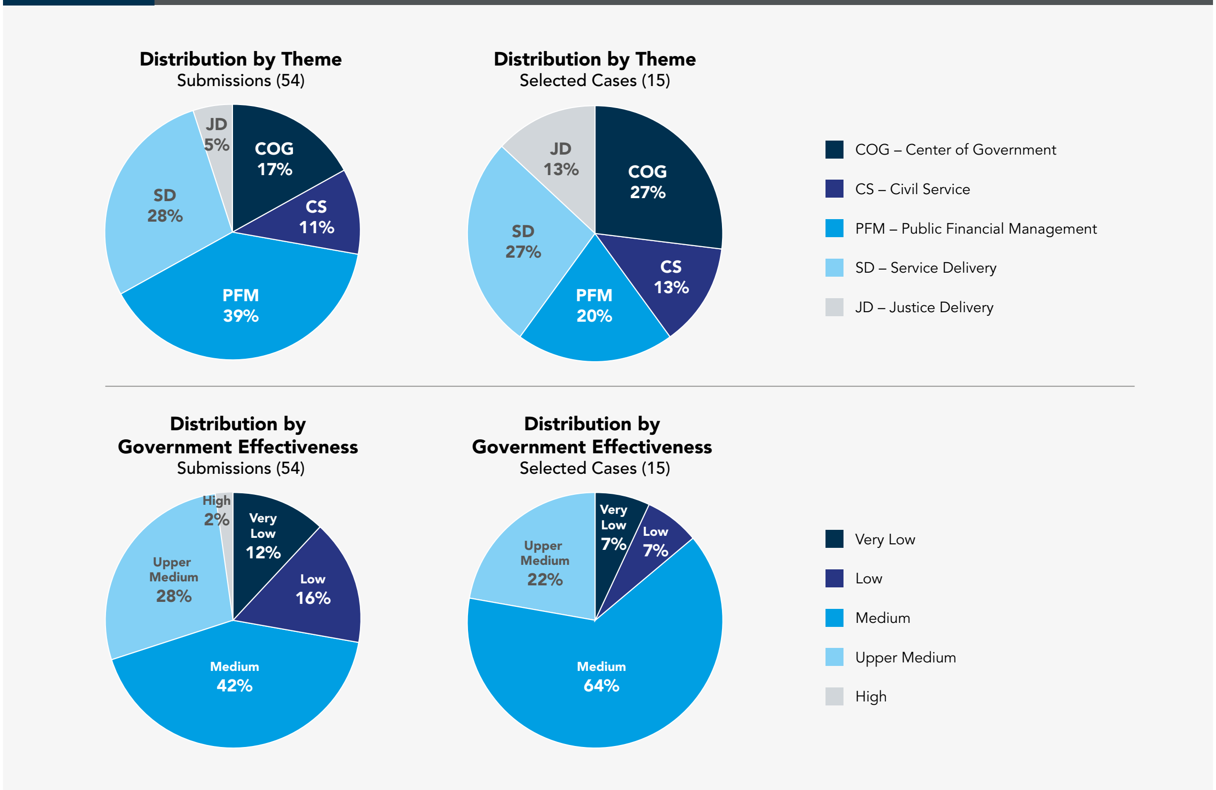


FIGURE 4 Submissions and Selected Cases: Distribution by Theme and Government Effectiveness



Identifying Drivers of Success

The cases, despite their diversity, offer insights into the relevance of five key factors to improving public sector performance: political leadership, institutional capacity building, incentives, transparency, and technology.

- **Political leadership** is needed because few, if any, of the innovations are a purely technocratic exercise. In some cases, innovation required a change in leadership at the top to create the catalyst for a new approach to organizational management. Whether it applied to breaking down organizational silos, holding managers accountable, or requiring MDAs to comply with a more efficient and transparent procedure, each innovation required strong political leadership. Leaders need to find ways to collaborate with a wide range of internal and external stakeholders on the one hand, and overcome inherent opposition on the other.

- **Institutional capacity building** of existing bodies is a common element across many of the cases, especially in driving results from the center of government and in managing public finances. Officials often used a mix of technology, new management approaches, and staff training to strengthen institutional capacity to deliver results. For reforms to endure, one ultimately needs to create sustainable institutions.

- **Incentives matter**, and we see this applied both at the institutional level (e.g., through government-wide policy, creating systems and structures that shape institutional objectives, and program monitoring systems) as well as at the level of civil servants (e.g., through performance targets and reward systems). We see examples of performance management upstream at the center of government where broad policy is formulated, and also downstream at the point of service delivery closest to citizens and beneficiaries.

- **Transparency** can benefit either internal stakeholders (e.g., other government officials) or external stakeholders and citizens. Aside from the usual argument about the intrinsic value of the right to information and general benefits of openness, the key takeaway from the case analysis in this report is that increased transparency can help deliver change in public sector performance. Greater internal transparency may mean breaking down government silos and ensuring inter-agency information sharing, or publishing and circulating performance information. Transparency can also be a powerful driver for changing incentives.

- **Technology**, while not a panacea, is present in two-thirds of the featured cases, either showcasing the technology application that was central to the reform, or playing a supporting role (e.g., application of smartphones supported a broader operational change in Pakistan). While the cases give insights into the relevance of technology for public sector performance, none of them reflected the use of cutting-edge technology. Instead, they applied relevant, even basic, IT tools and know-how to their specific functional requirements and did not over-design their efforts. Furthermore, the technology application is rarely a stand-alone solution; rather, it is accompanied by policies and procedures to change behavior.

These five success factors are on a continuum from difficult to easy to change in the short to medium term.

- **Political leadership** is an exogenous factor; the emergence of strong reform champions is often thought to be an enabling condition for a reform to succeed rather than a factor to be influenced through the policy process.

- **Building institutional capacity** and achieving a cultural shift within institutions can often take a generation, but it can become a goal that governments work toward, with long-term objectives and many short- and medium-term actions.

- **Incentives** can also take time to change, especially those that involve civil service socialization; at the same time, some reforms – like instituting key performance indicators (KPIs) and ministers' personal accountability for their achievement – can affect some incentives fairly quickly.

- **Transparency** reforms, either internal or external, are similar to the reforms of incentives: there are underlying structural processes that take time, but some technical changes – like circulating performance information – can be quick and have powerful effects.

- **Technology** can be introduced relatively quickly. While not a magic bullet to transform the government, some well-targeted and often modest technological solutions can help countries leapfrog.

This analysis suggests some recommendations for both governments and development institutions that are seeking to support improvements in public sector performance. In the short term, it pays to invest in the initiatives that foster transparency and/or employ technology in a context-savvy and fit-for-purpose manner. At the same time, the medium- to long-term efforts can focus on changing incentives and building institutional capacity. Changing incentives is a particularly broad category, as it may include some quick wins in government-wide monitoring and HR systems, while also involving more long-term transformations of the institutional and civil service culture. Last but not least, acknowledging that political leadership is a necessary precondition for most public sector performance reforms is important. All too often, such reforms fail because they are attempted as purely technical solutions, rather than having a political ownership and drive.

TABLE 1 **Common Elements Across the Cases**

Case ▼ / Driver ▶		1. High-level political leadership	2. Institutional capacity strengthening	3a. Incentives: Results Indicators & Monitoring	3b. Incentives: HR Performance Management	4. Increased transparency	5a. Tech plays major role	5b. Tech plays supporting role
1	Fusing Tradition with Modernity: *Imihigo* Performance Contracts in **Rwanda**	●		●	●	●		
2	Breaking Down Silos: **Malaysia's** Experience in Strengthening Inter-agency Cooperation	●	●	●				
3	Driving education and health reforms from the Ministry of Economy and Finance in **Mozambique**		●	●				●
4	Making Regulatory Impact Assessments Work in **Armenia**	●	●			●		
5	Putting 800,000 tax agents to work: **China's** State Administration of Taxation implements a performance management reform	●	●	●	●		●	
6	Reforming Civil Service Recruitment through Computerized Examinations in **Indonesia**	●	●			●	●	
7	Turning around an agency: The **Manaus (Brazil)** finance secretariat introduces results-based management	●	●	●	●		●	
8	Giving government units access to financial data in a cost-efficient way: **Indonesia's** online monitoring FMIS system		●			●	●	
9	**Rwanda**: Pioneering e-procurement in Africa	●	●			●	●	
10	A new law leads to service delivery reforms: The Public Services Guarantee Act in **Madhya Pradesh (India)**	●	●	●		●		●
11	At Your Service – Improving access to information in **Uruguay** through a government-NGO partnership					●	●	
12	Engaging citizens to improve service delivery: The Citizen Feedback Monitoring Program in **Pakistan**	●	●	●	●	●		●
13	Using Smartphones to Improve Public Service Delivery in **Punjab (Pakistan)**	●	●	●	●	●		●
14	Automating processing of uncontested civil cases to reduce court backlogs in **Azerbaijan**	●	●					●
15	Incentivizing courts to reduce backlogs: **Serbia's** court rewards program		●		●	●		
	TOTAL	**11**	**13**	**14**		**10**	**11**	

Linking the Emerging Themes and the Cases

The remainder of Part I presents the selected cases in five thematic clusters. The next section introduces the emerging themes in more depth. For each theme, we first make the case why this particular area is important for emerging economies to consider. After describing the challenges faced by governments around the world, each thematic introduction delves into what these economies are doing to address these challenges. Finally, we discuss why the selected cases are worth learning from, while taking into account their limitations. These thematic introductions are followed by the collection of fifteen individual cases. Each case consists of three parts: the description of the functional problem, the government's response, and the reflections on what worked and where the challenges persist. Table 2 maps the featured cases to the themes.

TABLE 2 Roadmap: Emerging Themes and Featured Cases

Theme	Cases
Upstream Reforms	
A. Driving Results from the Center of Government	1. Fusing Tradition with Modernity: *Imihigo* Performance Contracts in **Rwanda** 2. Breaking Down Silos: **Malaysia's** Experience in Strengthening Inter-agency Cooperation 3. Driving education and health reforms from the Ministry of Economy and Finance in **Mozambique** 4. Making Regulatory Impact Assessments Work in **Armenia**
B. Civil Service Management	5. Putting 800,000 tax agents to work: **China's** State Administration of Taxation implements a performance management reform 6. Reforming Civil Service Recruitment through Computerized Examinations in **Indonesia**
C. Innovations in Managing Public Money	7. Turning around an agency: The **Manaus (Brazil)** finance secretariat introduces results-based management 8. Giving government units access to financial data in a cost-efficient way: **Indonesia's** online monitoring FMIS system 9. **Rwanda**: Pioneering e-procurement in Africa
Downstream Reforms	
D. New Approaches to Last-Mile Service Delivery	10. A new law leads to service delivery reforms: The Public Services Guarantee Act in **Madhya Pradesh (India)** 11. At Your Service – Improving access to information in **Uruguay** through a government-NGO partnership 12. Engaging citizens to improve service delivery: The Citizen Feedback Monitoring Program in **Pakistan** 13. Using Smartphones to Improve Public Service Delivery in **Punjab (Pakistan)**
E. Innovations in Delivering Justice Services	14. Automating processing of uncontested civil cases to reduce court backlogs in **Azerbaijan** 15. Incentivizing courts to reduce backlogs: **Serbia's** court rewards program

Emerging Themes & Featured Cases

A Driving Results from the Center of Government

Effective leadership and coordination from the top of the executive branch is perhaps one of the most important factors for improved public sector performance.

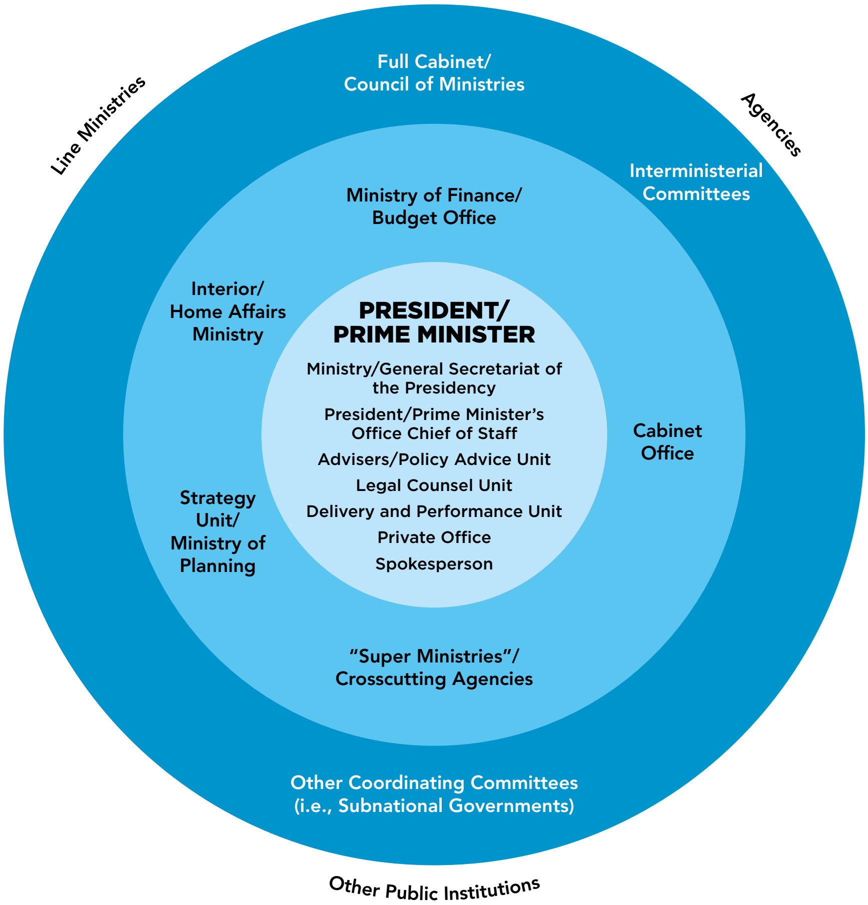
What is at stake?

There are few factors more important for improving public sector performance than effective leadership and coordination from the top of the executive branch.[3] Without the proper preparation of the sessions of the Cabinet or a Council of Ministers, decision-makers can become quickly consumed by the minutia of policy proposals, losing focus on the strategic priorities of the day. Effective filtering mechanisms are needed to weed out ill-prepared, un-costed, and uncoordinated policy responses, the effects of which can be damaging for years to come. Recent episodes in the news of policy failures from developed and developing countries alike illustrate the point.

Conceptually, the Center of Government refers to the institution or group of institutions that provides direct management support to the chief executive (James and Ben-Gera 2004; World Bank 2010a). Unlike service delivery-oriented ministries and agencies, center of government (CoG) institutions deal with the strategic management, coordination, monitoring, and communication of government decisions. They include the Office of the President or Prime Minister, as well as cabinet offices, sub-cabinet committees, and other central coordinating mechanisms, including the ministries of finance and development planning. Figure 5 depicts the center of government as concentric circles with the central ministries of finance and planning occupying a special position vis-à-vis both the core of the chief executive's offices and the council of ministers, which are further out (from Alessandro, Lafuente, and Santiso 2013).

If the CoG performs its tasks well, collective expertise from across the public sector is mobilized and brought to bear on the most pressing decisions confronting the country. MDAs with a stake in a particular issue are consulted, and their views and technical knowledge are fully integrated into the decision process. Senior officials have the opportunity to thoroughly weigh and review various options and to fully understand their legal, financial, and policy implications, resulting in evidence-based decision-making. Once decisions are taken, ministries move forward with a clear set of directives, and adequate resources to implement them effectively. Incentives for implementation, such as systematic monitoring and evaluation (M&E) and public accountability to the chief executive, can also be put in place by the CoG.

FIGURE 5 Center of Government as Concentric Circles



Source: Alessandro, Lafuente, and Santiso (2013)

However, CoG institutions in many countries fall short of this ideal. At the policy formulation stage, the CoG often functions in a reactive rather than proactive mode, going from crisis to crisis rather than following a defined agenda. As a result, many day-to-day decisions are made hastily with little analysis or consultation. Evidence-based decision-making and participatory governance are all too often sacrificed in the name of expedience. The policy implementation phase can be similarly difficult. Inter-agency coordination is the major implementation challenge for most CoGs. This is true not only for the implementation of complex policies that require whole-of-government involvement, but also for sectoral interventions that include many implementing agencies, such as transport or health. Part 2 of this report discusses the issues of policy and inter-agency coordination in depth.

To drive the results on the ground, CoGs must be organized in a way that strengthens the links in the service delivery chain. The 2004 WDR highlighted the challenge of co-locating the incentives and information necessary to improve public sector performance in delivering services. Political and civil service leaders at the CoG may have the election and career incentives to deliver outcomes, but they do not readily possess the granular, timely information about what is happening on the ground. In contrast, last-mile service providers have the information, but do not always have strong incentives to deliver. Incentivizing the service providers and bringing the information up the delivery chain thus become key CoG tasks. This, however, is difficult to achieve if the performance measurements are not in place, there is little opportunity for evaluation, or the functional responsibilities are blurred.

How are emerging economies addressing the challenge?

The recent wave of CoG reforms tackles both the ability of the central units of the government to make informed policy decisions, as well as to coordinate their implementation. For example, the functions of prime ministers' departments or presidents' offices are being overhauled to help with the proactive work planning and clarity of responsibilities. To improve the evidence-based policy-making at the policy formulation stage, chancelleries are looking to strengthen their capacity for vetting draft policies before they are submitted to cabinets. At the policy implementation phase, many countries are taking a fresh look at the design of the performance M&E systems at the CoG so that they can provide better monitoring of how the implementation of the top priorities is progressing and create opportunities for evaluation and learning. Some countries are experimenting with delivery units or similar semi-permanent structures at the CoG that are designed to drive performance. Besides the apex of the executive power, the ministries of finance or development planning are seeking to improve their CoG functions that focus on coordinating the line MDAs, with the imperative of the efficient allocation and use of public resources. The cases highlighted in this section illustrate four countries' efforts to tackle these issues.

At the policy implementation stage, motivating performance at the MDA and local level becomes a key challenge for the CoG. The Rwanda case shows how that can be done through fusing the modern concept of performance contracts[4] with a traditional practice of public commitment called *Imihigo*.[5] The President's Office was able to use powerful non-monetary incentives to first push the mayors across the country to set development targets for their districts and deliver on them. After the success of the program at the district level, more of the public sector was covered within the central government, where ministries require staff to sign *Imihigo* contracts at the beginning of each fiscal year. This created strong performance incentives across the country and contributed to the improvements in Rwanda's development indicators. The *Imihigo* case highlights the importance of tailoring performance concepts to the local context for their maximum uptake.

Effective policy implementation requires collaboration among MDAs, so breaking down silos is another important task for the CoG. While Rwanda looked to tradition to help improve public sector performance, Malaysia's CoG found inspiration in the private-sector concept of Blue Ocean Strategy to encourage collaboration, break down silos among MDAs, and find efficiency gains.[6] As Malaysia's case illustrates, it is possible to find ways to induce collaboration among MDAs and deliver services more efficiently and effectively. While the secretariat leading the "Blue Ocean Strategy" approach was housed in the Ministry of Finance, visibility to the Prime Minister's office helped give added clout to the targeted initiatives.

Both the Malaysia and Mozambique cases illustrate that ministries of finance can serve as capable champions to drive results-based management for better service delivery. As the Mozambique case demonstrates, the financial incentives for line ministries to provide tangible results can prove very powerful in fixing the thorny problems in service delivery, such as improving medicine supply chains or transforming the education sector. While in this particular case the reform was linked to an innovation in development finance, specifically the World Bank's results-based lending instrument, the role of the CoG went beyond financial incentives. The reform efforts in Mozambique also emphasized better information flow and coordination, as well as capacity building, and facilitated communication between the MOF and line ministries. Performance-based allocations and holistic results-based management must go hand-in-hand and mutually reinforce each other.

While the above three cases focus on the CoG's role in implementation, the Armenia case illustrates an attempt to improve public sector performance even further upstream – by strengthening elements of policy formulation. The previous three cases show how implementation of policies can be improved through CoG tools, but that assumes that countries adopt sensible policies in the first place. However, that is not always the case – especially if the policy coordination at the center is lacking and the government adopts mutually contradicting policies. Introducing regulatory impact assessment (RIA) is one way of ensuring that this is not the case. In addition, institutionalizing good-practice RIA is one way of improving evidence-based policy-making. At least 60 non-OECD countries have attempted similar reforms, but only one-third are successful after two years (Kamkhaji et al 2018). The Armenia case featured in this report shows that in order to succeed, RIA must be integrated into broader government systems. Armenia's Office of the Government (Prime Minister's secretariat) was able to not only provide direct oversight of the reform, but also to underpin and support the RIA with the strategic planning and programming, capacity building, performance contracts for high-level officials, and consultation mechanisms. This ensured the take-up and sustainability of RIA across MDAs and has set the stage for achieving impact.

Why are these ideas worth learning from?

The four cases, while very different, demonstrate the power of leadership commitment, incentives, and ideas in driving results from the CoG. The Rwanda *Imihigo* case illustrates the role of leadership and cultural norms in providing performance incentives and accountability. Similarly, the Mozambique example drives home the power of performance-based financing and results-based management, through which the CoG can offer the right incentives to fix persistent service delivery problems. The Armenia RIA case shows that it is possible to make policy formulation more evidence-based quickly, as long as it is designed to fit into other government systems and the CoG remains committed to it at the highest level. Finally, the Malaysia case is a useful example of how the CoG translated ideas from the private sector to the public sector context, providing collaborative, cost-efficient, and timely solutions to service delivery problems.

At the same time, CoG reforms are not a panacea for all performance issues. A classic challenge with the COG approaches to improving performance is that they may catalyze or speed up some processes in the short term, but not fully transform a civil service or delivery culture. While discrete problems that are highly visible (e.g. timeliness of trains, waiting lines for hospital services) can be adequately handled with such an approach, many others cannot be. At the same time, once underway, measurement and audit of field progress remain central challenges, as seen in the Rwanda case. The performance contracts can become proforma, losing sight of the larger targets. Too many indicators can create confusion, while progress on outcomes, rather than outputs, may be difficult to demonstrate.

While all four interventions discussed in this section demonstrated immediate results, their long-term impact still remains to be seen. At the same time, the four reforms remain works in progress, with continued iterations and design adjustments. In Rwanda, the institutions were so focused on their own objectives that little attention was paid to joint responsibilities; consequently, a newly adopted policy addresses these gaps. In Mozambique, while the reform worked well in the health sector, the education sector had more difficulties in improving school management, despite the financial incentives. This led to trying different techniques, such as new school council and supervision manuals and training. These iterative adaptations and desire to do better bode well for the sustainability of these reforms.

CASE STUDY 1

Fusing Tradition with Modernity: *Imihigo* Performance Contracts in Rwanda

Overview

Ensuring follow-through on policy promises is always a difficult task, particularly in the wake of a national crisis. Following the Rwandan genocide, the country's government had to find a way to move on from the devastation, implement policies that would stimulate development and improve service delivery, and then make sure it delivered on those policies. To hold public officials accountable, the government chose to adapt the idea of performance contracts to a traditional practice of setting and achieving goals called *Imihigo*. First implemented with district mayors, *Imihigo* were later expanded across government ministries and agencies. The increased focus on performance of public officials helped Rwanda achieve impressive rates of economic growth, rapidly improve infrastructure, and increase health and education outcomes for its citizens. More recently, however, critics noted that focusing on district *Imihigo* targets – which were largely derived from central government priorities and financed by the national budget – had potentially limited the opportunity for citizen participation and for local governments to implement their own policies and solutions.

RWANDA

POPULATION (July 2017 est.)[1]
11.901 million

GDP PER CAPITA (current US$)[2]
702.80

INCOME GROUP[3]
Low income

GOVERNMENT EFFECTIVENESS[4]
58.2%

[1]CIA World Factbook, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Introduction[7]

At the start of the new millennium, Rwandans had begun to put their country back together after the horrors of the 1994 genocide. Following the atrocities, the government focused on providing urgently needed services to the distressed population, while long-term development strategies took a backseat. By 2000, however, President Paul Kagame was ready to set the country on a course for rapid development. In 2000, he launched Vision 2020, a national plan to reduce poverty, improve governance, and promote economic development. Vision 2020 aimed to transform Rwanda into a middle-income country by the year 2020 with a per capita income of US$1,240, reduce the poverty rate to 20%, and increase average life expectancy to 66 years (from 49 years in 2000) (Ministry of Finance and Economic Planning 2000).

Five years into the plan, however, progress had been painfully slow. More than half of the population still lived in poverty, and the rate had only decreased by 2.2%, from 58.9% in 2000 to 56.7% in 2005. An evaluation of the country's 2003 to 2005 poverty reduction strategy found that a weak monitoring and evaluation system, poor prioritization, and a lack of accountability were major factors in the disappointing progress (African Development Bank 2012). To get its Vision 2020 plan back on track, the Rwandan government had to drastically improve its performance.

In 2006, Kagame launched an ambitious program to push mayors across the country to set development targets for their districts, and deliver on them. The program was based on a pre-colonial tradition called *Imihigo*, where individuals or communities would publicly promise to complete certain tasks, sometimes set by the king or another leader. If the individual or group achieved their goal, the community celebrated their success; if they failed to follow through, they faced public humiliation (Ndahiro 2015).

Under the modern *Imihigo* program, mayors would devise action plans based on the national development agenda in consultation with the local community, and then make public commitments to implement them. The agreements were codified in contracts with the national government.

Enacting the agreements, however, required more than just a written promise. To ensure compliance with the *Imihigo* – and push the country's development agenda forward – the government had to set up a structured system to check mayors' progress and incentivize them to achieve their goals. After pioneering the system with district mayors, Kagame planned to spread the program through all levels of government, from high-level central government officials down to local leaders at the village level.

The *Imihigo* program had several ambitious aims, including to:

- **Speed up implementation of the local and national development agenda**
- **Ensure stakeholder ownership of the development agenda**
- **Promote accountability and transparency**
- **Promote results-oriented performance**
- **Encourage competitiveness**
- **Ensure stakeholders' participation and engagement in policy formulation and evaluation**
- **Instill a culture of regular performance evaluation (Government of Rwanda 2010)**

Imihigo was designed as a Rwandan approach to performance management, as described in a policy note published by the minister of local government in 2006: *"The Imihigo approach shares many characteristics with results-based management tools. First, each Imihigo identifies a set of clear priorities. Second, each Imihigo presents a set of specific targets backed by measurable performance indicators. Third, each Imihigo undergoes a well-defined process of performance monitoring and evaluation. Fourth, each Imihigo constitutes an efficient accountability mechanism and an incentive for local government leaders and their population to implement the decentralization policies and to meet local and national development targets."*

Many other countries used performance contracts to incentivize follow-through on development promises, but in Rwanda, *Imihigo* was a more traditional way to achieve the same goals and thus much more understandable for the local population. Alexis Dukundane, the former head of the Directorate for

Community Development at the Ministry of Local Government said: "People wouldn't understand if you talk about performance contracts, but if you say *Imihigo*, they understand."[8]

The Response

The national government's ultimate goal was to have everyone in the public sector working to achieve specific goals, but it decided to focus first on rolling out *Imihigo* for mayors at the district level. Improving the performance of the mayors of Rwanda's 30 districts was crucial for the country to achieve its goals. At the time, Rwanda was undergoing a decentralization process, and local governments had far more responsibility for service delivery than they had had previously.

Choosing targets

At the same time that it launched the *Imihigo* program, the Rwandan government developed its Economic Development and Poverty Reduction Strategy (EDPRS). The EDPRS was a medium-term plan to put the country on track toward its Vision 2020 goals. The government incorporated the *Imihigo* process into the EDPRS as a mechanism to ensure follow-through by local governments (Ministry of Finance and Economic Planning 2007).

Development targets at the district level were partly influenced by the central government's agenda (defined in the EDPRS and Vision 2020), and partly influenced by discussions and demands from local communities. Every year, each district mayor and other senior district officials met with representatives from central government ministries during meetings known as the Forum of Central and Local Government. The ministry representatives informed the mayor of the government's priorities in their respective areas and gave an indication of the expected budget that would be available for the local government to achieve those priorities.

The mayor's team would also speak with members of community councils within the districts to take into account local demands and priorities, as well as with NGOs and civil society groups. By meeting with those groups, the mayors could ensure coordination between the district government's work and the projects being implemented by other organizations.

Based on those national and local level conversations, the district governments developed 5-year plans for the 2007 to 2012 period. Each district government also developed one-year action plans each year to put them on a path toward their 5-year goals. The action plans included all tasks the council planned to complete that year, from administrative tasks such as writing reports and preparing budgets, to large infrastructure projects such as building roads and bridges. Mayors' *Imihigo* targets formed part of the action plans.

Each *Imihigo* was linked with a specific indicator of success. For example, an *Imihigo* might be to increase electricity coverage to 100%, and the indicator could be the percentage of households with an electricity connection.

After settling on well-defined goals and measurement metrics, the local mayors signed the *Imihigo* in a ceremony with the President. The ceremony was broadcast on television and reported in newspapers, and the *Imihigo* documents were made available to the general public.

Monitoring progress

Local governments were required to keep documentation of all activities and expenses related to their *Imihigo* so that the central government could track progress. Halfway through the year, mayors submitted reports to the government explaining their progress in detail.

At the end of the fiscal year, the national government put together two evaluation teams, each made up of representatives from the Ministry of Local Government, the Prime Minister's Office, the Ministry of Finance and Economic Planning, the Rwandan Association of Local Government Authorities, the implementation secretariat, and civil society organizations. The teams included high-level people from those groups, sometimes even the director of the organization. The two teams traveled around the country, and between them visited each of the country's 30 districts to conduct two-day evaluations.

During the evaluation process, the teams would go through all of the district government's progress reports and audit supporting documentation. The team would then ask the mayor to explain any discrepancies in the reports or any delays in implementation. Finally, the team would choose a selection of the *Imihigo* targets and check them in person. For example, if an *Imihigo* was to build a new school with 50 classrooms, the evaluation team would visit the school, count the classrooms, and check it met other specifications defined in the *Imihigo* target.

From 2014 to 2018, the Institute for Policy Analysis and Research, a Rwandan research institution, conducted the *Imihigo* evaluations. The Ministry of Finance and Economic Planning reported that from 2018 onwards the evaluations would be conducted by the National Institute for Statistics, a government agency.

Holding districts accountable

The evaluation team scored each *Imihigo* target on a 1 to 10 scale. The score was based not only on whether the *Imihigo* was achieved, but also on the completeness and accuracy of the mayor's progress reports. An *Imihigo* that was fully implemented with complete and accurate supporting documentation would score a 10. An activity that had barely begun would score a 1.

Finally, districts were given an overall score based on a weighted average of their scores for each *Imihigo* activity. Each activity was classified as an "economic" activity, a "social welfare" activity, or a "governance" activity. Economic activities made up 60% of the scoring, social welfare activities 30%, and governance activities 10%. After the team completed the scoring and evaluation process, the final scores and reports were presented in person to the mayors at another ceremony with the President. At the same ceremony, the mayors committed to new *Imihigo* targets for the next year.

The scores and reports were made available to the public online, along with a list ranking each district from first to last based on their overall score. Using those rankings, the public could see how their local government had performed compared to neighboring districts and other districts across the country. Fred Mufulukye, the director general of territorial administration, said the system fostered competition. "Now districts – both citizens and mayors – want to compete and want to be best," he said. "This competition drives development."[9]

Expanding the *Imihigo* program

After the success of the *Imihigo* program at the district level, Rwanda expanded the system to cover more of the public sector. Administratively, each district in Rwanda is divided into sectors, each sector divided into cells, and each cell divided into villages. Public officials at each level (sector, cell, and village) were included in the *Imihigo* program and made public commitments each year. Monitoring and evaluation was carried out at the local level. For example, public officials at the cell level were responsible for monitoring village leaders' *Imihigo* within the cell's geographic area (Ndahiro 2015).

The program was also expanded within the central government, and beginning in financial year (FY) 2009 all government ministries and agencies began requiring staff to sign *Imihigo* contracts.

Reflections

Since the *Imihigo* system was introduced, Rwanda has scored highly on a range of development indicators. While a number of factors have contributed to the country's improvements, the *Imihigo* program likely helped keep officials at all levels focused on achieving development targets. The country's GDP increased from US$3.2 billion in 2006 to US$8.4 billion in 2016 and life expectancy increased from 57 years to 67 years over the same period. In addition, the poverty rate decreased from 56.7% in 2005 to 39.1% in 2013.[10]

Achievements of individual *Imihigo* targets in districts across the country no doubt contributed to those impressive national achievements. In FY 2014/2015, there were more than 2000 *Imihigo* targets spread across the 30 districts. Of those, about 75% were achieved. Based on a report by the Institute for Policy Analysis and Research, the key results of *Imihigo* during FY 2014/2015 were increased electricity coverage, improved access to clean water, increased access to credit for women and youth, improved agricultural production, and a large increase in the number of roads and healthcare facilities (Institute of Policy Analysis and Research, Rwanda 2015). It is also possible, however, that official reports on *Imihigo* overstate the initiative's success. Susan Thomson, the author of Rwanda: From Genocide to Precarious Peace, noted "stressed and under-resourced local officials regularly skimp to meet their *Imihigo* commitments" (Thomson 2018). In addition to cutting corners, strong pressure to perform may have resulted in officials inflating achievements.

Imihigo created a strong culture of performance across the whole country. Scrutiny from the highest levels of government put pressure on public officials at every level within the central and local government to perform. The increased focus on performance fit well with the World Bank's new Program-for-Results financing instrument. World Bank-funded projects in Agriculture and Urban Development were linked with district and sub-district level *Imihigo*, ensuring a focus on results from the public officials involved in implementation.

Reflecting on the program's original aims, however, there was at least some concern that *Imihigo* did not necessarily ensure stakeholder participation. Benjamin Chemouni, a fellow at the London School of Economics, noted that "theoretically [the *Imihigo*-setting process] should be informed by the aggregation of the population's wishes… [but] this process barely takes place in reality" (Chemouni 2014). The central government wielded strong influence over the selection and implementation of district *Imihigo*, and local governments had little flexibility to implement policies that reflected local realities or the community's wishes. As a result, the *Imihigo* system fulfilled the goal of creating top-down pressure for public officials to perform, but did not necessarily make public officials more accountable to Rwandan citizens (Hasselskog and Schierenbeck 2015).

Success Drivers

Rwanda's introduction of *Imihigo* contracts to improve government officials' performance across government reflects **three** of the five key dimensions for successful public sector innovation.

Political Leadership drove the *Imihigo* program from the outset, and it was the sustained support from the president that enabled the program to expand across the whole of government. The political leadership recognized the gap between the country's development vision and the outcomes on the ground, and initiated an outreach to mayors to bring them into a new partnership to deliver on district-level development plans. Scrutiny from the president and other high-level officials put pressure on government workers at every level to perform.

Incentives were a key element of the *Imihigo* contracts and critical to the reform's success. Mayors around the country had to report progress to the central government, and evaluations were conducted by a special team each year. All districts were scored on their performance, and top performers received special recognition from the president in a dedicated awards ceremony. Public recognition of achievement also helped create positive competition among mayors to do even better.

Transparency was an important component of the *Imihigo* program. Contracts were signed in a public ceremony, and scores were disseminated through various media channels. Citizens could watch the broadcast of the *Imihigo* ceremony on television and look up results online to see how their local government was performing compared to other districts around the country.

CASE STUDY 2

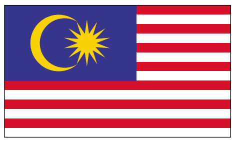
Breaking Down Silos: Malaysia's Experience in Strengthening Inter-agency Cooperation

Overview

Despite numerous inter-agency coordination mechanisms at the center of government, ministries and agencies in Malaysia still struggled to break out of silos and deliver the level of services expected by the public. In 2009, the public administration looked for new ideas from the private sector to complement existing efforts within government. The "Blue Ocean Strategy" model was adopted to encourage government ministries/agencies, NGOs, and the private sector to collaborate in innovative ways. While the Blue Ocean Strategy approach is no longer used by government to facilitate coordination, the legacy remains.

Introduction

The government's efforts in enhancing the efficiency of service delivery resulted in several waves of reform efforts to improve the operations of the public administration. Expectations for reform were fueled in part by the government's policy direction circa 2009/2010 of making Malaysia a high-income economy by 2020. While the five-year national development plans provided the overall policy direction, the government agencies were pushed to deliver high-impact, low-cost improvements to public services on the ground.



MALAYSIA

POPULATION (July 2017 est.)[1]
31.382 million

GDP PER CAPITA (current US$)[2]
9,508.20

INCOME GROUP[3]
Upper middle income

GOVERNMENT EFFECTIVENESS[4]
76%

[1]CIA World Factbook, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Response

Senior officials in the government in 2009 were attracted to the "Blue Ocean Strategy" concept developed at the INSEAD business school, as a means to promote a more creative way of delivering services and encourage greater inter-agency collaboration. The implementation of the Blue Ocean Strategy was headed by the Office of Chief Secretary to the Government. As the initiatives grew in number, the government decided to establish the National Strategy Unit (NSU) within the Ministry of Finance. The NSU was tasked with facilitating strategic collaboration between ministries, agencies, and the private sector, as well as with monitoring the implementation of Blue Ocean Strategy initiatives and assisting entities overcome obstacles they encountered.

Pioneering the idea

Reducing crime was one of the first national priorities that the NSU team turned their attention to. Supported by the Chief Secretary to the Government, Minister of Home Affairs, and Minister of Defense, the team began thinking about possible solutions. One of the members of the team recalled the beginning of the discussions: "How do you get more police to patrol the streets for crime prevention? The traditional approach would be to train more police officers." The Chief Secretary to the Government of Malaysia, however, was dedicated to thinking about non-conventional solutions. "With the Blue Ocean Strategy approach, the strategy drives the structure, rather than the other way around," said the team member.

The Chief Secretary to the Government of Malaysia called together officials working on public security for the National Blue Ocean Strategy Summit, and together they began developing a new crime reduction strategy that was not confined by the existing structure of the police force. The meeting was chaired by the Chief Secretary, the highest-ranking civil servant, and attended by relevant ministries' Secretary Generals and high-level officials from all institutions relevant to public security, including the Inspector General of the Police and the Chief of the Armed Forces.

One of the first realizations of the group was that a significant portion of the police force was not fully engaged in fighting crime as they were involved in administrative duties. All positions in the organization were filled by fully trained police officers, even office jobs. "We had police personnel sitting behind desks doing administrative jobs, when they could have been on the street engaged in crime prevention," said one of the team members. The government quickly redeployed police officers from administrative positions to crime-fighting roles, and transferred administrative staff from other departments to take on the newly vacated office jobs.

Nevertheless, the government wanted to further increase the number of police officers working on the streets on crime prevention. But there was a barrier to doing so quickly: "We couldn't train sufficient people in a short space of time," said a member of the Blue Ocean Strategy team. All new police recruits went through a thorough training process before securing their positions. One option would be to reduce the entrance requirements, but the government did not want to weaken the force with poorly trained officers.

Instead, the government turned to the military: all members of the armed forces had been through intense training, and there was a significant amount of overlap between how the police and the military trained their staff. Through the Blue Ocean Strategy platform, the police and the military decided to introduce a fast-track training for retired military personnel to become police officers, and also to start conducting joint patrols in high-crime areas.

Bringing the organizations together also helped the government resolve another major problem: the country's overcrowded prisons. Rather than sending petty criminals to prison, the team decided it would be better to send them to military camps. Instead of spending public money on new prisons, the government began building new dormitories in military camps – a more cost-efficient alternative. In March 2010, the government launched the Community Rehabilitation Program (CRP), which would place petty criminals in secure military facilities, where they would be trained and rehabilitated before release. The Ministry of Agriculture and Ministry of Rural Development chipped in with vocational training programs. As well as reducing prison overcrowding, the initiative had a secondary goal: reducing recidivism. "If you send petty criminals to prison, they might become hardened criminals," said a Blue Ocean Strategy team member. "Now, they go through a process of rehabilitation and get skills training, and when they leave the center they are ready for a new life; it breaks the cycle of crime."

Creating collaborative opportunities

While the early Blue Ocean Strategy initiatives focused on reducing crime, new initiatives adopted at the Blue Ocean Strategy high-level meetings targeted a broad array of sectors. Priorities closely tracked the government's national development strategy, as well as other issues that the government and the public wanted to address. "New initiatives depend on what issues the country is facing at the time," said the senior deputy director for policy and planning at the NSU. "For example, when the government wanted to reinforce volunteerism among youths, the meeting introduced an initiative related to volunteerism and youths, and so on and so forth."

To be considered an Blue Ocean Strategy initiative, any proposed project had to fulfill Blue Ocean Strategy principles, with implementation involving either multiple ministries or agencies, or collaboration between a government organization and an NGO or the private sector. For example, the Department of Wildlife and National Parks proposed collaboration between its forest rangers and the military to better prevent the poaching of flora and fauna in Malaysia's jungles. Another initiative, proposed by the Malaysian Communications and Multimedia Commission, saw this agency collaborate with private telecommunication service providers to expand the reach of broadband internet and other communications infrastructure to rural areas (The Malaysian Insight 2018).

Every month, the lead agency for each Blue Ocean Strategy initiative had to report to senior government officials, including the Prime Minister, on the progress it and its partners had made. By 2017, more than 100 initiatives had been launched under the Blue Ocean Strategy banner.

Transforming service delivery

One of the initiatives that required the most collaboration across government was the establishment of Urban Transformation Centres (UTCs). The new centers were essentially "one-stop shops" that brought various government agencies, statutory bodies and the private sector together in one location to provide services such as passports, identification cards, driving licenses, a clinic, a police beat base, sports, and social welfare programs.

Because of the scope of the UTCs and the high degree of coordination required across dozens of agencies, the NSU itself managed the initiative. The first step to set up a UTC was to find a suitable site. To keep costs low, the government tried to use existing, under-utilized government owned buildings that could be easily renovated to become a UTC. In some cases, the government owned suitable buildings in state capitals, while in other cases the government used buildings owned by state governments, local governments, or even state-owned enterprises. Such cases required an even higher degree of collaboration and commitment to push progress forward.

The first UTC was launched in 2012 in Melaka, and others quickly followed. By 2017, 21 were in operation in state capitals around the country, collectively serving millions of Malaysians. Compared with traditional government offices, the new centers had much longer opening hours, usually 7 days a week, from 8.30 am to 10.00 pm.

While the goal of the initiative was to provide faster and more efficient services to citizens, it also implied cost savings for the government. After a UTC was set up, the government could cut infrastructure and staffing expenses at the various agencies that had been incorporated into the one-stop shop.

To expand access to services, the government also launched Rural Transformation Centres (RTCs), which provided economic growth programs and agriculture-oriented services to rural areas, and mini-RTCs to serve more remote communities. Finally, the government launched Mobile Community Transformation Centres, which traveled around the country bringing the same services to interior areas not covered by the UTC or RTC network.

Reflections

Strong support from the top leadership of the government incentivized collaboration and facilitated the rollout of Blue Ocean Strategy initiatives. Inter-agency coordination was occurring in Malaysia before the adoption of the Blue Ocean Strategy approach in 2009, and it will most certainly continue after its abandonment in 2018. The broader lesson is that high-level, focused attention on a narrow set of objectives can help agencies and external entities overcome their natural barriers to collaboration. The 2009 government was receptive to applying private sector concepts to the public sector when it saw that existing institutional mechanisms were not producing the results they wanted. Not all Blue Ocean Strategy initiatives were equally successful, and some agencies may have questioned the role and value of the NSU. Nevertheless, in a few areas, the government did achieve lasting benefits from breaking down silos; UTCs are an example.

A unique feature in the case of the UTC initiative is the direct involvement of MOF as the lead implementing agency as well as overall focal point for Blue Ocean Strategy initiatives. For an initiative such as the UTC, which appeared not to have a natural home, the MOF played an instrumental role. As UTCs were being established in high density locales that come under state jurisdictions and with implementation highly dependent on the expeditious disbursement of funds, the MOF appeared better placed to lead its implementation and coordination.

The state administrations and participating agencies at UTCs were also incentivized to execute decisions swiftly as they dealt directly with MOF on their funding and logistics requirements. It also offered them the opportunity to make the case for better funding for higher quality service delivery options (as opposed to the regular budgetary process involving competing priorities). The MOF in turn incorporated performance measures through KPIs linked to funding assigned to implementing partners.

The NSU also helped support stakeholders with 'soft infrastructure'. In the case of the UTC initiative, the provision of guidelines on the procedure for implementing UTCs and the demarcation of roles of participating entities facilitated the implementation and coordination process. Their pro-active and troubleshooting stance also helped strengthen coordination and facilitate agreed outcomes.

Success Drivers

Malaysia's implementation of its Blue Ocean Strategy reflects **three** of the five key dimensions for public sector innovation.

Political leadership from senior officials was critical for inter-agency coordination to be successful. The Prime Minister, Deputy Prime Minister, and Chief Secretary to the Government placed high importance on Blue Ocean Strategy initiatives, generating new energy for collaboration between government organizations.

Institutional capacity to deliver better public services was a central objective and driver of the Blue Ocean Strategy approach. This was achieved by improving coordination amongst agencies, optimizing resources, and reducing overlap. For example, the police and military worked together to optimize personnel and infrastructure to improve public security. Similarly, a nationwide network of one-stop shops was made possible by enabling agencies to collaborate and problem-solve in ways that had not been possible before.

Incentives for government organizations were important to ensure the success of Blue Ocean Strategy initiatives. Monitoring and troubleshooting was led by the newly created National Strategy Unit (NSU), strategically positioned in the Ministry of Finance to ensure it had the clout to push reforms forward. Organizations involved in the Blue Ocean Strategy reported progress to the high-level meetings chaired by the Prime Minister or the Chief Secretary to the Government, and periodic reviews were conducted by relevant technical committees at the NSU.

CASE STUDY 3

Driving Education and Health Reforms from the Ministry of Economy and Finance in Mozambique

Overview

Facing multiple difficulties in delivering effective healthcare and education to its citizens, Mozambique turned to the World Bank in 2011 for assistance. One of the major problems was coordination between line ministries and the finance ministry. Without effective coordination, the education and health ministries struggled to get resources to the hospitals and schools where they were needed in a timely manner. The government used the World Bank's "Program-for-Results" instrument to incentivize better coordination and collaboration between the health, education, and finance ministries. Financial incentives, along with support from coaches trained to identify bottlenecks and help coordination, saw Mozambique drastically improve disbursement of school grants and increase availability of critical medicines.

MOZAMBIQUE

POPULATION (July 2017 est.)[1]
26.574 million

GDP PER CAPITA (current US$)[2]
382.10

INCOME GROUP[3]
Low income

GOVERNMENT EFFECTIVENESS[4]
18.8%

[1]CIA World Factbook, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Introduction

In 2011, Mozambique was facing a number of challenges in the education and health sectors. Districts across the country kept running out of essential medicines, resulting in unnecessary deaths, and weak school governance was contributing to poor learning outcomes for Mozambican youth.

While both the Ministry of Health and the Ministry of Education and Human Development (MEHD) faced many obstacles to improve service delivery, one of the most glaring was the management of finances and other resources. To ensure resources were getting to the right place at the right time, both ministries had to work closely with the Ministry of Economy and Finance (MEF). But communication and collaboration between the ministries was very weak, and resources allocated for health and education often arrived late, if at all. “The health and education ministries had tried to solve these issues before, but they had limited knowhow in public financial management,” said Furqan Saleem of the World Bank, who was based in Mozambique at the time.

Prompted by demand from the health and education ministries, the World Bank facilitated meetings between representatives from those two ministries and the MEF. “The Finance Ministry did not know about the problems,” said Saleem. “So it was a real eye-opener for them.” Based on conversations between the World Bank and the ministries, which occurred regularly over the course of more than two years, the government began developing ambitious plans for a program that would bring the three ministries together to improve financial management and service delivery in the education and health sectors.

In putting together the program, the government and the World Bank conducted extensive research on the issues facing the education and health sectors.

Four main issues were identified in the education sector:

- Persistent delays in the allocation of school grants, which constrained the availability of resources at the school level
- A lack of transparency in the education budget allocation and spending at the district level
- Ineffective supervision of schools
- The limited participation of parents and communities in school councils

In the health sector, the main issues with medicine distribution were:

- Fragmented management responsibility
- Inefficient and inaccurate information flow
- Poor inventory management
- Misalignments between supply and demand

Mozambique had to urgently address those issues to improve education and health outcomes for its citizens. At the time, maternal mortality was extremely high (490 deaths per 100,000 live births), there was high HIV prevalence (about 11.5%), and malaria was the leading cause of death for children under 5.[11] Schools across the country struggled to pay staff and provide basic equipment such as books, pencils, chalk, and blackboards. On any given day, more than half of the students did not show up to class, and about the same percentage of teachers did not show up for work (World Bank 2015a).

Response

The MEF worked with the World Bank to tackle the issues identified using the World Bank’s Program-for-Results instrument, which provides financial incentives to achieve tangible results. The program, which had a budget of US$130.6 million (including US$50 million from the World Bank) and would last from approximately 2014 until 2018, was tied to several disbursement-linked indicators (DLIs). The DLIs were results the program wanted to achieve by specific deadlines. If the government achieved them, the World Bank would provide the agreed-upon funds through performance-based allocations (PBAs). As well as financial incentives, the program also included funding for “coaches,” experts who would help the ministries identify and overcome bottlenecks in their efforts to achieve the DLIs (World Bank 2014a).

Deciding priorities

The government and the World Bank defined targets for nine DLIs. The health sector DLIs focused on the supply, storage, distribution and availability of medicines. For the education sector, DLIs focused on the accuracy of budget classification, timely disbursement of school grants, improved school supervision, and representative and effective school councils.

The five DLIs for the health sector were:

- Fill rate of approved requisitions for medicines from the Central Medical Store's (CMAM) clients (hospitals and provincial warehouses)
- Number of provinces achieving the minimum acceptable score of compliance with standards for stock management, warehousing, and distribution of medicines, as assessed by CMAM's Internal Audit Unit
- Proportion of districts for which CMAM receives logistics information through its electronic logistics and management information system
- Average availability of essential maternal and reproductive health medicines
- Proportion of treatment sites with a stock-out of key anti-retrovirals (ARVs, used to treat HIV) at the end of each month

The four DLIs for the education sector were:

- Proportion of primary schools receiving direct school grants on or before February 28 of each year
- Revised district level budget classification by sub-sector
- Proportion of primary schools that comply with defined standards for transparency and accountability – standards included: inclusive school councils (ensuring gender equity and parental involvement), participatory development and approval of school development plans, and display of information on resources allocated by school councils
- Proportion of primary schools visited for supervision by the District Services of Education, Youth, and Technology (SDEJT)

The program defined yearly targets linked to fund disbursements. If a ministry failed to meet targets one year, the funds would be carried forward to provide an additional incentive to make the next year's target (World Bank 2014a).

Creating a reform team

The National Treasury Directorate, part of the MEF, established a Program Coordination Team to strengthen coordination between the MEF and line ministries. It would also monitor progress, manage the coaching program, and facilitate the disbursement of funds when DLIs were achieved.

The goal of the PBAs was to motivate behavior change in each of the ministries that formed part of the program. Ministries could use the funds for a wide range of activities, from improvements in the working environment, to training, to procuring education materials or medicines. About 80% of incremental program funds were allocated to the PBAs, with the rest going to capacity development and operational costs. The Mozambican Administrative Court would assess and validate compliance with the targets of each DLI.

With the administrative structure of the program in place, the MEF began hiring coaches to work with the education and health ministries to help them achieve the DLIs. Over the course of 18 months, the MEF recruited in each of Mozambique's 11 provinces. By July 2015, the MEF had hired 11 coaches for the education sector and 11 coaches for the health sector – one health coach and one education coach in each province. The MEF also hired five more coaches to work at the national level. One worked with the Program Coordination Team, two with the MEHD, and two with the Ministry of Health.

The coaches would facilitate communication and coordination between the three ministries, and also between the provincial and national authorities. In addition, they would work with counterparts in the education and health ministries to find solutions to difficult problems that came up in their efforts to achieve the DLIs.

Improving medicine supply chains

The coaches working in the health sector decided on a "rapid results" approach to tackling the problems in the medicine supply chain and achieving the DLIs. In collaboration with partners in the Ministry of Health, the 13 coaches working in the health sector designed 33 "rapid results indicators" they aimed to achieve by the end of 2015. To achieve the indicators, the health sector had to improve communication, infrastructure, and processes to request and distribute medicines.

The inefficient information flow along the supply chain was a key constraint to the availability of medicines. To address the communication issues, the coaches worked with their ministry counterparts to increase collaboration between CMAM and donors, who in 2014 had funded about 75% of Mozambique's health spending (World Bank 2014a). The coaches also set up an emergency communication line between health units and CMAM to avoid the stock-out of medicines.

To reduce wastage in storage units at the provincial warehouses and district depositories, the health ministry provided additional resources to improve warehouse infrastructure. The additional funding paid for the maintenance of vehicles used in distributing medicines, and air conditioners and refrigerators for the warehouses. It also paid for the IT equipment and internet connections at the district depositories.

Another problem the team had to tackle was that warehouses and district depositories often requested more medicines than were actually needed. Coaches worked with district depositories and provincial warehouses to improve the preparation and estimation of their requisitions of medicines and ensure requests were submitted in a timely manner.

Finally, the coaches helped the district depositories install the software that CMAM used to manage logistics, and trained local staff in how to use it. Before 2013, the software had only been installed in 34% of district depositories and was fully functional in just 58% of those, which severely hampered the flow of information to CMAM. Once installed and functional, the new software facilitated medicine requests and stock management, improving logistics planning and allowing CMAM to better position medicine stocks.

Transforming the education sector

New collaboration between the MEF and MEHD, fostered by the coaches, resulted in them creating a joint action plan outlining respective responsibilities to ensure that grants were made on time. Previously, the MEF had never distributed a grant on time to any school district in the country, which often meant schools did not have sufficient resources to pay staff or buy essential equipment. National coaches assisted the MEF and MEHD in revising the school grant procedures manual and distributing copies to districts around the country. The coaches also developed a spreadsheet-based tool to monitor the allocation of school grants, and ensured the tool was implemented at the local level by remaining in contact with districts and channeling information to the MEHD.

A key part of the agreement between the two ministries involved a new budget classification for education spending that allowed for better monitoring of the flow of funds. The new classification system, implemented in 2016, allowed the MEHD to monitor, for the first time, which source of funding was being used for certain types of expenditures, such as salaries. The MEHD used PBA funding to incentivize SDEJTs to use the new budget classification. Coaches also contributed by conducting trainings on the new process at the provincial and district levels.

As well as improved funding, the program also helped to make school governance more effective and transparent. School councils across Mozambique had long struggled to manage schools effectively, and in most cases there was little meaningful participation from parents or local communities in school governance. Further, information on how school resources were used was rarely made public. Ministry officials, in collaboration with education coaches, developed a school council manual that introduced new rules on how school councils should be formed and act. For example, the majority of board members should come from the local community. Local education officials and coaches trained schools on the new procedures, and the MEHD also launched a communications campaign to publicize the changes and encourage community engagement through social media, newspapers, and television.

Reflections

In 2016, school grants were allocated on time for the first time since their creation, and in 2017 99% of schools received their grants on time compared to 0% before the program. Further, nearly all the district level expenditures on education had been re-classified. The increased transparency of district expenditures on education and the timely allocation of school grants should result in the higher availability of school resources. Whether higher availability of resources will result in improved learning outcomes is unclear, as research on the topic in other developing countries has found mixed results (World Bank 2017c).

The government also made progress in strengthening school management and supervision, although there was still significant room for improvement going forward. "Through the program and the new school council manual, the composition of school councils has improved," said Saleem. "There is more representation of parents and community members… so now they have a say in how the school is managed." By March 2016, new supervision manuals had been approved and distributed, and in 2017 48% of schools received supervision visits following the new procedures. Supervisors made follow-up visits at 16% of those schools.

The health sector made even faster and further progress on its goals. Compliance with the minimum acceptable standards of warehouse practices increased at the provincial level, and by 2015 all provincial warehouses assessed were up to standard. The percentage of district depositories reporting logistics information to provincial warehouses through the supply chain management information system increased from 20% to 96% between 2012 and 2017 (World Bank 2017c).

The improved functioning of the pharmaceutical supply chain led to the higher availability of medicines. Essential medicine availability at health centers increased from 59% in 2012 to 82% in 2015, and the fulfillment of approved medicine requisitions from provincial warehouses and hospitals increased from 72% to 86% over the same period. Moreover, the stock-out rate of essential ARVs in HIV treatment sites decreased substantially from 27% in 2012 to 5% in 2015.

The faster progress achieved in the health sector was possibly due to the different nature of the interventions in each sector. Whereas the health sector's intervention sought to reinforce existing systems and procedures, the reforms in education were based on the implementation of new instruments such as the school council and supervision manuals, which required additional time to be institutionalized and greater involvement of stakeholders at the central, district, and community levels (World Bank 2017c).

In the health sector, the PBAs were key to incentivize change at the central and provincial level and to ensure the higher availability of essential medicines in health units. By linking a financial incentive to the availability of maternal health medicines and ARVs, the program guaranteed that these vital medicines were prioritized.

The establishment of yearly financial incentives linked to increasing targets ensured that at least part of the PBA funds was used to improve the performance of the DLIs. In the education sector, the PBAs were used to finance several activities related to the DLIs such as trainings on the revised budget classification and the revision of the school grant procedures manual. The same pattern was observed in the health sector, where the funds were employed in activities such as the maintenance of the equipment of provincial warehouses or the installation of logistics software in district depositories. The possibility of claiming undisbursed funds from previous years provided additional incentives to achieve DLIs that sectors were unable to achieve on schedule.

Coaches played a key role in helping the government achieve targets. In the education sector, the national coaches facilitated meetings and coordination between MEF and MEHD staff, and played a key role in designing and disseminating improved practices for the timely disbursement of school grants. In the health sector, coaches facilitated improved communications within the medicines supply chain and developed a series of rapid results initiatives to address technical problems.

This initiative was the first time the World Bank's Program-for-Results system was used in Mozambique, and for many government officials it was their first time working with results-based management. As such, the program introduced a new way of thinking for the Mozambican government, and has imparted knowledge and experience that may be used to improve current and future government programs. In addition, the new collaborative relationship between the MEF and the education and health ministries will likely have lasting benefits that help avoid the miscommunication and bottlenecks that have long hampered service delivery. In 2018, the Mozambican government and the World Bank launched a new Program-for-Results initiative that aims to expand on this success through improving medicine supply chains across the primary health care sector (World Bank 2017d).

Success Drivers

Mozambique's experience in using the World Bank's Program-for-Results instrument to deliver health and education reform reflects **three** of the five key dimensions for successful public sector innovation.

Building **institutional capacity** in the education and health ministries was a key goal of the program. Program-funded coaches facilitated communication and coordination between the Ministry of Economy and Finance and the education and health ministries, as well as developing tools to help ministry staff improve their capacity. Coaches also helped train civil servants in new procedures to streamline resource delivery in the health and education ministries. Improved communication, stronger coordination, and restructured processes will likely help avoid the miscommunication and bottlenecks that have impeded service delivery in the past.

Incentives, particularly financial incentives from the program's performance-based allocations (PBAs), were critical for driving change. Coaches and ministry staff worked hard to achieve targets to receive the PBAs. Importantly, funds were carried forward if targets were not met, providing an additional incentive to improve performance the following year.

Technology was a crucial supporting element to achieve many of the program's targets. For example, program-funded IT equipment and internet connections were important for district depositories to improve supply chain management. The coaches also provided support for the technology by installing the software and training officials to use it.

CASE STUDY 4

Making Regulatory Impact Assessments Work in Armenia

Overview

Regulatory Impact Assessments (RIAs) are a way to improve public sector performance by ensuring only effective and efficient policies reach the implementation stage. All too often, however, complicated or inadequate processes for conducting those assessments diminish their usefulness. When the Armenian government decided to reform its inefficient RIA processes, it approached World Bank experts for advice on how to go about the reform. With a strong commitment to ensure the success of the reform, the government repurposed an existing agency, tasking it with training a cadre of RIA experts across the government and eventually overseeing the entire RIA process. As of 2018, the new RIA system had positively influenced several new regulations, but it is too early to tell if the reform will prove successful in the long term.

ARMENIA

POPULATION (July 2017 est.)[1]
3.045 million

GDP PER CAPITA (current US$)[2]
3,614.70

INCOME GROUP[3]
Lower middle income

GOVERNMENT EFFECTIVENESS[4]
49.5%

[1]CIA World Factbook, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Introduction

In 2016, the Armenian government was trying to reform its regulatory processes. The country had an enormous amount of regulations on the books, creating a big burden for companies, which had to comply with them, and the government, which had to administer them. The regulations also created opportunities for corruption. Creating new license requirements, for instance, could result in officials requesting bribes from those wishing to obtain the new licenses. "Companies faced a lot of regulatory burdens, and many regulations were not being implemented correctly," said Petter Lundkvist, regulatory reform expert at the World Bank. "And research has shown that the more regulations you have, the more corruption you have."

Like dozens of other countries around the world, the Armenian government had a law in place that required new regulations to undergo a RIA. When implemented effectively, RIAs can improve policy coordination at the center of government by checking the quality of potential new regulations, identifying the direct and indirect costs of those regulations, and ascertaining whether there are better alternatives to achieve the same outcome that the new regulations hope to achieve. Ideally, RIAs result in higher quality regulations and policies being passed, and bad regulations being stopped before they are enacted.

Up until 2016, however, RIAs conducted in Armenia were of poor quality, given little importance, and were regarded by most within the government as being of little use. The assessments were written after regulations had already been drafted, and were usually conducted in a hasty manner, not leaving time for consultation with relevant stakeholders and the public. As a result, RIAs rarely provided a comprehensive analysis, and instead created an additional burden on the government while providing little, if any, benefit to the policy-making process.

Armenia's law stated that a RIA should be conducted for every new regulation the government decided on or was passed by parliament. In 2016, the government made more than 800 decisions and parliament passed more than 200 new laws, amounting to more than 1,000 regulations that required RIAs. For each RIA, the government had to conduct seven impact assessments – one each on small and medium enterprises, competitiveness, anti-corruption, social protection, budget, healthcare, and the environment. The government assigned those assessments to different ministries based on subject matter, a practice not in line in with international best practice (World Bank 2017e). "It was good that there was already a system in place, but that system was putting an enormous burden on the government," said Lundkvist.

In May 2016, the Office of Government (prime minister's secretariat) announced a plan to make a significant reduction in the number of government decisions (Arka News Agency 2016). At the same time, the government wanted to reform the RIA process, with the goal of making policies more evidence-based. The reformed RIA process could also result in less regulation. "When you put in place a control mechanism, you may realize that a certain regulation has more costs than benefits," said Lundkvist. "RIAs are definitely a way to reduce the number of proposals and ensure that those regulations proposed are the ones that make sense."

If Armenia could successfully improve systems for evidence-based rule-making, the government could remove uncertainty about the impact of regulations, build public trust, and possibly attract more foreign investment, which was a major goal for the country at the time.

Response

The Armenian government had long realized that its existing RIA practices were not helping to implement high-quality public policies, so in 2016 the office of government formally requested support from the World Bank to improve its RIA system. Lundkvist and others from the World Bank met with government officials and talked about examples of countries around the world that used RIAs to improve the quality of regulation. The meetings brought together the six ministries directly responsible for carrying out impact assessments (Ministries of Economy, Environment, Finance, Health, Justice, and Labor and Social Affairs) as well as the National Center for Legislative Regulation (NCLR). The NCLR, which was affiliated to the office of government, had been managing a "guillotine reform" to remove the regulatory burden. By 2016, that reform was nearly complete, so the center had the capacity to take on a new initiative. Next, the office of government brought key decision-makers together to draft a roadmap of how to implement a new and improved RIA process.

Strategizing

By reforming the process, the government wanted to have RIAs that were conducted in a much more comprehensive way. A systematic process could identify likely impacts, compare policy options, and consider unintended consequences, which would reduce the risk of regulatory failures. A reformed process could also properly integrate public consultation, which could involve citizens in the regulatory process. Better understanding of the reasons for, and impacts of, regulatory choices could help minimize regulatory capture and improve public trust in policy-makers.

Following advice from the World Bank on best practices, the office of government and ministries decided on a new process to conduct RIAs. Typically, a fully-fledged RIA analysis would follow this structure:

- **Definition of the problem**
- **Identification of the desired objective**
- **Elaboration of the different regulatory and non-regulatory options (including "no action")**
- **Open and public consultation with external stakeholders and experts**
- **Assessment of the likely costs, benefits, and other effects**
- **Recommendation of the preferred option**
- **Indications on the monitoring, evaluation, and reporting requirements (World Bank 2017e)**

In November 2016, the government announced that the NCLR would be tasked with piloting the new RIA process the following year. Specifically, the NCLR would carry out 20 RIAs, and train officials seconded from other ministries on the new RIA methodology. The six key RIA ministries would each second two staff members to the NCLR for a period of four months each, while all other ministries would second one staff member for two months, throughout 2017.

The plan was that, after the secondment, those civil servants would become responsible for conducting RIAs within their ministries, while the NCLR would focus on quality assurance and capacity building as an oversight body for the entire RIA process.

Training civil servants and reforming procedures

Instead of conducting RIAs on all regulations, as had been the practice in the past, the NCLR began focusing on the most important regulatory reforms. One of the first RIAs developed within the Government of Armenia's new system addressed the problem of food safety related to meat in Armenia. The RIA analyzed the entire meat production chain, from the farm to the table. In particular, it looked into the risks of animal butchering outside of slaughterhouses, a common practice in Armenia. The team that developed the RIA was invited to the prime minister's office to present the outcomes. "The RIA had an immediate impact," said Lundkvist. "The RIA helped them drastically change the food security law that had first been proposed by the Ministry of Agriculture."

All of the staff seconded to the NCLR received extensive training on the RIA process and how to create RIAs using the new methodology. There was at least one civil servant from each ministry, so if a policy proposal came from the Ministry of Education, for example, the NCLR could have the seconded staff member from that ministry work on the RIA.

In addition to the plan for the seconded officials to conduct the RIAs upon returning to their ministry, another goal was for the NCLR to eventually become an oversight body to ensure the RIAs conducted by the ministries were of sufficient quality. "RIAs will be carried out in the ministries that are producing the regulation," said Lundkvist. "Instead of [the RIA] being sent to five different ministries, the person that came up with the proposed regulation will be doing the RIA on it."

Reflections

After committing to revamping its RIA system, the Armenian government quickly improved its processes and began producing higher quality assessments, helping the central government improve policy formulation. “There was a very strong will to roll this out across government,” said Lundkvist. “It takes a long time in most countries and we have not seen other countries do this with so many civil servants from different ministries being trained and then going to the ministries to start producing high quality RIAs.”

In early 2017, the World Bank launched “the Global RIA Awards” to identify and recognize the innovative and impactful use of RIA in developing countries. Armenia’s meat regulation RIA won the award for the “most influential RIA” – the RIA that was most successful in influencing the way policy-makers think of a policy problem and impacting the regulatory outcome (World Bank 2017f).

While it is too early to declare the RIA reforms a success, the initiative could potentially result in broad benefits for Armenian citizens and the government. As of 2018, there were already several examples of better-formulated policies resulting in better outcomes for citizens. For example, the Armenian government suspended a proposed regulation on vehicle fuel tanks after the NCLR’s RIA concluded the costs of the proposed regulation outweighed the benefits. The meat safety reform, heavily influenced by the NCLR’s RIA, was expected to have great health benefits by reducing food product poisoning cases across the country.

Greater transparency and participation in the policy-making process could also build trust in the government, which is especially important given the country’s history of social unrest.

On the government side, the new RIA process has resulted in better use of resources. Instead of carrying out piece meal RIAs on every single regulatory document, the new approach has involved the targeting of important policies for a more thorough analysis. Instead of completing over 1,000 RIAs of little use, the new process aims to produce less than 100 RIAs that are of far greater value. Further, the new RIAs are formed earlier in the regulatory process, allowing for more consideration of policy options available to achieve specified objectives.

Still, there is a long journey ahead to realize the envisioned benefits. As of 2018, the Armenian government was in the process of revising the legal framework that regulated the preparation of RIAs and its role in decision-making. “In most countries with well-developed RIA systems in place, there is a center of government institution that checks that only high-quality RIAs are being made,” said Lundkvist. “Otherwise it can easily become like it was before, where the ministries just consider RIA as a formality.” The NCLR, which played a leading role in the reform throughout 2016 and 2017, is anticipated to assume an oversight role. It is also expected that the increased rigor and data quality required for policy proposals will eventually result in regulators self-disciplining, leading to fewer and better proposals.

The Armenian example shows how RIA reform can be done quickly and have an immediate impact, but only if the center of government is committed to seeing it through. “It can definitely be replicated, but it requires a lot of appetite from the government to do it at such a quick pace,” said Lundkvist. “It is an excellent case of how the World Bank can give advice without providing too much of an investment. In other countries, donors have run huge RIA projects, trained hundreds of civil servants, and then nothing has really happened on the ground. In this case it was totally different. They really wanted to run this themselves, and just wanted us to provide quality control.”

Success Drivers

Armenia's reform of its Regulatory Impact Assessment (RIA) process reflects **three** of the five key dimensions for successful public sector innovation.

Political leadership instigated the reform of Armenia's RIA system. When high-level officials from Armenia's Office of Government (prime minister's secretariat) recognized the inefficiency of the existing RIA system, they took the important step of bringing in outside expertise for advice and provided consistent support. In other countries, weak political commitment has often made efforts to achieve RIA reforms a slow and difficult process, even in cases when there have been extensive resources from governments and donors to train civil servants in new RIA processes.

Transparency in the policy-making process is not only a goal in itself, but also helps drive key reform outcomes. In particular, the new RIA process includes greater public participation through consultations and clear communication. Better public understanding of different policy options, combined with increased transparency as to why certain policy decisions are made, helps minimize regulatory capture and improve public trust in policy-makers.

Institutional capacity was critical to drive the reform. Strengthened capacity to conduct RIAs across government was a key outcome. The government decided to repurpose the National Center for Legislative Regulation (NCLR), an office with pre-existing capacity to take on the new initiative and drive the RIA reform process. All staff seconded to the NCLR undertook extensive training on the new RIA methodology. There was also potential for further capacity building, as seconded staff could spread knowledge and train colleagues on how to conduct RIAs after they returned to their original ministries and agencies. Over the period of the reform, the NCLR gained significant capacity in conducting RIAs and became well positioned to take on an oversight role of the RIA process in the future.

B Civil Service Management

Effective management of the public sector workforce is another critical element to improving the overall effectiveness and efficiency of the public sector.

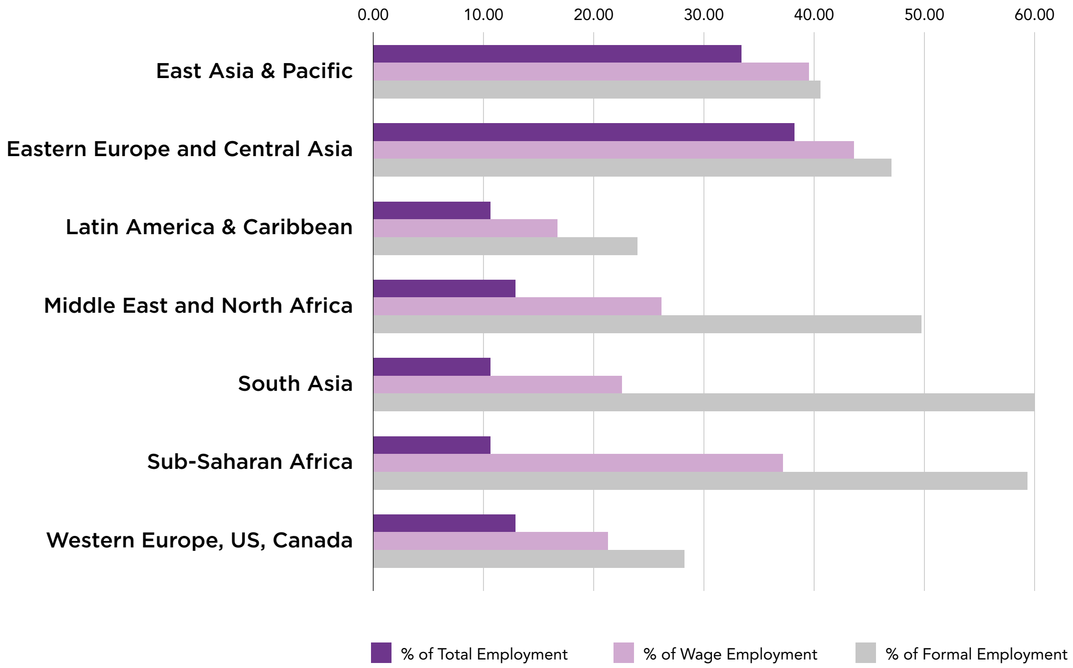
What is at stake?

Political leaders and government officials from around the world rely on civil servants to implement policies and deliver public services to citizens.[12] Individuals who are new to government often find managing a public sector workforce much more challenging and limiting than managing one in the private sector. Indeed, even the most dynamic political leaders are obliged to work with the civil service they inherit regardless of its weaknesses. Effectiveness of the civil service should also be a concern because personal emoluments constitute one of the largest shares of the annual budget, which is not surprising given the size of the public sector across the world (see Figure 6). (A June 2016 IMF report pegged average wage bill spending at 27 percent of total government spending in low-income emerging economies and 24 percent in advanced economies.) Moreover, policies must be considered carefully because civil servants represent a powerful voting constituency in countries where public sector employment is relatively high. Regardless of the region or level of development, many government leaders discover that managing civil service performance is a chronic challenge.

Civil service performance is one element in a broader government concern to increase public sector productivity. Measuring public sector productivity is challenging because of the heterogeneity of services provided and the lack of market prices. Nevertheless, the driving question for most governments is how to increase productivity, so that services can be delivered more cost-effectively. Many experts conclude that productivity must go well beyond upgrading labor skills through training and capacity building programs. The World Bank's newly established Bureaucracy Lab aims at fostering research and innovation in how to make the government workforce more productive.

The quality of civil service performance is

FIGURE 6 The Public Sector is a Large Employer across Regions of the World



Source: Worldwide Bureaucracy Indicators, World Bank, 2018.

affected by the policies and procedures that govern entrance into the service, as well as the policies for managing personnel once they are in. At entry, governments must seek to ensure that potential candidates are free from undue political bias and obvious conflict of interest. Assuming those criteria are met, they seek to attract candidates with the skills, experience, and competence to succeed. Managing the existing service effectively also presents challenges, as government officials strive to make sure that workers are present in their jobs (as the minimum requirement), and secondly motivated to perform the jobs with integrity and to the best of their ability. Many countries will have a dedicated organization that sets the policies for the central government, although some of these may permit a certain degree of flexibility to ministries and agencies within a prescribed limit. Changes to the existing civil service pay and employment systems are often difficult to make within short time periods – not least because of the number of people affected, legacy systems of administration, and potential vested interests.

How are emerging economies addressing the challenge?

The World Bank's Governance Global Practice has been supporting governments on a range of civil service management issues over time, but such reforms remain some of the most challenging. Unlike the implementation of accounting systems or training programs, for example, civil service reforms are often politically sensitive and require not only technical solutions but careful attention to change management. In 2008, the Bank's Independent Evaluation Group (IEG) issued a report that highlighted the difficulty often faced in making civil service reform effective and sustainable. Much of the Bank's traditional work has been motivated by fiscal pressures in a country, as ministries of finance seek to limit the growth of personnel costs and/or to create fiscal space for better salaries by reducing the overall size of the civil service.

Some countries, however, are seeking to enhance the motivation of high-skilled civil servants by reviewing performance evaluation, reward systems, and career management to see how they can be better aligned to organizational needs. There are also more challenging public sector contexts, where countries find themselves still grappling with control of petty corruption or rampant absenteeism.

Despite the potential pay-offs from civil service reform, governments often face the tactical dilemma of deciding between whole-of-government reforms and reforms that focus on one or more entities. A big-bang approach across the whole-of-government offers an attractive option because of the more rapid pay-off it suggests, but implementation can be much more complex to manage and opposition more abundant. On the other hand, targeting a limited number of entities with whom to pilot offers an attractive option because it focuses reform capacity, and it can be undertaken with those most receptive to the change efforts. The more targeted approach has enabled countries to demonstrate to others what can be achieved and inspire other entities to adopt a similar reform. If there is no reform fatigue from the initial roll-out, the targeted approach can provide measurable service delivery enhancements in the areas most important to the government.

The two cases presented in this section highlight two very different and equally valid approaches to addressing civil service performance. The first case from Indonesia demonstrates how a government can tackle problems of quality at entry into the civil service. The Indonesian civil service agency adopted a government-wide strategy, but implemented it gradually across government as support grew (and continues to grow). The second case from China represents a government reform aimed at increasing performance in a specific government function – tax administration. Although the tax administration's workforce is larger than the entire civil service in many other countries, the reform efforts were nevertheless concentrated in an entity that enjoyed essentially a common work culture and business objective. Neither of these cases necessarily represents state-of-the-art practice or unique experiences, but they still offer very good examples of how governments can succeed in addressing long-term performance concerns despite the obstacles that stood in the way.

> The quality of civil service performance is affected by the policies and procedures that govern entrance into the service, as well as the policies for managing personnel once they are in.

The Indonesian authorities decided in 2013 that they needed to address long-standing perceptions that civil service recruitment was corrupt, with payments being made in exchange for public sector jobs. The civil service agency (BKN) determined that they could leverage technology to bring greater transparency to the national civil service examination process and reduce the potential opportunities for tampering. BKN's computer-assisted test (CAT) was developed initially in-house using open source software, but it was ultimately powered by a database of over 20,000 written questions that could be arranged in different combinations to generate tailored exams for different categories of applicants. Adding to its value, results could be easily observed (by agency officials or civil society) with scores posted outside the examination room in real time. Line ministry acceptance of the new system was slow to come, but two institutions did agree to launch the system and public reaction was strongly positive. Despite subsequent setbacks and a government-imposed freeze on new recruitment from 2015-16, the CAT has become the de facto standard for more than 62 ministries and agencies at the national level.

China found an innovative way to transform the performance of civil servants working at the State Administration of Taxation (SAT). As one senior official noted, before 2013 "everyone was treated the same, without any differentiation, no matter how they performed." As a result, senior management could not rely on staff to execute tax policies in a timely manner, and taxpayers suffered with poor service. However, in 2013, the SAT's newly appointed head decided to pilot a performance management system, that he hoped would help drive reforms in the organization. SAT developed a three-year change management plan to roll out the system across the agency and its more than 800,000 staff. The SAT's performance plan included quantitative and qualitative indicators that cascaded down from national level to bureau level to individual, with in-year performance monitored through records of completed work and automatically-generated computer data. The Chinese authorities credit the system with enabling them to make the switch from sales tax to value-added tax (VAT) in record time, while also winning the broad support of tax agency staff.

The above two cases are not the only examples of how governments around the world are making reforms to civil service management to enhance organizational performance. The Pakistani district of Sindh implemented biometric monitoring systems to help reduce employee absenteeism in its 45,000 schools. In other parts of Pakistan, reforms have been taken to strengthen merit-based recruitment of teachers by tightening procedures for entrance examinations. Performance incentives have not only been used by SAT, as China's Communist Party also used them to motivate cadres to deliver on its service delivery agenda.

Why are these ideas worth learning from?

Productivity of the public sector is driven to a large degree by the performance of the civil service. Government shoulders a direct budgetary cost from inefficiency among its staff – a cost that is not easily reduced without painful retrenchment or displacement of staff. Likewise, bad human resource policies can become a loadstone on organizational performance and poison organizational culture. Governments can break these cycles and overcome institutional inertia, and the examples from Indonesia and China both demonstrate this. Both countries have very large public institutions and diverse ethnic groups, but both succeeded in identifying the problem, developing a solution, and carefully rolling out a plan over several years. Though information technology is an enabler in both, the improvement in performance is achieved through changing the institutional culture. Both countries faced opposition initially, but both were able to demonstrate the benefits of the reform to internal stakeholders as well as to the public.

Sustainability of civil service reforms is not guaranteed, while some challenges may go unaddressed. Computer-generated civil service exams substantially increase transparency and trust in the system, but governments are still challenged to make sure that what they are testing is an appropriate indicator or predictor of civil service performance. For example, tests that rely heavily on assessing current knowledge on public sector laws, procedures, or issues, may miss candidates who are relatively inexperienced but are fast-learners and have high potential for the future. Performance indicators are almost always an effective motivator of human behavior, but the institutions that use them must be careful in their design and application. Performance management systems also have limitations. Indicators can exaggerate some behaviors at the expense of others that are equally or more important but perhaps harder to quantify. Individuals are also known to try to "game" performance monitoring systems if the rewards or sanctions are particularly significant. The long-term outcomes of the Indonesia and China cases remain to be studied over the years ahead. However, both offer promising examples of what can be achieved on a government-wide level and within the confines of a single (large) institution.

CASE STUDY 5

Putting 800,000 Officials to Work: China's State Administration of Taxation Implements a Performance Management Reform

Overview

Beginning in 2014, China's State Administration of Taxation (SAT) implemented an organization-wide performance management reform. Rolling out the intervention was no easy task: the administration has approximately 800,000 employees, or about one-tenth of China's entire civil service. Identifying key performance indicators and monitoring progress helped the administration implement important tax reforms, such as switching business tax to a value-added tax in 2016. Surveys indicated that taxpayer satisfaction in their local tax bureaus increased after the performance management reform, and tax officials themselves also expressed satisfaction with the new system.

CHINA

POPULATION (July 2017 est.)[1]
1.379 billion

GDP PER CAPITA (current US$)[2]
8,123.20

INCOME GROUP[3]
Upper middle income

GOVERNMENT EFFECTIVENESS[4]
67.8%

[1]CIA World Factbook, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Introduction

Implementing performance management within any government organization can be tough, but it is especially difficult to do in an organization as large and sprawling as China's SAT. The organization has about 800,000 employees working at 5 different levels. As of December 2017, China had 23 departments at its national headquarters, 71 provincial tax bureaus, 695 municipal tax bureaus, 6,123 county tax bureaus, and 26,940 local tax bureaus. Together, those agencies are responsible for collecting more than US$1.5 trillion each year from about 43 million corporate taxpayers and more than 140 million individual taxpayers.[13]

Before 2013, the administration found it difficult to motivate performance across all five levels of the institution. "Job responsibilities and reward and penalty mechanisms were unclear," said Fu Shulin, Deputy Director General of the General Office of the SAT. "Everyone was treated the same, without any differentiation, no matter how they performed." As a result, Fu said, some employees underperformed, and upper management could not rely on staff to execute tax policies in a timely manner, if at all.

Poor performance affected taxpayers, who struggled to navigate the system. "From the perspective of the taxpayers, our performance of tax procedures was inconvenient and complicated, which resulted in low taxpayer satisfaction," Fu said.

In March 2013, Wang Jun, the former Vice-Minister of Finance, took over as Commissioner of the SAT. Wang had piloted a performance management reform at the finance ministry, and wanted to enact a similar initiative in his new role at the SAT. The central government had expressed a need to improve the efficiency of the tax administration, and Wang believed that introducing performance management within the agency could drive reforms across the whole organization.

To do so, the SAT had to clarify roles, introduce strong performance indicators, and motivate 800,000 tax officials around the country.

Response

After conducting studies throughout 2013, the SAT decided on a three-year plan to roll out a new system across the agency. First, it would roll out a pilot initiative in 2014. By 2015, it would take the pilot nationwide, in every bureau from the local level to the national level. In 2016, it would look at what improvements it could make to the system to improve effectiveness.

Building expertise

The first step was to set up a new office to oversee the performance management system. Officials with knowledge or experience in performance management were transferred to the new Performance Management Office in the General Office of the SAT. After setting up the new office, the SAT brought in a team of consultants to provide advice on how to set up the new system. The SAT recruited from universities around China, seeking to bring in the top performance management experts working across the country.

With the management team in place, the SAT began preparing its staff for the task ahead. The consultants trained the new team in performance management, and several went on education trips abroad to learn from other countries and government offices with their own performance management systems. The goal was to create a cadre of experts on performance management within the SAT.

The SAT already had a strong IT platform and a strict hierarchical structure in place, factors that were conducive to implementing performance management quickly. Those factors helped SAT management deploy performance management and allowed for automatic collection of performance data through the existing IT infrastructure. Through that system, top management could oversee performance management of the whole administration in real time.

The SAT built support for the initiative from the top down. Managers at each level were responsible for passing on information about the upcoming reform to the level below them. For example, officials at the provincial level explained to municipal officials about the system and the new responsibilities it implied.

In addition, the SAT held several performance management conferences to build awareness about the new initiative. The SAT publicized the effectiveness of performance management throughout the administration and introduced a new performance management operations manual.

Piloting the reform

The SAT decided to roll out a pilot with about a quarter of its workforce before taking the performance management system nationwide. The SAT selected tax bureaus at every level – from the local level to the national headquarters – to participate, including 22 national departments and nine provincial bureaus. Those selected included a mix of the more-developed eastern provinces and the less-developed central and western provinces.

New staff were brought on board at every pilot bureau to manage the introduction of the new system. The SAT hired three performance management staff for every pilot bureau at the national, provincial, municipal, county, and sub-county levels.

During the pilot period, the SAT also created a new group of individuals that had fully embraced the idea of performance management. The "Leading Group for Performance Management," as the SAT named the new group, included representatives from every level, and held regular meetings to study major issues concerning performance management. Each pilot bureau also set up "appraisal committees," which were responsible for reviewing and adjudicating any performance management issues that came up within their bureaus.

In late 2014, performance management was rolled out at all remaining bureaus and for all the 800,000 tax officials working around the country.

Establishing indicators

The SAT created a national performance plan based on its own strategic objectives and direction from the central government. From the national plan, individual bureaus formed their own plans, and individual performance indicators were based on those. "When formulating the performance indicators, we always adhered to the strategic orientation and integrated the long-term planning and the annual targets one-by-one into performance indicators," said Fu. "We clearly defined roadmaps, timetables, task books and responsibility statements, and clearly displayed them at all levels of the tax authorities."

Performance indicators could be quantitative or qualitative and were based on time, quantity, quality, effectiveness, or other dimensions. Data sources to evaluate performance included original records of completed work and automatically generated computer data.

The leader of each bureau or department had performance indicators closely linked to his or her organization's performance. Doing so, Fu said, encouraged "leaders to be the role model of the whole organization and dedicated to performance management."

Monitoring and improvement

The SAT headquarters established a system that could monitor progress on indicators in real time, and identify and correct any problems that came up in the implementation process. The system showed a schedule of key tasks and allowed managers to follow up on any office lagging behind targets. "At present, the information system supports 23 departments at headquarters, 36 provincial state tax bureaus, 34 provincial local tax bureaus and 3 special regional offices," said Fu in 2018. "The system contains 6 major functional modules, including performance planning, reporting review, assessment scoring, process monitoring, query analysis, and performance feedback."

The information system allowed the SAT to follow progress toward targets, and that progress was used as the basis for performance evaluations. "We track the completion of work through the monitoring module of the information system," said Fu. "Then we push the relevant information to the superior leaders through the system as the reference basis for performance evaluation."

Any units or individuals lagging behind in terms of progress received special attention and guidance from the performance management office. "We urge underperforming units to recognize their own gaps, and help them find out why they are out of line through performance feedback," said Fu. "We also provide training and support to help individuals improve their performance."

The appraisal units carried out assessments on the completion of performance indicators, and submitted performance reports to SAT headquarters. There, the performance management office conducted analysis on performance indicators, progress reports, and key tasks accomplished. From their macro analysis, the performance management office issued recommendations to optimize the functioning of the SAT's performance management system as a whole. For example, analysis of the first full year of the system found that bureaus were creating too many performance indicators, and not enough of them were quantifiable. After input from the performance management office, "we drastically reduced non-critical indicators and focused more on key tasks," said Fu. "We [also] significantly increased the quantitative indicators."

The SAT also made adjustments to its information system to make the interface more user-friendly and add additional functions. "The main optimized upgrades have been the addition of functional modules and the strengthening of monitoring and analysis functions," said Fu.

The system in practice

Having a strong performance management system in place helped the SAT in the implementation of major tax reforms. For example, on March 5, 2016, the central government announced that from May 1, China would be switching a business tax, collected by local tax bureaus, to a value added tax (VAT), collected centrally by national tax bureaus. Fu said that being given the challenge of implementing such a large reform in just 55 days was "a daunting task," and that monitoring performance was critical to ensuring a smooth roll-out in the short timeframe.

To implement the VAT reform, the SAT quickly divided up the work required and added it to the performance management system. "We clearly defined the roadmap, timetable, task statement, and responsibilities for all departments at all levels in the performance indicators," said Fu. "We set performance indicators around key time nodes, such as issuing VAT invoices by May 1 and completing the VAT filing by June 1."

The SAT increased monitoring of the system, and the performance management team held three meetings every day during the reform implementation period. "The morning meeting looked back on the previous day," said Fu. "In the middle of the day, we had a video meeting which included every level of tax authorities, including grassroots ones, to check on the progress of everything. In the evening, we had a summary meeting of what had happened that day." The evening meeting also served as a problem-solving meeting. The team identified any roadblocks to achieving key performance indicators across the country and took action immediately.

As an additional incentive for workers to follow through on the VAT reform, the SAT introduced special recognition for top performers. "In 2017, we awarded second-class merit to 30 individuals who made distinguished contributions to the reform, and awarded third-class merit to 30 units and 130 individuals who made significant contributions," said Fu. "We also issued an order of commendation to a further 60 units and 350 individuals."

Reflections

Along with the successful implementation of the VAT tax, the SAT pointed to reforms of state and local tax collection, implementation of preferential tax policies, and increased participation in international tax cooperation as evidence of the performance management reform's impact. The SAT also said that the performance management reform had been a contributing factor to the government's increased tax revenue. In 2015, the first full year of the reform, tax revenue collection increased 6.6%. In 2016, it increased a further 4.8%, and in 2017, a further 8.7%. Performance management indicators "played an important role in closing the loopholes in tax revenue and promoting tax revenue growth," said Fu. "Of course, the most important factor in increasing tax revenue is the enhancement of China's economic vitality. But at the same time, the utilization of tax information and the improvement of tax collection and administration capacity are also important factors."

The SAT commissioned the National Bureau of Statistics of Social Affairs and Public Opinion Survey to carry out surveys on the satisfaction of taxpayers, and the results showed that taxpayer satisfaction increased in both state and local tax bureaus. According to the World Bank's Doing Business Project, the average time to prepare and pay taxes decreased from 261 hours in 2015, to 207 hours in 2017.[14]

Overall, tax bureaus and workers had a much clearer understanding of their responsibilities, and all of their tasks were tied to clear goals. "Now, a chain of responsibility for implementing the strategy of 'strategy-goal-execution-appraisal-improvement' has been formed," said Fu.

According to Fu, almost all workers in the SAT were highly satisfied with the performance management reform. "Some tax cadres initially had negative opinions on performance management, but through trainings and publicity… we gained their understanding and support," said Fu. "For some more extreme opponents, we discussed and explained the reform to them one by one. The results of a third-party survey in 2016 showed that 95.76% of tax cadres agreed with the effectiveness of performance management."

Success Drivers

China's implementation of performance management at the State Administration of Taxation (SAT) reflects **four** of the five key dimensions for successful public sector innovation.

Political leadership at the head of the agency was the initial driver of the reform. Central government had expressed a desire to strengthen the efficiency of tax administration, but it was the new director of the agency who determined that this could be achieved through implementation of a new performance management system. Change management was essential to the reform's success, and that required the agency leadership to progressively build support from stakeholders across from the vast organization, including regional offices.

Incentives were critical to the SAT's ability to transform its performance. The newly established performance management system centered on the agency's capacity to develop clear, measurable goals for each level of the institution and for each tax official. Performance could be tracked through various means, and managers relied on the results to inform their employee evaluations. To help motivate performance, special recognition was given to top-performing units and individuals.

Technology was an enabler for the reform. SAT already had a strong IT platform in place, and relied upon it for the automatic collection of data needed to assess performance. Developing quantifiable measures and tracking them for an institution the size of SAT would not have been possible without the technology to provide the foundation.

Institutional capacity building was an objective and outcome of the SAT reform. Support for the initiative was spearheaded by a new Performance Management Office in the General Office of the SAT that included the recruitment of consultants and top experts from across the country. Conferences and training programs were employed at various stages to help managers and staff understand how to contribute to the new direction for the agency. The success of the reform enabled the SAT to implement tax reforms efficiently and effectively.

CASE STUDY 6

Reforming Civil Service Recruitment through Computerized Examinations in Indonesia

Overview

In response to public suspicion about corruption in the recruitment process for government workers, Indonesia's civil service agency in 2013 introduced a new computer-based civil service examination to replace the old paper-based one. Although the agency found it difficult to convince government organizations, especially at the provincial level, to adopt the new exam, strong support from top leaders and the public saw the new system quickly implemented nationwide. Observers said the new system brought more transparency and credibility to the recruitment process and reduced opportunities for collusion and nepotism.

INDONESIA

POPULATION (July 2017 est.)[1]
260.581 million

GDP PER CAPITA (current US$)[2]
3,570.30

INCOME GROUP[3]
Lower middle income

GOVERNMENT EFFECTIVENESS[4]
53.4%

[1]CIA World Factbook, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Introduction

Prior to 2013, applicants to the Indonesian civil service sat their examinations in large stadiums alongside tens of thousands of other aspiring government workers. The exam was paper-based, and every year citizens complained about the exam process. Many believed that officials intervened in the results to provide favors to friends, family members, and political supporters. In addition, there were suspicions that corrupt officials offered jobs in exchange for payment.

After the fall of the Suharto dictatorship in 1998, new political elites had quickly sought to capture the recruitment process for civil servants. There was little transparency in how candidates were selected, and many government jobs were filled with unqualified or incompetent workers. Despite the prestige of government positions, many of Indonesia's top university graduates opted not to apply to the civil service because they perceived the recruitment process as unfair. Without high-performing civil servants, it was difficult for the government to develop good policies and deliver public services efficiently and effectively.

The civil service recruitment process had three main stages. First, candidates went through an administrative selection process, which screened applicants based on their experience and educational qualifications. Next, candidates sat the general civil service exam, a paper-based exam made up of three parts: a general intelligence test, a nationalism test, and a personality test. Then, candidates sat a more specialized exam for the specific ministry or agency they hoped to enter (for example, the Ministry of Foreign Affairs required each candidate to write an essay using a foreign language). Some jobs that required specialized capabilities had obligatory physical or psychological tests.

After Indonesia's Corruption Eradication Commission (Komisi Pemberantasan Korupsi, or KPK) recommended reforming the civil service recruitment process, the Civil Service Agency (Badan Kepegawaian Negara, or BKN), in 2008, began experimenting with how it could make the general civil service exam fairer and more transparent, and reduce opportunities for corruption, collusion, and nepotism. When President Susilo Bambang Yudhyono and Vice-President Boediono began strengthening the public sector with a new wave of reforms in late 2010, the BKN decided to step up its efforts to overhaul the civil service recruitment process. Beginning in 2010, the agency piloted a new computer-based test for its own internal selection process.

The new test was fairer for candidates and conducted in a more pleasant environment. Instead of taking the test in a crowded stadium, candidates sat at computers in an air-conditioned room. Each candidate received a randomized set of questions of equal difficulty, and the computer automatically graded the tests as the candidate progressed. After the examination was over, candidates immediately received their final grade.

Despite the existence of the new computer-based test, the BKN found that other government ministries and agencies had little interest in the system. The government did not mandate that other government agencies require the new test, and most chose to stick with the old system. The BKN did not push agencies to adopt the new test, and besides, it was uncertain if the system was robust enough to be used nationwide. Running an electronic test would require significantly more infrastructure, including computers and servers, and a better-designed test itself.

Introducing the computer-based examination for all candidates would have broad benefits for Indonesia's public sector. In the short term, it could accelerate the recruitment process and reduce the human resources needed to conduct and grade examinations. Longer term, a fairer examination process could increase public trust in the government, and improve public policy implementation through having a better-qualified and more capable civil service.

Response

Implementing the new examination, called the computer-assisted test (CAT), required the BKN to design a new and robust test that would be safe from malfeasance and that could be implemented across the country. The agency then had to build support for the new system across the government – in ministries, agencies, and regional governments.

Designing a new system

The BKN used its existing staff to develop the CAT system in-house, mostly using readily available open source software. They also brought in staff from the Ministry of Communication and Information Technology to identify and fix vulnerabilities in the system. Later, the BKN brought in support from the country's Cyber Security Agency to ensure the system could not be hacked.

The CAT software was designed to give each candidate a unique set of questions from a list of over 20,000 written by a consortium of university professors specifically for the civil service exam. The randomized questions were weighted so that candidates received tests that were equally demanding, though certain candidates were eligible to take less difficult tests. Following the government's policy of affirmative action for civil service recruits from indigenous groups and less-developed parts of the country, candidates that belonged to those groups sat tests weighted to be less difficult than those sat by candidates from areas with stronger education systems, like Java island, where the capital city of Jakarta is located.

In Jakarta, the BKN had a fixed test-taking location equipped with computers, but for tests in regional areas the agency had to adapt to the locally available infrastructure. In most cases, the BKN worked with the military to make use of their facilities to create secure test-taking locations around the country. The BKN also had to procure sufficient computers for its own facility and to send to regional locations. In most parts of the country, internet connectivity was reliable enough for the tests to be taken online. In remote locations where that was not the case, the BKN set up servers that allowed for the test to be taken on a localized network.

To increase the transparency of the new system, BKN designed the software so observers could track candidates' results live while tests were being taken. At each location, the BKN could set up monitors displaying the live results outside of the test taking room. That way, observers (including civil society groups, which the agency invited to witness the tests) could check in real time that results were not being interfered with. After the test was finished, each candidate could instantly see his or her final score.

Building support

Initially, the BKN found it hard to get government ministries and agencies on board with the new system. Many preferred to stick with the old system, either because it was what they were used to or because it gave officials the opportunity to derive benefits from the recruitment process. Fortunately, the BKN was able to garner support from two large ministries that were open to change and eager to implement a better system: the Ministry of Law and Human Rights, and the Ministry of Foreign Affairs.

With those two large ministries on board, and a host of smaller government organizations that voluntarily chose to recruit through the CAT system, the BKN launched the CAT exam nationwide in 2013. Across the country, 263,288 individuals sat the computerized exam over the course of a few weeks. To utilize space and computers efficiently, each candidate was issued with a time and location to take the exam.

Public reaction to the new system was positive. "Everybody who had taken the old system asked [ministries and agencies still using the paper-based test] why they didn't have the CAT system," said BKN Chairman Bima Haria Wibisana. "The old system was not transparent and accountable, so the public put pressure on the government to open jobs through the CAT system." In addition, the BKN built support among students by visiting universities and explaining the new system. The agency hoped to attract students, who might have been disinterested in the civil service because of the former examination process, to consider applying.

The public pressure from applicants and students reached the highest levels of the Indonesian government, and in 2014, Vice-President Boediono declared that all civil service jobs must recruit using the CAT system.

Expanding nationwide

With the Vice-President's backing, the CAT system was set to be used for the recruitment of all new civil servants in 2014. Rolling the system out in sub-national governments turned out to be a far more difficult task, however. "Some provincial governments tried to avoid using the system, especially in remote areas," said Wibisana. "But then the Minister of Administrative and Bureaucracy Reform and the Minister of Finance agreed that they would not provide resources for recruitment if the provincial government did not use the CAT system." Even with recruitment resources frozen, some sub-national governments blocked the CAT system from being used in their regions.

The impasse was somewhat avoided for several years, when President Joko Widodo's administration took over in 2014 and immediately instituted a 5-year moratorium on hiring civil servants. As a result, no civil service examinations were held in 2015 and 2016.

In 2017, the government relaxed the moratorium at the central level, but only one sub-national government – North Kalimantan province – recruited new civil servants. North Kalimantan was a new province that had been created in 2012 on the island of Borneo, and there was less resistance from local politicians there than from other sub-national governments. In addition to that one provincial government, the CAT system was also used to test applicants for 62 ministries and agencies at a national level in 2017.

Though some ministries and agencies did not fully embrace the new system, strong support from the President and senior officials forced compliance. "Some of the ministries were still unwilling, but they had no choice," said Wibisana. "When the President's daughter took the test and failed, that quashed arguments from the ministries." President Widodo's daughter had sat the examination in 2014 and scored below the minimum required to enter the civil service. Media reports at the time noted that the President's daughter was treated exactly the same as other applicants, "which caused a stir in Indonesia, where corruption and nepotism are chronic problems, and the children of the elite are often given special treatment" (Satriawan 2014).

The real test for the CAT system will come in late 2018, when more provincial governments are set to begin recruitment for new civil servants. "We are already thinking about the recruitment process for this year, and trying to work with provincial governments," said Wibisana in January 2018. "We tell them we are just trying to help them increase the transparency and accountability of government."

Reflections

As of 2018, it is too early to tell if the CAT system will have the desired result of creating a better-qualified and more capable civil service. Even so, initial indications are that the Indonesian public perceives the new system as being far fairer and more transparent than the old paper-based process. "We have less complaints now," said Wibisana. "Before, applicants complained that the system was corrupt when they failed the test. But now they just say they will try again and do better next time."

The BKN received international recognition for its work in implementing the CAT system, receiving an award for "Public Sector Organisation of the Year" from the Association of Southeast Asian Nations at the 2014 Asia Pacific "FutureGov Summit" in Malaysia. Domestically, the BKN received an award from the Ministry of Law and Human Rights for its work to improve civil service recruitment and selection in 2017.

The government has not conducted any evaluations of the CAT system, its impact, or public perception, but the BKN pointed to social media feedback as evidence the CAT was having a positive impact. "We gather information on Twitter and Facebook, and many people are saying that the CAT must be continued," said Wibisana. He also noted that, anecdotally, government officials said they were no longer being contacted to assist certain people in getting civil service jobs, as was common in the past.

In addition, the computerized system saved time and money compared to the old system. Because the computer automatically graded the CAT, there was no need to expend human resources evaluating paper exams. Wibisana estimated that the CAT system used only 30-40% of the budget of the paper-based test.

The CAT system was highly scalable and had been scaled up from just a few ministries to potentially being implemented in all government entities in Indonesia in 2018. Other nations had approached the BKN to learn about the CAT system, and Wibisana noted that his team had worked closely with neighboring Timor-Leste to help that country's government replicate the CAT.

The BKN has worked to continuously improve the CAT system, and in 2018 was trying to work with individual ministries and agencies to introduce computerized special competency examinations. The next steps for the organization include introducing a smartphone or online version of the CAT that would increase accessibility and cost less to implement, as it would not require physical space and applicants could use their own devices to take it.

Success Drivers

Indonesia's reform of civil service recruitment reflects **four** of the five key dimensions for successful public sector innovation.

Political leadership was a necessary ingredient at various stages, starting with the initial decision by the chairman of the Civil Service Agency (BKN) in 2010 to strengthen its efforts to overhaul the recruitment process. This was sustained by the Vice-President when he declared in 2014 that the new system would be used for all the central government's civil service jobs, and reinforced by the President in 2017 after a two-year freeze on hiring was lifted. Political leadership was essential to overcome the opposition of line ministries and agencies to adopt the new system and accept the results.

Technology was the central platform and means through which the reform became possible. Yet, BKN did not have expensive consultants or sophisticated technology to draw upon. Instead, they developed a system in-house, drawing upon open-source software and collaborating with other ministries and agencies that had expertise in technology solutions, including cyber security.

Transparency was a central objective of the reform, with technological change merely being the means to achieve this end. In turn, transparency to the public on how exams were to be conducted, including the display of test-results in real time, became the enabler of accountability and a powerful driver for the public to advocate for the reforms. This public support for transparency undoubtedly made political support for reform easier.

Institutional capacity building was essential to enable and sustain the reform from pilot stage to national roll-out. BKN carefully considered the readiness of the system, including infrastructure and test design, before it was applied nationwide. In addition to facilities and software, they had to devote resources to develop a robust database of exam questions and weight the randomized questions appropriately to ensure that candidates received tests of equal difficulty.

C Innovations in Managing Public Money

Public Financial Management (PFM) is a broad field encompassing government functions that are often invisible to the public, but nevertheless impactful.

What is at stake?

Public financial management is a broad field encompassing many different government functions that are often invisible to the public, but nevertheless impactful. Using the simple typology of front-office and back-office functions, PFM is most often considered back-office. These are the functions for which civil servants themselves are both the agents and the customers. These internal clients require operating systems to work, information to be available when they need it, and others to perform their tasks on time and with accuracy. While the public may not observe these functions directly, they can experience problems with quality or access to public services when PFM is not working well. Improving PFM performance, therefore, is ultimately about improving service delivery to citizens. PFM functions are the engines that propel other systems forward.

At its essence, a sound PFM system aims to achieve three core objectives. First, it needs to assure fiscal discipline and macroeconomic stability. Few governments can overspend their budgets indefinitely without generating severe economic consequences. Maintaining budget discipline is a core objective. Second, good PFM systems should facilitate strategic allocation of resources to those areas that reflect the development priorities of the country and its government. Third, a well-functioning PFM system should promote technical efficiency in government spending. It should assure that funds get to the designated policy areas in the budget, and that the funds can be used efficiently and effectively to produce the desired outputs and outcomes.

Service delivery suffers when governments do not adequately address the performance of their management systems and institutional incentives. Three pillars of the systems include: public procurement, internal controls and standards (fiduciary), and the institutional incentives for budget management more broadly.

- Public procurement is the interface through which governments purchase goods and services to perform their core tasks. Well-functioning procurement systems make the difference in whether goods and services are received on time and acquired with value-for-money. The existence of a transparent and level playing-field also ultimately affects the development of the private sector.

- The fiduciary responsibilities of the government are directly impacted by its accounting systems, internal controls, and auditing capacity. Well-performing PFM systems ultimately help assure that resources reach where intended, for the prices agreed, for the purposes intended, and the quality expected.

- Incentives drive behavior, and the quality of budget preparation, execution, and reporting will undoubtedly be affected by the "rules of the game" that managers perceive to be at work, by what is rewarded, and by what is punished. It is evident that governments can only ignore organizational culture and managerial incentives at their own peril.

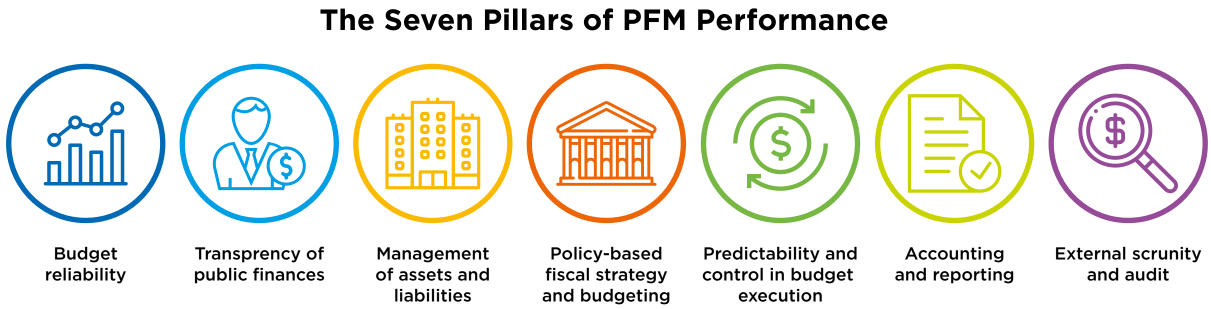
How are emerging economies addressing the challenge?

Governments have been very active in improving PFM systems and using global benchmarks to assess progress. The Public Expenditure and Financial Accountability (PEFA) assessment tool has been used by countries around the globe to assess the performance of their PFM systems against objective, evidenced-based performance standards (see Figure 7). Repeat assessments are in turn used by countries to measure progress over time (more than 500 PEFA assessments have been conducted in 150 countries since the launch of the initiative in 2001). Within specific functions or elements of the PEFA, many diverse efforts abound. For example, governments are giving greater attention to public procurement policies and procedures, because they see the potential savings they can achieve by making systems more transparent and better performing. An increasing number of countries are also introducing accrual accounting and strengthening audit capacity in order to ensure the accuracy and relevance of their core financial data. While corruption is the most obvious and egregious result of weak controls, countries are looking beyond that to see better management as the objective for improved accounting, payment, and control systems. Budget planning systems are also changing. Central budget offices across the globe have initiated reforms to improve the linkages between planning and budgeting, and to increase the use of performance information in taking decisions.

The three cases featured in this section offer a glimpse into how countries are taking steps to overcome institutional and technical constraints to improve their PFM performance to the benefit of service delivery. The case from Rwanda demonstrates that modern procurement techniques that are widely used in OECD countries do not need to be off-limits for the developing world; capacity constraints we commonly expect in Sub-Saharan Africa can be and are being overcome. In the world's fourth most populous country, Indonesia, an archipelago spanning thousands of islands, officials

C THEME

FIGURE 7 **Dimensions used by PEFA in Assessing the Quality of PFM**



Source: PEFA Secretariat, 2018.

from the Ministry of Finance have demonstrated they can get timely, reliable expenditure and payment information to every government office across the nation. They managed to do so at a fraction of the cost that would have been the case under traditional approaches. The third case from the Brazilian city of Manaus shows the dramatic transformation that can take place when a committed government decides to address the core performance bottlenecks that ultimately affect service delivery. Within a short period of time, Manaus went from being one of the worst performing to one of the best performing municipalities in Brazil in terms of fiscal management.

In 2013, when the Rwandan government approached the World Bank to finance a feasibility study for implementation of an e-procurement system, they knew that such a system had never been implemented in Africa. For Rwanda, which had already tackled corruption through other means, e-procurement presented an opportunity to squeeze efficiencies out of government procurement through greater competition among bidders. To help concentrate attention on development of the system, the Rwandan government took advantage of the World Bank's results-based lending program and included the piloting of the e-procurement system as one of the conditions for the disbursement of the funds. Drawing heavily on international experience from countries where e-procurement was already well-established, Rwanda was able to have virtually all public procurement conducted electronically by January 2018. Over 3,500 suppliers are registered on the e-procurement website (as of December 2017), nearly 2,000 tenders had been advertised on the site, and 685 contracts signed.

Indonesia's implementation of Online Monitoring SPAN[8] (OM-SPAN) in April 2015 enabled ministries and agencies across the country to monitor relevant financial transactions and generate financial reports in almost real time. This was a significant achievement for two major reasons. Previously, civil servants in line ministries had to call or visit treasury offices to find out the status of payments and whether they had been approved. This led to substantial time wasting for civil servants and frustrations for vendors; it also made budget monitoring cumbersome. The second

The three cases featured in this section offer a glimpse into how countries are taking steps to overcome institutional and technical constraints to improve their PFM performance to the benefit of service delivery

reason OM-SPAN was a significant intervention is because MOF only had sufficient software licenses to connect 3,000 MOF staff to the newly implemented financial management information system (SPAN); line ministries and agencies had not been included due to the high cost. OM-SPAN was an in-house innovation designed to replicate the SPAN data and upload it within a day to a web-based platform accessible anywhere and on any device. It is truly a game-changer for line ministries and agencies accustomed to struggling to get simple information about their financial transactions.

The Brazilian city of Manaus demonstrated that dramatic results can be achieved in terms of fiscal performance with the help of determined leadership, an overhaul of performance management systems, and enabling technology. Manaus is the largest city in the Amazon rainforest region of Brazil. At the end of 2012, it was in fiscal distress, underpinned by a weak tax collection system and deteriorating public services. The transformation of the city's finance secretariat, responsible for revenue collection and financial management, began in 2013 with the election of a new mayor who was determined to inject private sector management principles into the city administration. Upgrading the information technology used for procurement and tax collection was a critical first step in Manaus' transformation, because it enabled the financial secretariat to eliminate some of the manual processes they had previously relied on. Yet perhaps the most profound changes came through the establishment of the performance management system, which included clear performance goals for every department and a transformed management culture that emphasized monitoring progress and collective problem solving. The results have been dramatic. In 2017 Manaus was ranked first of all Brazilian state capitals and 33rd of all Brazilian municipalities in a nationally recognized index of fiscal management.

Why are these ideas worth learning from?

Whatever the level of a country's development, strengthening PFM systems is a continuous process that is impacted by capacity constraints – both financial and human resource. IT-driven investments are especially costly and time-consuming for institutional champions, even if the anticipated pay-off may look attractive. IT systems also require continual investment in order for them to meet increasing demands and to remain performant over time. Clearly, non-IT investments also require adjustment and continuous improvement. In particular, efforts to change the management culture and incentives for performance may need fine-tuning over time and the sustained political support of senior officials. Fiscal discipline, strategic allocation, and technical efficiency can all be undermined by poor leadership.

Despite the vigilance required to sustain PFM reforms, the investment of effort can be transformational and help stimulate improvements in service delivery. Because PFM reforms are often beyond the visibility of ordinary citizens, the burden on political leaders to "sell" the reforms is perhaps more challenging. The pay-off to the public often comes some time later, through the improved performance of the back-end systems and through savings generated from introducing the more efficient, transparent, and effective procedures. In Indonesia and Manaus, the benefits are already tangible. Manaus citizens can already see the benefits of increased investment in health, education, and transport. In Indonesia, civil servants across the country, as well as the Head of State, have evidence of a night-and-day difference in getting timely financial information; this timeliness and transparency in turn helps SMEs who must transact business with the state. In Rwanda, the economic benefits of using the e-procurement system have not yet been studied or quantified. But evidence from elsewhere around the globe gives confidence that increased competition will result in better pricing of services for the government, which will ultimately benefit Rwandan citizens.

Well-performing PFM systems are an important foundation for transparent and cost-effective service delivery, but they are only a contributor within the overall service delivery value-chain. Of course, policies and programs need to be designed well from the outset, and service providers need to have sufficient competence and motivation to implement the programs correctly. Yet, well-functioning PFM systems will also include the capacity to conduct program or expenditure reviews, so policy-makers have access to information on what works and what does not. Achieving technical efficiency in public expenditure management is an elusive goal, but it is an important link to how service delivery is working in practice and whether it provides value-for-money.

CASE STUDY 7

Turning Around an Agency: The Manaus Finance Secretariat Introduces Results-Based Management

Overview

In 2013, Manaus, the capital of Amazonas state in Brazil, was not managing its finances effectively and as a result, public services were lacking. Many secretariats, departments, and individuals lacked focus, a major impediment to improving financial management and service delivery. Understanding the need to improve worker performance in order to introduce much-needed reforms, the Secretariat of Finance introduced a new performance management strategy for all of its employees. Staff began working toward specific goals, and a new department within the secretariat closely monitored each individual's progress. The new focus on results helped the secretariat introduce new services for citizens and improve tax collection. As of 2018, the secretariat was beginning to work with other government departments to introduce similar performance management reforms.

MANAUS, BRAZIL

POPULATION (July 2017 est.)[1]
207.7 million (Brazil)
2.130 million (Manaus)

GDP PER CAPITA (current US$)
9,821.40[2] (Brazil, 2017 est.)
9,783.20[3] (Manaus, 2015 est.)

INCOME GROUP[3]
Upper middle income

GOVERNMENT EFFECTIVENESS[4]
47.6%

[1]IBGE, [2]World Bank (2016), [3]World Bank Staff Calculations, [4]World Bank (2016), [5]World Bank (2016)

Introduction

At the end of 2012, Manaus, the largest city in the Amazon rainforest region of Brazil, was in crisis. The municipal government was struggling to manage its finances, and had less than 20 million Brazilian reais cash on hand (about US$9 million at the time), while owing more than 360 million reais (about US$160 million) to suppliers. Similar to many municipalities in Brazil, Manaus had a weak tax collection system and relied heavily on transfers from the federal government (World Bank 2015b). Without strong revenue collection, the government did not have funds available to pay its suppliers, or to make the investments in health, education, and transport that its citizens demanded.

Part of the problem was poor management at the city's finance secretariat. The secretariat, responsible for revenue collection and the city's financial management, mostly relied on manual processes for all of its tasks, instead of adopting digital technologies that could improve efficiency. Poor staff motivation further contributed to the productivity problem. "The secretariat was very poorly managed," said Lourival Praia, who was the sub-secretary of budget and projects at the time. "There was no management plan, and workers had no targets to work towards. We desperately needed a new management model."

When newly elected mayor Arthur Virgílio took office at the beginning of 2013, he knew he had to turn the finance secretariat around. Manaus urgently needed to increase revenue, reduce unnecessary expenses, and start delivering better public services. Manaus was one of 12 cities selected to host the 2014 FIFA World Cup, and public services, particularly transport, had to be functioning efficiently before the tourists arrived.

Virgílio had a different management style than his predecessors. "The new mayor had a vision of the public sector as a big company," said Praia. "He wanted to treat public services as he would a business. The government had to earn revenue, and then invest that revenue in public services… It was very important to have a leader that believed in meritocracy and wanted to treat the public sector like a business."

The mayor appointed Ulisses Tapajós, a well-known retired businessman, as his incoming secretary of finance. "All over Brazil, politicians often give positions like [secretariats] to their supporters," said Laura Zoratto, senior economist at the World Bank. "But this mayor brought in Tapajós based on his technical abilities… he had just retired from the private sector and wanted to make the city better."

Response

Tapajós had an ambitious vision for the city. He wanted to make Manaus one of the best places to live in Brazil and among the top five best-managed capital cities in the country. Reforming the finance secretariat was the first step toward achieving those goals. After improving financial management and increasing revenue, the city could begin investing more in services for its citizens.

Changing a culture within the secretariat

When Tapajós arrived at the secretariat, he quickly realized he had to change the culture of the institution and get civil servants motivated. Without committed, high performing staff, all the big reforms he had in mind would likely fail. With the mayor's backing, Tapajós brought in a team of business consultants to help instill a new results-focused culture within the secretariat. The consultants trained managers within the secretariat on how to build trust, credibility, and respect from their staff, and led workshops to build pride and camaraderie among civil servants. Next, the consultants trained every staff member in PDCA (Plan, Do, Check, Act) methodology, a popular management tool used to ensure follow-through on goals and for continuous improvement of business processes.

In July 2013, Tapajós created a new department within the finance secretariat to institutionalize the new PDCA methodology. The sub-secretary for management was charged with implementing results-based management institution-wide and working with other sub-secretaries on process improvement. The new sub-secretary had to train staff on how to develop indicators, targets, and action plans, and motivate staff to achieve them.

Some staff at the secretariat were reluctant to accept change, but came on board when they saw the direction the new secretary was leading the organization. "Initially, the workers did not want to change," Praia said. "But after participating in the trainings, workers started to become more comfortable with the idea."

At the same time the trainings were taking place, the secretariat began reforming its own information technology (IT) systems, and those of the entire government. "Tapajós asked to be in charge of Manaus' IT, knowing that IT is a crucial element to modernize and streamline processes," said Zoratto. "The Secretary of Finance became the Secretary of Finance and IT."

The mayor set the secretariat an ambitious goal: to increase its revenue by 10% each year. If the secretariat achieved the goal, the mayor said, every employee would get an extra month's salary at the end of the year. After spending 2013 training staff and improving IT infrastructure, the secretariat was ready to get to work in 2014 to make internal processes more efficient, provide better services to taxpayers, and increase tax collection.

Setting goals

Based on the institutional goal of increasing revenue for the city by 10%, the secretariat began setting targets for each of its different departments. Tapajós and his management team looked at every department and every process within each department to find ways to increase revenue.

At the time, there was huge room for improvement in tax collection. The state collected two main taxes, a property tax and a tax on services, and together they accounted for less than 25% of state revenue. Property tax collection was particularly poor: there was an estimated 550,000 properties in Manaus, but only 150,000 were included in the property cadaster and only about half of those actually paid tax (World Bank 2015b).

Increasing property registration and improving collection of taxes from already-registered properties were just two of dozens of goals created by the secretariat. Another major goal included introducing an electronic procurement system. To enact that reform, the secretariat sought advice from the state government of Amazonas, which had overhauled its procurement systems just a couple of years earlier (Zoratto 2016). Creating partnerships and learning from others' experience was another strategy adopted by the secretariat to accelerate the pace of reforms. "Tapajós reached out to other governments that were already achieving what he wanted to achieve," said Zoratto. "Learning about procurement from the state government was just one example of that."

In 2014, the finance secretariat began negotiating a US$150 million development policy loan with the World Bank to help finance its reforms. Zoratto said the secretariat used the agreement to strengthen its commitment to achieve Tapajós's goals. "Tapajós accelerated and locked-in reforms by including overambitious targets as indicators of their DPO (development policy operation) with the World Bank," she said. "It served as an external enforcement to implement difficult reforms, such as procurement."

Following the goal setting model taught by the consultants the previous year, all employees at the finance secretariat set two main goals for 2014 in collaboration with their managers. The goals were quantifiable, and broken down into monthly targets. The goals were added to the secretariat's new performance evaluation system, which the sub-secretary for management had created to monitor progress.

Each employee signed an agreement with their manager to achieve the yearly goals and monthly targets agreed upon. "The goals are negotiated between managers and their staff," said Praia. "The goals cannot be imposed on staff. If the worker did not agree with the goal, they would not sign the form."

To ensure full commitment to the agreement, the secretariat linked achievement of the goals to the employee's salary. "The signed forms are legal documents that can be checked by the public auditor," said Praia. "Part of the worker's salary depends on achieving the goals. If they fail to meet targets, they are penalized."

Working with their managers and the sub-secretary for management, each worker devised an action plan outlining how they would achieve their targets month by month. Each plan followed a standard template devised by the sub-secretary that detailed what would be achieved, why it was important, how it would be achieved, who was responsible, and when it would be achieved by.

The new performance-based way of working fundamentally changed the day-to-day culture of the secretariat. "Now, civil servants do not arrive to work wondering what they are going to do today," said Praia. "They have goals, they have a plan, and they know exactly what they are going to do."

Monitoring progress and solving problems

To ensure follow-through on the goals, the sub-secretary set up a monitoring system to follow each individual's progress. Managers uploaded documentation on achievements in real time to the performance evaluation system and set aside time every Monday from 3.00 pm to 5.00 pm to check progress, identify obstacles, and solve problems.

If any employee encountered a roadblock, they could work with their managers to analyze the problem and find a solution. In some cases, difficult situations called for collaboration between different sub-secretaries, or intervention from Tapajós or other senior management. For example, increasing property tax payments required the secretariat to improve communication with property owners across the city. Different units within the secretariat collaborated to create radio advertisements and a broad social media campaign.

While collaboration between different sub-secretaries had been disjointed in the past, joint trainings and an emphasis on teamwork from top management broke silos within and between secretariats. "Usually coordination is very difficult, with staff sending memos and following official procedures," said Zoratto. "In this case, the workers were constantly coordinating with each other by exchanging messages on WhatsApp [a popular smartphone messaging application]."

Each worker had to strive to meet their targets, or they would see their pay docked at the end of the month. "To receive 100% of their monthly salary, each civil servant has to meet at least 75% of their goal [for that month]," said Praia. "If they do not meet 75% of their goal, they do not get paid their full salary."

Targets were designed to be ambitious but achievable, and some workers struggled initially. "In the first instance, the worker feels mad when they lose their salary," said Praia. "But the intention is not to take people's salary, the intention is to get people working hard." Each employee agreed to the targets set, and had no recourse if they did not achieve them other than to work harder the next month to ensure their salary was not docked again.

Reflections

Five years after introducing results-based management reforms at the Secretariat of Finance in Manaus, there were clear indications the changes had been effective.

In 2017, Manaus was ranked first of all Brazilian state capitals and 33rd of all Brazilian municipalities in the FIRJAN Fiscal Management Index. The index, created by the Federation of Industries in Rio de Janeiro State (FIRJAN, an organization that promotes business competitiveness), evaluated more than 5,000 municipalities across Brazil according to their capacity to manage revenue and expenditures. In 2013, Manaus had been ranked 1,200th out of the cities evaluated.

The municipality revised and upgraded its property tax cadaster, reduced tax noncompliance, overhauled its procurement systems, and partnered with other governments to learn and adopt best practices in several areas, including upgrading urban transport and monitoring bus concessions. Another reform created a marketplace, designed as a tourist attraction, to give physical workspace to street vendors and incorporate them into the formal economy.

The finance secretariat also developed more citizen-centric services using its enhanced IT capacity, such as an online information portal. The portal provided assistance to citizens, businesses, and the self-employed, and allowed individuals and companies to submit tax payments online.[16] Other IT reforms replaced outdated paper-based processes and allowed for faster and cheaper electronic communication between citizens and the secretariat, and between the secretariat and other parts of the Manaus government.

Despite Brazil's dismal economic performance during the same period, Manaus increased revenue between 2014 and 2018. The increased revenue stabilized the city's finances and enabled the government to invest more in services for citizens, including building new roads, upgrading bridges, and improving schools. For example, the education secretariat rolled out a new management model in primary schools that provided monetary incentives for school directors to achieve specific targets, and in 2016 Manaus was ranked 11th out of all state capitals according to Brazil's Basic School Development Index (an improvement from their 2014 ranking of 18th) (Amazonas Atual 2016).

Workers within the finance secretariat were far more motivated than they had been before the management reforms took place. "In Brazil, there is an entrenched culture within the civil service to not work hard," said Praia. "The goals became the stimulus to change that."

The management reforms required strong support from the secretary of the institution, Ulisses Tapajós, and the city mayor, Arthur Virgílio. With strong and motivated managers, the system would be highly replicable in any government organization. Virgílio was trying to use the finance secretariat's experience to improve productivity across the Manaus government. "We are now trying to replicate the system in all the other secretariats in Manaus," said Praia, who took over from Tapajós when he resigned due to health problems in 2017. "We started working with the education secretariat in mid-2017, and we are planning to start working with the health secretariat this year. After we have set up the system in those two big secretariats we will start working with the smaller secretariats."

Manaus's success proved that results-based management reforms could be implemented even when facing the toughest financial situations. "There is a perception that governments cannot do results-based management when in a difficult fiscal situation," said Zoratto. "But you don't need money to pay extra salaries to create a new culture. You can start by creating work plans for people, having weekly meetings, motivating people, and creating a purpose for their work."

The finance secretariat's focus on changing the culture within its own agency, as well as in other government offices, made it a unique example within Brazil. "Results-based management has been implemented in other sub-national governments in Brazil, for example in the state of Minas Gerais," said Zoratto. "But the Manaus case is innovative because it was low-cost, gradual, and focused on changing culture, with bonuses that were contingent on revenue increases added at a later stage." At the same time, only time will tell whether this approach is sustainable. It operates mostly on positive incentives, with limited options to dismiss non-performing staff. Yet as the reform takes root, there are possibilities for tweaking its design and addressing these shortcomings.

Although the finance secretariat did not reach its goal of increasing revenue collection by 10% each year in the first four years of the management reforms, staff expressed confidence that they would reach their target in 2018, and finally receive the bonus of an extra month's salary. "In 2016, we reached 87.61% of the target, while in 2017 we reached 99.27% of the target," said Praia. "Of course, the economic crisis of 2014–2017 negatively affected tax collection. However, because of our management model, we were less impacted by the crisis than the state and the rest of the capital cities."

Success Drivers

Manaus's experience in reforming its finance secretariat reflects **four** of the five key dimensions for successful public sector innovation.

Political leadership from the mayor and the head of the finance secretariat was the key driver behind the reforms. The new mayor took office with a business-minded management style and decided to appoint a strong manager to head the finance secretariat, instead of a political supporter. The head of the finance secretariat knew he needed a motivated workforce to achieve the ambitious reforms he envisioned, and led by example, instilling a culture of high performance throughout the secretariat. The mayor is now attempting to build on that success by having the secretariat lead reforms in different departments across the city's government.

Building **institutional capacity** was an important precursor to enacting any reforms in the finance secretariat. A team of business consultants trained staff on how to set goals using the secretariat's new results-focused methodology, and motivated them to achieve those goals. To ensure commitment to the new way of working, the head of the secretariat created a new department dedicated to training and motivating staff to set and achieve ambitious goals that would drive stronger performance across the institution.

Incentives facilitated performance improvement on multiple levels. First, the mayor set an ambitious goal for the secretariat and promised each employee a bonus if it was achieved. Within the secretariat, employees had to set two goals for each year and signed commitments to meet monthly targets towards achieving those goals. The secretariat tracked progress and checked in with all employees weekly to ensure no one was falling behind. In turn, political incentives were created by the secretariat by including its targets as indicators for the city's development policy operation with the World Bank. Although there was a financial incentive for the institution to achieve its goals, the Manaus experience suggests that it was not a critical feature, and that instilling a results-focused culture through work plans, trainings, and follow-up can be equally powerful to improve civil service performance.

Updating **technology** played an important role in the reforms. Replacing manual processes with digital ones was more efficient both for staff working in the finance secretariat and Manaus citizens interacting with the secretariat. The head of the secretariat placed new technologies at the center of all the secretariat's reforms, and also took over the city's IT department to facilitate the modernization and streamlining of processes across the city government.

CASE STUDY 8

Giving Government Units Access to Financial Data in a Cost-Efficient Way: Indonesia's Online Monitoring Financial Management Information System

Overview

When Indonesia upgraded its financial management information system (FMIS), the Ministry of Finance (MOF) was set to drastically improve the efficiency, transparency, and accountability of its public financial management. However, the new system was not going to provide immediate benefits to line ministries and agencies, which relied on data from stand-alone systems to make their own reports. To address the problem, the MOF developed an online monitoring system, which extracts data from the FMIS and transforms it into various data sets and reports. Those data sets and reports are then uploaded to a web-based platform, allowing ministries, agencies, and other stakeholders to monitor the budget implementation process and produce their own reports as needed. The online monitoring system has given more than 100,000 government officials access to relevant data, and has the potential to reduce the time spent reconciling transactions and generating reports.

INDONESIA

POPULATION (July 2017 est.)[1]
260.581 million

GDP PER CAPITA (current US$)[2]
3,570.30

INCOME GROUP[3]
Lower middle income

GOVERNMENT EFFECTIVENESS[4]
53.4%

[1]CIA World Factbook, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Introduction

In 2014, when Indonesia began piloting its new FMIS (called *Sistem Perbendaharaan dan Anggaran Negara*, or SPAN), officials foresaw a major impending challenge. SPAN, which was set to streamline the country's financial management systems, was only going to be accessible to around 4,000 staff at the MOF and its more than 200 treasury offices around the country. Spending units of line ministries, which relied on financial data from treasury offices, were not going to get access to the new system. "At the time, it was very difficult for spending units or ministries to get the data and information they needed," said Sudarto, the Director for Treasury Technology and Information Systems, who was the project director for SPAN. For example, to get information on the process of budget disbursements, officials from spending units of line ministries "had to physically come to treasury offices to ask about the status of a payment or to find out other information," Sudarto said.

The SPAN system promised to radically improve the efficiency of the government's financial transactions by creating one central financial management database to replace the myriad of different systems the government used at the time. The government had been working on procuring and developing SPAN, with support from the World Bank, since 2004. LG CNS Co., Ltd, a multinational information technology subsidiary of South Korea-based LG Corporation, won the contract to develop and implement SPAN using Oracle E-Business Suite, a "Commercial Off-the-Shelf" system that would allow the government to report and track its budget realization in real time.

Access to SPAN was to be limited to around 4,000 employees of the MOF and its treasury offices, as granting all spending units access to the system was prohibitively expensive. "We have more than 24,000 spending units across Indonesia and each [Oracle] license could cost around US$1,500 per user," Sudarto said. "It was too expensive for us." Instead, those spending units would use stand-alone in-house applications developed by the MOF to upload their financial transactions.

To monitor the budget implementation process, or to develop financial reports for line ministries and the central government, the MOF had to reconcile data and investigate information discrepancies between the stand-alone applications and the MOF's own systems. Ideally, spending units around the country would be able to access the data from the SPAN system relevant to them, reducing the need for data reconciliation and avoiding the risk of information discrepancies between SPAN and the stand-alone applications. While the SPAN system was still being developed, the MOF got to work to find a cost-efficient solution.

Response

The government had procured new servers to cope with the new Oracle-designed system, leaving it with several high-capacity servers from its old system that could be used for other purposes after the SPAN system went live. The MOF decided to use the old servers to manage data extracted from SPAN. That way, spending units could get access to SPAN data quickly and easily without disrupting the operation of the SPAN system itself.

To avoid putting too much stress on the SPAN system, the MOF decided to extract only essential data in real time, and extract other data during hours when fewer people were using SPAN. "If we extracted data all the time, it would affect the performance of SPAN," said Sudarto. "So we extract data based on the users' needs. For example, spending units don't need financial reports in real time; it is no problem for them to receive them the next day. So we extract that data at midnight when the load of the system is very low."

While SPAN was in its development, testing, and pilot preparation phases, the MOF developed an open-source, web-based application platform to monitor transactions and other information processed by SPAN and store the extracted data. The government called the new system "Online-Monitoring SPAN" or OM-SPAN. OM-SPAN could be accessed by line ministries, spending units, and other authorized users anytime, anywhere, using any electronic device capable of accessing the internet. As well as a website, the MOF developed an OM-SPAN mobile application using open source software.

SPAN was officially launched by President Joko Widodo in April 2015. OM-SPAN was launched simultaneously. Users of the new OM-SPAN system included the President's Office, the MOF, line ministries and agencies, sub-national governments, the central bank, and commercial banks. Each user was granted a different level of access to the system based on the information relevant to their work.

The enhanced accessibility addressed the following requirements of the line ministries and agencies: transaction monitoring and analysis, more detailed and accurate state budget financial information, transaction audits, and managerial reports.

Examples of OM-SPAN functions include:

- **Budget execution/realization transactions**
- **Contract and supplier registration transactions**
- **Invoice payment transactions**
- **State revenue transactions**
- **Cash management**

Officials of line ministries and agencies could log in and quickly retrieve data from the OM-SPAN system, significantly reducing the time it took them to access information. For example, officials could check online to see if payments were approved and received by the beneficiaries. "Previously, there was a lot of waiting around," said Sudarto. "Now, there is no need to wait. Spending units can submit requests and then go back to their offices and get all the information they need through OM-SPAN."

The OM-SPAN system was designed to be intuitive, and most line ministry officials required little training to use the system. "People learned very quickly how to use OM-SPAN," said Sudarto. "We had small trainings at local treasury offices for spending units, and also invited line ministry staff for trainings to learn about the information they could get from OM-SPAN." The MOF also created videos explaining how to use the OM-SPAN website and mobile application, and uploaded them to Youtube. If an official had difficulty accessing information, he or she could use a chat function within the mobile application to get live support from a treasury official.

Some government officials, however, preferred to stick to the old system of visiting treasury offices rather than using OM-SPAN. "Our offices are mostly in cities, and there are many spending units in rural areas," said Sudarto. "Some people from those offices like to make visits to the city. We explain to them that they could use OM-SPAN instead, but they still like to come. It is something we can't avoid at the moment…. But I believe that culture will change over time. In fact, we are already noticing that treasury offices are becoming quieter."

In April 2017, the functionality of OM-SPAN was extended to also capture spending data of some transfer funds at the sub-national level. The new function was in addition to its main purpose of extracting and transforming data from the SPAN system. Every year, the Indonesian government made unconditional transfers to sub-national governments through its "General Allocation Fund" as well as transfers for specific purposes through its "Special Allocation Fund (Dana Alokasi Khusus, or DAK)" and other types of funds, including its "Village Fund." The DAK and village fund resources were distributed to more than 500 district governments, which in turn distributed funds to local government spending units (in the case of the DAK), and over 74,000 villages (in the case of the village fund). Previously, the reports on the DAK and village fund utilization were made through the regular reporting mechanism of the district government. However, it was difficult and costly to collect the reports since many districts did not submit the reports on a timely basis. Beginning in June 2017, the central government required district governments to report on what local governments spent on the DAK and village funds through the OM-SPAN system and linked the system with the fund withdrawal process. The MOF would not release funds without a report being submitted.

Utilization of DAK and village funds was not reported transaction by transaction, but rather by output. For example, if a village was given funds to build a road, they would report where and how long the road is, but would not report the inputs, such as how much they paid to the workers or suppliers. The new data collection function of OM-SPAN created a link between sub-national governments' spending and central government spending, and allowed the central government a broader snapshot of how DAK and village funds were being spent. "The central government needs to know the output of the village fund," said Sudarto. "We have 74,000 villages, and the village fund is very large. Now, we can see all that information through OM-SPAN."

Reflections

The introduction of OM-SPAN widened the benefits of Indonesia's new financial management information system and reduced the need for constant phone calls, fax messages, and in-person visits to track financial transactions. The OM-SPAN system provided line ministries and other authorized users with real-time information on transaction data through an easy-to-use platform. "Now, you can access OM-SPAN from our mobile app, as long as you have an internet connection, and a username and password," said Sudarto. "It is very simple and easy to use."

The new system was particularly helpful for line ministries and agencies, which previously had difficulties getting timely and accurate financial information from their spending units. "OM-SPAN had a big impact on the ministries," said Rinaldi, the project manager for OM-SPAN. "Before, ministers had to wait for the spending units to submit reports. Now ministers can directly check the performance of their spending units, resulting in better policy decisions."

The President's Office used the OM-SPAN system to track the budget implementation of the entire government using a dashboard interface. Such monitoring from the top could potentially help the government to better manage the budget. For example, the Indonesian government previously had been slow to disburse funds, concentrating spending at the end of the fiscal year. With increased monitoring in real time, the President's Office could potentially identify any lagging areas early, and push ministers to accelerate the budget execution.

While the procurement, development, and implementation of the SPAN system cost a total of US$57 million (US$42 million funded by a World Bank loan and US$15 million from the Indonesian government), the OM-SPAN system cost less than US$1 million for in-house development and some additional Oracle database licenses, according to Sudarto. "OM-SPAN now has more than 100,000 users, so it was very cost effective," he said.

The system has the potential to create large cost savings for the Indonesian government, though as of 2018 the actual amount of savings has not been measured. If all government units used the OM-SPAN data, the government could save tens of millions of dollars per year in internal communication, printing, and transportation costs (from reduced visits to MOF offices). "Previously, spending units had to make so many reports, but now, headquarters can get that information directly from OM-SPAN," said Sudarto. "Sometimes spending units had to visit Jakarta [Indonesia's capital] to submit those reports, but not anymore… We can save a lot of time and money from OM-SPAN, in terms of time saved from making reports, and transportation costs." The government could also potentially optimize human resources by shifting existing staff from clerical into analytical roles.

OM-SPAN is just one of a series of public financial management reforms in Indonesia. As of 2018, the government is in the process of introducing several new reforms, including an in-house developed cloud-based financial information system for users of all line ministries and spending units that will be interfaced to SPAN.

Success Drivers

Indonesia's OM-SPAN reform to improve accessibility of budget execution data reflects **three** of the five key dimensions for successful public sector innovation.

The OM-SPAN system strengthened **institutional capacity** within MOF and across the government. Instead of spending hours reconciling information and compiling reports, government officials could access much of the data they needed directly from the OM-SPAN website or the mobile application. By reducing the time cost to access core financial data and create reports, the OM-SPAN system meant line ministries and other government organizations had more time to focus on their primary functions. The President's Office gained improved capacity to track budget implementation and more detailed information on how specific grants allocated to local governments were being spent.

Increased **transparency** of data via the OM-SPAN system increased the accountability of spending units for how they use their budget. Officials could easily look up spending or transaction data they were authorized to access in almost real time. Local government spending also became more transparent, as district governments had to report the outputs of the Special Allocation Fund (DAK) and village funds through the OM-SPAN system.

Technology initiatives were the building blocks for creating OM-SPAN. First, the introduction of SPAN, Indonesia's new Oracle-based FMIS system, brought a modernized technology platform to the country's finance ministry. Using existing servers to extract and transform data from SPAN to create OM-SPAN was another adaptive innovation. Finally, developing a new website and mobile application using open source software was a low-cost way to create an easy-to-use system for government officials to access the data and reports they needed.

CASE STUDY 9

Rwanda: Pioneering e-Procurement in Africa

Overview

Electronic procurement (e-procurement) systems have helped governments across the world to reduce costs and increase transparency in the procurement process. Beginning in 2014, the Rwanda government started the process of becoming the first country in Africa to realize those benefits, by partnering with a South Korean firm to develop its own e-procurement system. The government launched a pilot system in mid-2016 and rolled out e-procurement nationwide in mid-2017.

Introduction

Governments around the world are constantly buying goods and services from the private sector, from small everyday expenses to large infrastructure projects. Keeping the procurement process simple and cost efficient is a major challenge that every government faces. Despite best efforts, the public procurement process is often lengthy, complex, and costly. To address the problem, many governments around the world have implemented digitized processes to make procurement easier, faster, and more transparent, and to

RWANDA

POPULATION (July 2017 est.)[1]
11.901 million

GDP PER CAPITA (current US$)[2]
702.80

INCOME GROUP[3]
Low income

GOVERNMENT EFFECTIVENESS[4]
58.2%

[1]CIA World Factbook, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

reduce opportunities for corruption.

Rwanda began reforming its procurement processes by passing a new procurement law in 2007 and establishing the Rwanda Public Procurement Authority (RPPA), a regulatory body, in 2008. At that time, the country began looking at how to modernize its procurement systems. Rwandan officials traveled to the Republic of Korea, to look at how that country's e-procurement system, one of the most advanced in the world, operated.

E-procurement systems have several advantages compared to traditional paper-based procurement procedures. First, an e-procurement system creates a single online portal for stakeholders to access information on procurement opportunities, learn about the procurement process, and obtain documents including technical specifications, user-friendly templates, and the terms and conditions for all types of public contracts. The open availability of information promotes equal access for all types of businesses, including small and medium enterprises, by reducing the possibility of large or well-connected firms gaining an advantage because of information asymmetries, and potentially increases competition for government contracts. In addition, e-procurement facilitates quick and easy decision-making. Government officials can easily see detailed information on bids through the online system, rather than having to sift through paperwork.

In 2013, the Rwandan government approached the World Bank to help fund a feasibility study on the implementation of such a system. At the time, Rwanda spent about US$0.8 billion on procurement each year. The feasibility study found that an e-procurement system in Rwanda could increase efficiency and transparency in public spending, and that Rwanda could start the implementation of e-procurement following the allocation of the necessary funding (Singh and Melham 2014).

In many countries, a desire to reduce corruption in the procurement process and reduce collusion among bidders has prompted e-procurement reforms. In Rwanda, however, those issues were not a major concern when the government began planning its e-procurement reforms in 2013. Rwanda was ranked 49th in Transparency International's 2013 Corruption Perception Index, higher than every other African nation except for Botswana, Cape Verde, the Seychelles, and Mauritius (Transparency International 2013). "Bid manipulation in Rwanda is very low compared to other Sub-Saharan African countries, and the government has zero tolerance for corruption," said Mulugeta Dinka, World Bank procurement specialist in Rwanda.

The government hoped that the introduction of an e-procurement system could make the procurement process more efficient and transparent, promote competition among bidders, and generate cost savings. If the country could successfully implement a fully functioning e-procurement system, it would be the first country in Africa to do so.

Response

Shortly after the feasibility study was completed, the Rwandan government launched a US$100 million World Bank Program-for-Results initiative focused on improving the country's public financial management. The project had eight disbursement-linked indicators, upon completion of which funding would be distributed. One of those indicators, worth US$12.5 million, was to establish and pilot an e-procurement system (World Bank 2014b).

In January 2014, the Rwandan government formed a joint venture with Korea Telecom Corporation, the Republic of Korea's largest telecommunications provider, to create a new company: Africa Olleh Services Limited (AOS) (Rwanda Development Board 2014). The government opted not to hold an open procurement process to develop the e-procurement system, and instead contracted AOS directly in December 2014.

Over the following 18 months, AOS developed a customized online e-procurement system, based on the Korean model. The World Bank also provided technical support by sending e-procurement experts to Rwanda every six months to support implementation. The system consisted of an online portal where suppliers could register and submit bids online. During the registration process the system would automatically check the authenticity of documents uploaded by the supplier. After a bid was accepted, the system could prepare the contract and send it to the winning bidder for review. After the supplier had accepted and electronically signed the contract, the contract was shared with Rwanda's financial management information system to issue payments.

By July 2016, the government was ready to pilot the new system with a few selected government ministries, agencies, and district governments. The eight entities chosen were the Ministry of Finance and Economic Planning, the Ministry of Infrastructure, the Ministry of Health, the Rwanda Development Board, the Rwanda Transport Development Agency, the Rwanda Biomedical Centre, the Gasabo district, and the Kicukiro District (both districts in Kigali, Rwanda's capital).

To launch the pilot, the government had to train officials in all the pilot organizations how to use the e-procurement system. It also conducted media campaigns across the country to advertise the new system and encourage contractors and suppliers to register online.

To ensure that small businesses were also included, the government trained internet cafe operators how to use the e-procurement system. Small and medium enterprises could then visit those internet cafes to be coached through the process of registering and submitting bids online.

During the pilot phase, more than 1,000 suppliers registered on the e-procurement platform. Those suppliers made 1,108 bids for a total of 376 tenders announced on the online platform, meaning the average tender received about three bids.

After one year of piloting the system without running into any major obstacles, the government decided to expand the system nationwide beginning July 1, 2017. Per Rwandan law, all public procuring agencies had to use the e-procurement platform after that date. "So far, there are 137 procurement entities using the system," said Dinka. "But that does not include schools, hospitals, and health centers, which are in the process of being included into the system." The law exempted projects funded by international development aid from using the system, and allowed the RPPA to issue waivers on a case-by-case basis.

By January 2018 the system had been fully functional for six months, and the RPPA reported that almost all government procurement during that period had used the new system. "Only a few waivers have been issued in specific circumstances, such as for the purchasing of special medicines," said Richard Migambi, e-procurement manager at the RPPA.

Reflections

As of December 2017, nearly 3,500 suppliers had registered on the e-procurement website, nearly 2,000 tenders had been advertised on the site, and 685 contracts had been signed. Tenders received four bids each, on average. As the system had only been fully operational for six months, it was too early to tell if it had delivered the improved efficiency the government had envisioned. In theory, the system should have created time and cost savings for both government officials and contractors, as the single online portal provided all the documents and information required, eliminating the need for in-person visits and printing costs. The government also reported "increased authenticity of procurement documents," as document forgery by bidders had been a major problem in the past.

The government reported a one-time cost of US$7.8 million to develop the system, as well as about US$1.12 million in ongoing costs. In the first year of the program, the government reported spending US$500,000 on management of the system, including salaries for ten IT engineers and five procurement staff, as well as US$620,000 in system maintenance costs. It was difficult to tell if that represented value for money, as no studies had been done on cost savings from the system as of January 2018. "While the initial investment in the system seems to be high, experience from around the world shows that e-procurement leads to significant savings in public spending," said Hiba Tahboub, procurement manager at the World Bank. "E-procurement will potentially alter the impact of the procurement function: strategic sourcing will become more predictive, transactional procurement will become more automated, and supplier/contract relationship management will become more proactive. All these enhancements will lead to more efficient public procurement."

The procurement process was more transparent, and it was easier to ensure compliance with the RPPA's procurement policies because of automated controls. For example, the system enforced controls on the minimum advertising days for tenders, and deadlines for bid submissions. Availability of information on public tenders increased, as the public can visit the government's procurement website (http://www.umucyo.gov.rw) to see details on transactions, including the bidders, bid prices, contracts, and evaluation reports. The single platform also helped the government to create a consolidated nationwide procurement report.

In addition to being the first African country to implement such a system, Rwanda rolled it out nationwide in a very short space of time compared to other countries. "The Rwandan system is in line with international standards and good practices," said Nagaraju Duthaluri, lead procurement specialist at the World Bank. "It is unique because it is on the African continent, and the government has developed and rolled out e-procurement across the country for the whole procurement sector." Many other countries took several years to pilot e-procurement systems and were slow to use e-procurement at the sub-national and local levels.

As of 2018, Zambia had joined Rwanda as one of the pioneers of e-procurement in Africa, and other countries were beginning to follow suit. "Rwanda and Zambia have broken the myth that e-procurement cannot be done in Africa," said Duthaluri. "It has created a ripple effect across the continent, and now we have seen Tanzania, Uganda, and others sign contracts to implement e-procurement."

Success Drivers

Rwanda's introduction of an e-procurement system reflects **four** of the five key dimensions for successful public sector innovation.

Political leadership initiated the reform of Rwanda's procurement processes by passing a new procurement law in 2007 and establishing a new regulatory body for procurement in 2008. Leaders sought expertise from the Republic of Korea, which has one of the most advanced e-procurement systems in the world, to customize a new system for Rwanda.

Institutional capacity was a critical component of this reform. By partnering with a Korean company to form a joint venture, and seeking out support from the World Bank, Rwanda was able to build capacity within its government to implement an e-procurement system. The new system was instrumental in helping the government to enforce its procurement policies through in-built automated controls. The government also helped small and medium enterprises to learn to use the system by partnering with internet cafes across the country to train companies interested in bidding on government contracts.

The new system greatly improved **transparency** in the procurement process. The government's procurement website provided equal information on the bidding processes for all types of businesses, and open access to procurement reports, government contracts, and bid prices, for any member of the public.

Technology formed the basis of the e-procurement system. The procurement website provided a single online portal to access information and obtain documents and templates to participate in the procurement process. The automated system for processing bids and contracts streamlined processes, reduced the possibility of bidders using falsified documents, and made the procurement process faster and more efficient for both businesses and government organizations.

D New Approaches to Last-Mile Service Delivery

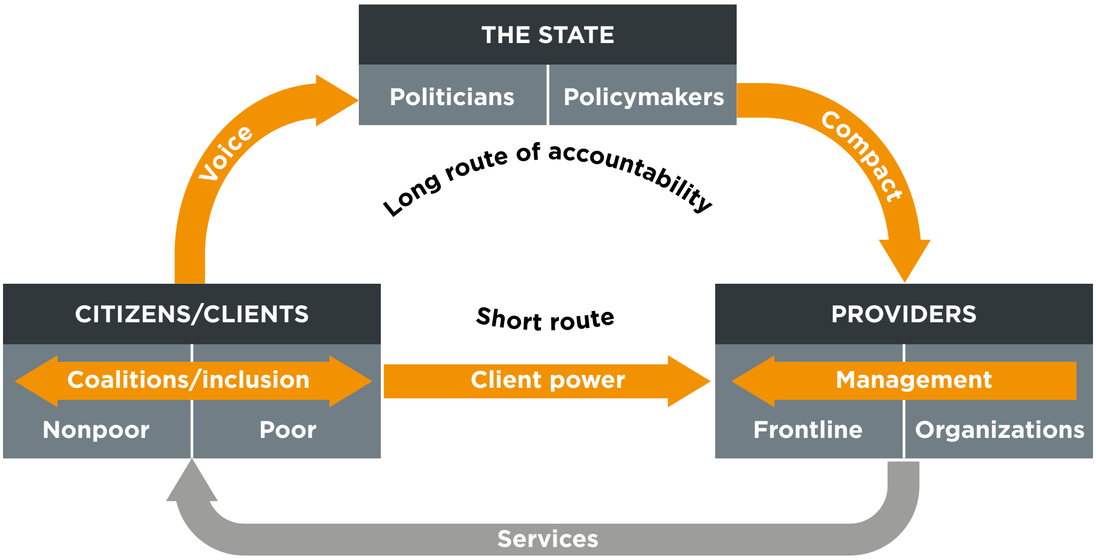
While better services are the outcome of the complex machinery of the state, including its upstream functions like policy coordination and budget management, this theme focuses on how countries are tackling issues in the "last mile" of service delivery.

What is at stake?

Delivering services with quality and efficiency while ensuring access for all citizens is key for inclusive growth and building trust in government. At the same time, service delivery is a broad concept encompassing virtually every interaction between the state and the citizen. This includes the administrative services, such as permits, licenses, or certificates, as well as government-provided public goods, such as health, education, or water services. Service delivery is often used as a proxy for assessing public sector performance. Better services are the outcome of the complex machinery of the state, including its upstream functions such as better budgeting, central personnel management, or inter-agency coordination. We have addressed some of these questions in various sections of this report. However, there are also specific issues concerning the "last mile" service delivery: How can incentives be created for the service providers to deliver services with both quality and efficiency? How can ease of access for citizens be ensured? What is the best way to hold service providers accountable? This section begins to tackle some of these downstream questions, building on the theoretical framework provided by the 2004 WDR, *Making Services Work for Poor People* (Figure 8).

Non-OECD countries face a range of challenges in delivering services to their citizens. In many of these countries, citizens often lack easily accessible information about government services, including the types of services they can request, their price, or how long they will take. This asymmetry in information can give rise to middlemen, inflated costs, long waiting times, and often bribery. Middle-income countries strive to find ways in which citizens can access information and services faster, cutting the number of steps required to produce some of the administrative services. In addition, physical access to services is a particular issue for the poor or rural populations in both low- and middle-income countries, especially if they require travel to the capital to obtain certificates or permits, or if the nearest school or clinic is far away. Many emerging economies also face absenteeism problems among their public sector workers, including teachers and doctors, often because their low salaries require them to have additional jobs.

FIGURE 8 Service Delivery and Accountability Triangle



Source: WDR 2004

In middle-income countries, where service delivery sectors are well resourced and absenteeism is not an issue, governments struggle with quality of services: a teacher simply showing up for class does not mean that the students will actually learn.

How are emerging economies addressing the challenge?

Several techniques to address some of the key service delivery challenges recurred in the cases nominated for inclusion in this report: institutional reform, beneficiary feedback, monitoring, and open data. The selected cases represent these recurring strands of similar solutions that other governments are also experimenting with; at the same time, these cases stood out because they were particularly pioneering and far-reaching, were implemented in a challenging setting, or have demonstrated impact. These four ideas alone are not meant to address the complex service delivery puzzle, but they present important innovations that add value even when used alone. These cases are also in the classic public sector space. They are not about a particular sector, but about an idea that can be applied to many sectors. Some of these techniques are primarily focused on increasing the accountability of service providers, others on increasing the quality of services – and yet all of them have complex implications for various aspects of service delivery, including the efficiency of service provision and citizens' access. The achievements notwithstanding, all of them are still works in progress, facing implementation challenges highlighted in the individual cases.

In the most challenging environments, a fundamental institutional reform aimed at changing norms may be required to create the momentum for improving service delivery; but this needs to be accompanied by a comprehensive implementation strategy. Many countries adopt service delivery standards that clearly specify the types of services, their cost, and business standards of timely provision. This is usually done by secondary legislation by the service provision agencies.

However, when the service delivery challenges faced by citizens are severe, the government may need a game-changer: a high-profile, whole-of-government approach. By adopting the Public Services Guarantee Act (PSGA) in 2010, the state of Madhya Pradesh (MP) in India legislated citizens' rights to the core 26 services. The legislation has helped create new norms for millions of day-to-day state-citizen interactions, inducing higher citizen expectations, and creating new standards of behavior for government servants. By 2018, more than 20 other Indian states had passed similar acts. A similar initiative is now underway in the Khyber Pakhtunkhwa province in Pakistan. However, as the implementation of the MP PSGA illustrates, the right-to-services legislation alone is not a panacea. It can create momentum and a high-level drive to change the status quo, but it must be followed through by a comprehensive implementation strategy. This includes regulatory reform, business process re-engineering, a public awareness campaign, as well as new ways to monitor and evaluate service delivery.

Beneficiary feedback is one widely acknowledged pathway to improve services. The almost universal presence of mobile phones – there are more phones than toilets in the world is only one eye-catching statistic – has been widely hailed as a game-changer for development. Many governments are seeking feedback from citizens about the quality of service delivery through various online complaint mechanisms, often with mobile apps to facilitate submissions. This is useful, but essentially mimics the age-old practice of citizens petitioning governments or kings. Citizens can reach their government, but governments in emerging economies can also reach out to citizens. If the mobile numbers are captured at the point of service delivery, then governments can use text messages or calls to seek feedback from citizens on quality, just like private companies reach out to their customers to rate their services. For example, all the customers of the Pakistan Passport office – averaging around 15,000 per day across more than 100 offices – receive a text message from the Director General checking if they faced any bribery or other problems. Some 15 percent reply with a mix of praise for this effort, complaints, and suggestions for improvements. Other countries – Albania, Brazil, Myanmar – are adopting similar strategies. Aside from improving the accountability of service providers and identifying problem offices or wards where citizen dissatisfaction recurs, proactive initiation of contact by the government can help improve trust, change individual behaviors, and mobilize public interest.

The rapid spread and falling cost of smartphones has opened a myriad of new ways of monitoring and keeping service providers accountable. Smartphones, with their interaction capacity, ability to capture and play photos, audio and video, identify location, and transmit data, provide dramatic possibilities to improve service delivery. Location, date and time-tagged pictures of service providers at the point of delivery of services can help check absenteeism. Moreover, service providers, such as agriculture extension workers or vaccinators, may visit the field but neglect remote or hard-to-reach areas. Spatial analysis of service delivery, as done with vaccinators in Punjab, Pakistan, can help address this challenge. More generally, any data collected on paper can be collected on phones to help improve granularity, timeliness, and quality. In addition, photo, video, and location data (and increasingly biometric features such as fingerprints) can also easily be collected and transmitted. Free Android-based applications can help in the creation of customized forms, including with local language interface.[17]

Technology can also help improve the efficiency of service delivery using open data initiatives. Many governments, especially in the developing world, believe that they have to closely guard the information that they make public because information is power. However, this does not have to be a zero-sum game. Information can also mean power for the citizens who can make better choices about services. These choices can in turn provide further helpful information to governments. In the case of Uruguay, an innovative partnership between a civil society organization and the Ministry of Public Health allowed citizens to compare data on healthcare providers on a user-friendly website – for example, average wait times to see a doctor. As a result, not only have citizens been able to make more informed decisions about which healthcare provider to choose, but the government now also has a better understanding of its own data and where healthcare dollars are spent. Opening up data and making it accessible in an easy-to-digest form can help correct inefficiencies in the healthcare system. It can also help induce service providers to compete on the quality of service delivery.[18]

Why are these ideas worth learning from?

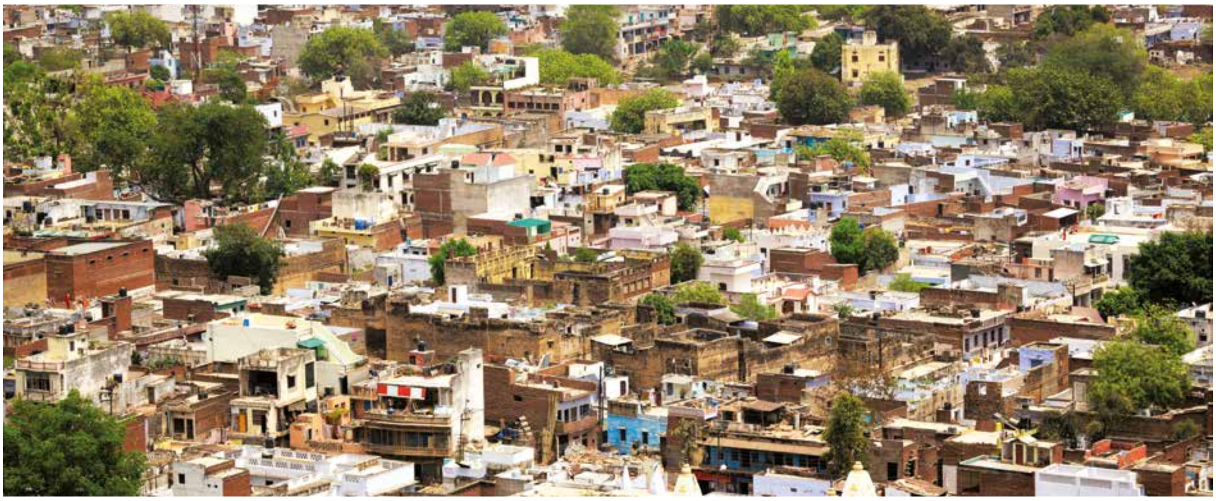
The four cases in this section offer powerful solutions to thorny service delivery challenges, and the initiatives have already been replicated elsewhere. Some of these initiatives serve as strong signals of government intention, such as legislating new standards and norms in India, or ministers sending text messages to citizens in Pakistan. The Uruguay case shows how a strong government can work with civil society to correct both public and private sector failure by opening up data. Digital data are easily produced and circulated, which further increases transparency when these innovations are adopted. The fact that these initiatives have been implemented in emerging economies makes them powerful examples of government-led, scalable, and replicable ideas. These initiatives also allow for iterative design development, where the design can quickly be adjusted and improved with agile ICTs. While the implementation arrangements for India's MP PSGA required substantial investment, the costs of the mobile-phone assisted interventions and open data initiatives are minimal. And indeed, these initiatives are being widely adopted around the world: PSGA has been adopted in over 20 states in India and in the Khyber Pakhtunkhwa province in Pakistan; the nutrition program in India aims to provide smartphones to more than 100,000 community health workers; smartphones are being deployed for monitoring of the construction of shelters in India; and a citizen feedback mechanism via SMS is being implemented in Albania, Brazil, and Myanmar.

However, the limitations of these experiences are also instructive when governments consider introducing similar initiatives. The Right-to-Services legislation can generate a powerful momentum for change, but it can only change behavior if followed by strong implementation arrangements. The citizen feedback mechanism is only as good as the quality of the underlying feedback: beneficiaries may not understand quality or may be colluding. If a large proportion of the beneficiaries is illiterate, the inexpensive SMS will be less effective. Automated or agent calls could be a solution, but they are more expensive. Similarly, for the monitoring of service providers by smartphones, not everything can be easily measured – delivery of basic education, for example. Combatting absenteeism is important, but it does not equate with quality. In addition, building backend analytical capacity and ensuring compliance of thousands of recalcitrant service delivery providers may be challenging, especially in low-income and fragile environments. Open data initiatives may face various issues around privacy, while outreach will be necessary to enhance citizens' understanding. Finally, the limitations of transparency should be acknowledged, as it cannot fully address the complicated issues surrounding the quality of service delivery.

Yet the emerging impact evaluations related to some of these initiatives suggest that they indeed move the needle in the right direction. Helped by the required use of smartphones by some 4,000 vaccinators in Punjab, absenteeism has fallen. The share of full immunization of children under 20 months rose from 62 percent in 2014 to 82 percent in 2016, and disparities in immunization rates for urban and rural areas, and for girls and boys, have almost disappeared.[19] A randomized control trial (RCT) of health inspectors in Pakistan found that the inspections doubled in the treatment areas where the health inspectors were required to take pictures with the staff of the inspected facilities to document their visits (Callen et al 2015). Similarly, an impact evaluation of the citizen feedback monitoring program (CFMP) in Punjab, Pakistan showed that citizens who recalled being contacted by text message or robocall perceived the quality of service delivery more positively.[20] And most intriguingly, research from a different part of the developing world shows that proactive, scripted contact by government – similar to CFMP – can also induce individuals and communities to change behaviors and mobilize public interest. In an RCT led by Tufts University researchers in Niger (Aker and Ksoll 2015), reading and math scores of an adult education program run by non-governmental organizations (NGOs) in remote rural areas improved substantially after inputs were monitored through weekly calls to village chiefs, students and teachers. The remoter the area, the stronger were the results. Feedback loops between beneficiaries and authorities can thus have measurable impact on service delivery outcomes.

CASE STUDY 10

A New Law Leads to Service Delivery Reforms: The Public Services Guarantee Act in Madhya Pradesh



Overview

In Madhya Pradesh state, India, citizens have long struggled to access government-provided services. Low access to information and long bureaucratic processes created opportunities for public officials to demand bribes and intermediaries to take advantage of citizens, particularly the poor and less educated. In 2010, the state government attempted to shift the balance of power by passing a new law: the Public Services Guarantee Act. The act gave citizens the legal right to public services, and provided for sanctions against officials who did not comply with the required procedures and deadlines. To implement the act, the government set up a new agency to oversee public services and took steps to simplify service delivery, including by setting up "one-stop shops," where citizens could apply for multiple administrative services in one location. By 2018, more than 20 other Indian states had passed similar acts. Access to 428 services covered by the act improved, but access to many public services remained a difficult and costly process for some citizens.

MADHYA PRADESH, INDIA

POPULATION (March 2018 est.)[1]
1.316 billion (India)
79.936 million (Madhya Pradesh)

GDP PER CAPITA (current US$, 2018 est.)[2]
1,976.26 (India)
1,371.49 (Madhya Predesh)

INCOME GROUP[3]
Lower middle income

GOVERNMENT EFFECTIVENESS[4]
57.2%

[1]Central Statistics Office, India, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Introduction

Madhya Pradesh (MP) is a low-income state in India where castes and tribes – historically the most disadvantaged groups in India – are highly prevalent. Before 2010, many of its 72 million citizens had low trust in government agencies and tried to minimize interactions with government officials, who potentially deprived them of helpful government programs or valuable public services.

Following a trend in India to legislate citizens' rights (India had passed a Right to Information Act in 2005, and also declared rights to food, education, and housing, among others), the MP government in 2010 passed a Public Services Guarantee Act (PSGA). The PSGA, which was the first act of its kind in the world, guaranteed that citizens would receive specified public services within certain timeframes. It initially covered 26 services, and allowed further services to be added over time. The PSGA set a maximum number of days within which a government official had to either provide a service or reject an application for that service and provide a written reason for doing so. If the deadline was not met, or the application wrongly rejected, the PSGA gave citizens the right to appeal. Through the appeals process, the official responsible could be fined for not providing the service in a timely manner or for wrongly rejecting an application.

Passing the act was an important first step toward improving service delivery, but the government faced many challenges in ensuring that the new legislation would be enacted in an effective way. The government had to simplify unwieldy bureaucratic processes that resulted in delays and repeat visits to government offices and created opportunities for rent seeking. It also had to spread the reach of the state geographically; at the time, some people in rural areas had to travel several days to reach government offices. Finally, it had to incentivize civil servants to provide high-quality, timely service, and hold those accountable who did not.

Response

First, the MP government had to decide who would be in charge of making the PSGA work. Then, with an oversight body in place, public officials could set up new mechanisms to deliver public services that would make processes easier and more efficient for both citizens and the government. Finally, citizens and the government would be able to utilize the legislation to hold public officials accountable.

Setting up an oversight system

Shortly after passing the act, the MP government created the Department of Public Service Management to coordinate between government agencies and implement the new legislation. Importantly, the government also decided to create a separate office affiliated to the new department that would allow it to work in a more innovative way. The new agency – called the State Agency for Public Services – was established as a "society," a special structure that gave it more flexibility in how it used its resources.

The first services covered by the act came from a range of government departments, including the state's General Administration Department (income and domicile certificates), the Social Justice Department (pensions), the Food, Civil Supplies and Consumer Protection Department (ration cards), and the Home Department (drivers' licenses). The deadline to approve or reject applications ranged from three days for issuing an income certificate to 60 days for approval of a pension service (Public Affairs Centre 2016).

To create awareness about the PSGA, the new department took out newspaper advertisements, erected hoardings, visited schools, and made radio and TV announcements. All government offices where citizens applied for services displayed information regarding the PSGA and the timeframes within which services had to be provided (Murilidharan 2015).

Public officials received training on the PSGA and were informed of the new time limits to provide services. However, services continued to be provided through existing manual processes, and few efforts were made to make the process faster or easier to navigate. As a result, meeting the specified time deadlines proved to be a challenge.

After a survey revealed that about half of the applicants were still not receiving receipts and, in many cases, there was not sufficient data to verify if services were being delivered on time or not, the government decided to replace the manual verification system with a computerized one. Public officials were trained on the new system, which allowed them to electronically register applications and issue computer generated receipts. The state agency of public services hired a full-time district manager in each district to oversee the roll-out and train officials to use the new system. The electronic system was a significant improvement, but still did not solve old problems: many citizens still did not receive receipts, and most still had to hire middlemen to help them fill in forms and obtain documentation to access services (World Bank 2014c).

Creating one-stop shops

To make the application process easier, the Department of Public Service Management decided to set up "people service centers" (known as Lok Sewa Kendras, or LSKs) where citizens could apply for a range of services in one location. Staff at the LSKs would accept applications for a range of government services, submit documents electronically to the appropriate offices, and collect a small fee for doing so. The government wanted to open an LSK in each of the more than 300 blocks throughout the state (administratively, MP is divided into 51 districts, which are in turn divided into blocks).

The LSKs were established as public-private partnerships, and the government held open tender processes to select private operators for each of the more than 300 LSKs. The private partner was usually a local entrepreneur, and the government provided the space, furniture, and software for the operator to run the LSK. The operators paid for the computers and the day-to-day expenses to run the facility, such as electricity (Murilidharan 2015).

At the LSK, the operator collected the citizen's documentation, scanned it, and uploaded it using the government-provided software. Using checklists, the operator could immediately confirm if all the necessary documentation required for that particular service had been received or not. If the application was complete, the operator issued a computer-generated receipt indicating the deadline by which the assigned official had to accept or reject the application. The system automatically forwarded the application to the appropriate government department for action, where an official would assess the case and either accept or reject the application. The applicant could choose to receive an SMS notification of the decision or follow up in person at the LSK (Murilidharan 2015).

The creation of the LSKs eliminated the need to visit multiple government offices to apply for government services. Instead, citizens could visit their local LSK and the operator could submit the required documentation to the various offices electronically. The LSKs also reduced paperwork because, for the first time, all the documentation could be submitted electronically.

To ensure the sustainability of the privately-operated LSKs, the government created a "viability gap fund" to help LSKs in less profitable districts stay in business. The LSK operator collected a small fee for every application (in addition to the fee charged by the department providing the service), and about 15% of that fee went to the viability gap fund. If an LSK received fewer than 2,000 applications in a month, equating to 50,000 rupees in revenue (about US$785), the state topped up their income to that amount using the viability gap fund.

The MP government quickly implemented LSKs across the state. By 2016, 336 LSKs had been established, including at least one in each of the state's 313 blocks (World Bank 2015c).

Improving procedures and expanding impact

In 2015, the World Bank launched a project with the MP government to simplify procedures, make access to public services more inclusive, and increase accountability. The project aimed to increase the number of services on offer through the LSKs and also to increase the availability of services in the hardest to reach regions. Through the project, the MP government wanted to give citizens the option to apply for government services through the method of their choice: by phone, online, or through LSKs. The MP government also wanted to simplify application processes by removing the need for unnecessary certificates it required to access certain services.

Supported by the project, the government expanded the LSK network by incorporating other "kiosks" through which citizens could interact with the state and national governments. As of 2016, there were 6,500 "Citizen Service Centres" in MP (which provided access to national government and some private sector services) and around 3,200 "MP Online" kiosks. Incorporating those kiosks into the LSK system created an opportunity to provide services covered by the PSGA at many more individual locations throughout the state (World Bank 2015c).

By 2017, the MP government had made over 80 services available online, allowing citizens to apply for those services at 36,000 MP Online kiosks spread across the state, according to Vikram Menon, senior public specialist at the World Bank. Next, the government made those services available at the Citizen Service Centres, further increasing the number of kiosks at the village level, and covering more than 30,000 additional locations in total. The government also developed a mobile phone application as an additional channel for service delivery.

The MP government began creating a digital database of citizen data that would reduce the need to collect multiple documents every single time they applied for a service. Once implemented, if a citizen had applied for a service in the past, when he/she made a new application or applied to renew a certificate, the database could provide officials with the documents the citizen had previously submitted to the government. The reform had the potential to generate time and cost savings for citizens, as well as reduce waste and corruption.

Making the digital repository effective, however, will require the government to make procedural changes. It could also result in reduced income for LSKs and government departments. For example, as of 2018, the government still requires citizens to submit original caste certificates every year, and original residence certificates every three to five years. Fees to obtain those certificates make up a large proportion of revenue from government services (Murilidharan 2015).

Holding public officials accountable

As stipulated by the PSGA, a designated public servant was required to either provide the service or deny it with a written explanation within the designated time period (ranging from 3 to 60 days depending on the service). If they failed to do so, the applicant could lodge an appeal, usually with a mid-level official who had to decide on the appeal within a stipulated time period. The decision of that official could be further appealed to a higher-level official such as a district collector or a divisional commissioner. The second appeal officer could fine the designated public official between 500 and 5,000 Rupees (about US$8 to US$80) if they felt the official had failed to provide the service without "sufficient or reasonable cause" (Robinson 2012).

In practice, however, penalization was rare. The government reported that as of November 2012, two years after the act had been passed, 137 officials had been forced to pay fines for delays in service delivery (Department of Public Relations of Madhya Pradesh 2012). However, researchers reported that details on those fines proved difficult to obtain (Robinson 2012).

In a 2016 World Bank-commissioned survey, only about 2% of those surveyed reported filing an appeal, even though about three-quarters of users reported not receiving services within the stipulated timeframe. The authors of the survey report surmised that citizens lacked awareness of their right to appeal, or that they perceived the appeals process itself as being too cumbersome or costly (Public Affairs Centre 2016). Ana Bellver, senior public sector specialist at the World Bank, said that even if citizens did not file appeals in practice, the possibility of a citizen filing an appeal was enough to drive improvements in performance. "The fact that public officials know they are being monitored provides incentives for compliance," Bellver said.

Reflections

After first being introduced in MP in 2010, the PSGA was rapidly scaled up within MP as well as being replicated by other states around the country. Twenty-six services were covered by the PSGA when the MP government first passed the act, all of which had to be applied for at specific government departments. By 2018, the PSGA covered over 428 services, most of which could be applied for at LSKs. The government had also introduced online applications for 200 of those services. In addition, more than 20 other Indian states had followed MP's lead in implementing PSGAs.

After passing the PSGA, the MP government initiated several interventions to improve the accessibility of public services, for example by introducing LSKs and later by allowing online applications for a range of services. One view was that the "shock value and high-profile nature" of the PSGA might have stimulated the government to take more of an interest in shifting the status quo of service delivery.

Others noted that establishing a separate public services agency was an innovative way to approach the problem, considering the difficulties of changing the status quo in existing government departments. "It is difficult to change things from within," said Menon. "Madhya Pradesh has shown that what you need is a focused administrative mechanism that supports implementation of the PSGA."

The PSGA also introduced more transparency to the application process for public services. Transactions were recorded digitally, and service providers were required to issue receipts to applicants. Further, in cases where applications were rejected, the designated official had to provide a written reason. The extent of increased transparency in practice did not meet expectations, however. Only 35% of surveyed applicants in MP received a receipt, and officials rarely provided a reason for rejecting an application. In some cases, officials just wrote "not eligible" instead of providing a valid reason why the applicant was not eligible.

Awareness of the act was low, at least in the first five years after it was passed. A 2016 World Bank-commissioned survey found that less than one-third of users in MP were aware of the PSGA, and that awareness was lower outside of the capital city. In Bhopal, the capital, 39% of users were aware of the act, while in Jabalpur, MP's third largest city, that figure was less than 10%. However, after that study was conducted, the government "launched a process to enhance public awareness through a focused information education and communication campaign," according to Menon. No new data has become available to indicate whether the campaign has improved public awareness.

In theory, the PSGA should have reduced opportunities for corruption and the use of middlemen in the application process. Provided applicants submitted the correct documentation, and followed the appeal process if there was an undue delay or denial, there would be no need for a middleman or bribes to ensure applications were received and processed on time. However, there was no evidence available that suggested the PSGA had reduced corruption or the use of middlemen in MP. In fact, 92.5% of citizens surveyed in MP reported using a middleman in the application process. Data from the survey in MP and three other states that implemented PSGAs (Delhi, Karnataka, and Bihar) showed that for every 1,000 rupees (about US$16) citizens paid to government officials, the chance of timely service delivery doubled. As a result, the poor were much less likely to receive public services in a timely manner than wealthier citizens.

Still, citizens that used the LSKs, other kiosks, and the online systems benefited from cost and time savings. The reforms made it easier to apply for government-provided services and reduced the need to make repeat visits to various government departments during the application process. Online applications and SMS alerts also saved citizens' time. While the government has taken important steps to simplify procedures for all 428 services covered by the act, further reforms of the complex bureaucratic process could potentially further enhance service access for citizens.

Success Drivers

Madhya Pradesh's implementation of a public services guarantee act (PSGA) reflects all **five** of the five key dimensions for successful public sector innovation.

Political leadership from the Madhya Pradesh government to create India's first PSGA has led to many other states across the country also passing their own laws to guarantee citizens the right to public services. Being the first government to pass a PSGA meant that Madhya Pradesh (MP) had to experiment with different ways in order to deliver on what the law promised. Sustained political leadership over a number of years led to the government incrementally making the process of accessing public services easier and more efficient.

Institutional capacity was key to the successful delivery of the promised services. As the implementation began, it quickly became clear that the MP government did not have sufficient capacity to adequately provide the public services the PSGA promised. To address this capacity gap, the first institutional reform was to create the State Agency for Public Services, which coordinated between government agencies and oversaw the implementation of the PSGA. To better reach its citizens, the government created more than 300 one-stop shops, which were formed as public-private partnerships with local entrepreneurs. Over time, it also made public services available online and through a network of thousands of kiosks throughout the state.

Creating **incentives** for public servants to deliver services within an agreed-upon timeframe was essential to ensure adherence to the PSGA. Citizens could lodge appeals if public officials failed to deliver public services on time, and the law stipulated fines for officials for not meeting deadlines. While such appeals were rare, just knowing that there was a monitoring system in place drove public officials to improve the quality and timeliness of service delivery.

Greater **transparency** about public services fostered citizen access. Information on the act, the services it covered, the costs of each service, as well as the expected timeframes within which each service would be provided, was posted on the walls of government offices and the one-stop shops. However, despite such actions, public awareness of the PSGA remains fairly low and further efforts are required to broaden the public's use of the services available.

New technology made it easier for citizens to access public services and easier for government officials to deliver public services faster. The government developed new software for one-stop-shops to use to facilitate interactions between citizens and the state. This new system issued computer-generated receipts and automatically forwarded documentation to the relevant government department. Over time, the government adapted to new technology by increasing the number of services that could be applied for online, and launching a mobile application for smartphones.

CASE STUDY 11

At Your Service: Improving Access to Information in Uruguay Through a Government-NGO Partnership

Overview

In Uruguay, an innovative partnership between a civil society organization and the Ministry of Public Health has shown how governments can collaborate with NGOs to improve access to information – and potentially health outcomes – for citizens. Every year, Uruguayans get to choose a healthcare plan from a selection of public, semi-private, and private health providers. After launching an easy-to-use website in February 2015 that allowed citizens to compare data on the providers, such as average wait times to see a doctor, tens of thousands of Uruguayan citizens have been able to make more informed decisions about which healthcare provider to choose.

URUGUAY

POPULATION (July 2017 est.)[1]
3.360 million

GDP PER CAPITA (current US$)[2]
15,220.60

INCOME GROUP[3]
High income

GOVERNMENT EFFECTIVENESS[4]
73.1%

[1]CIA World Factbook, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Introduction

Every year, healthcare providers in Uruguay engage in widespread marketing campaigns and launch special offers to entice Uruguayans to switch healthcare plans. Options include public providers, private providers, and semi-private providers, which receive government funding partly based on the number of people they have signed on to their plans. Individuals sifting through the various marketing brochures faced a near-impossible task in figuring out which plan offered the best value-for-money given their specific circumstances. “Citizens were essentially navigating in the dark,” said Fabrizio Scrollini, director of the Latin America Open Data Initiative and co-founder of Datos Abiertos, Transparencia y Acceso a la Información (DATA Uruguay), a volunteer-run civil society organization. “You wouldn’t know how many doctors a provider had, how much they charged you, or if the provider complied with national targets.”

Up until 2018, citizens could switch plans during a month-long enrolment period in February. For the 2014 enrolment period, DATA Uruguay decided it wanted to use publicly available information to help citizens make better decisions about their healthcare plans. The NGO partnered with Portal 180, an online media platform, to publish Ministry of Public Health (MSP, Ministerio de Salud Publica) data on the various providers. The ministry's data had been available for several years, but it was published online in difficult-to-read Microsoft Excel spreadsheets. Few people downloaded the data, and even fewer could understand it.

DATA Uruguay's initial experiment was not as successful as it had hoped. The group misinterpreted some of the data, and other data they collected from the MSP website turned out to be inaccurate. Several thousand people visited the project website, which was far more than had downloaded the ministry's data in previous years, but the site failed to significantly improve individuals' ability to choose the best healthcare plan for their particular circumstances (Scrollini 2017).

Still, the initiative did succeed in creating Uruguay's first digital platform to compare healthcare providers, and the website attracted the attention of citizens, the providers, and the MSP. Officials at the MSP had wanted to create a similar kind of website, but the ministry did not have the in-house expertise to design a suitable platform, and procuring an outside organization to do it would be complex and potentially expensive. Further, ministry officials had worried that making data more accessible could have unintended consequences; thousands of people switching providers could affect the stability of the entire healthcare system.

Around the same time, DATA Uruguay began working with the Open Government Partnership (OGP), a global initiative that promoted multi-stakeholder collaboration to disclose government data and empower citizens. The OGP platform provided a space for the MSP to begin discussions with DATA Uruguay on how they could work together to achieve shared goals.

Response

During the discussions, the MSP and DATA Uruguay decided to form a partnership to move the initiative forward. Both would contribute time and resources to put together a new and improved website for the next enrolment period, which was set to take place in February 2015.

Collaborating was not easy, however. There was no precedent in Uruguay for a government ministry to partner with an NGO for such an initiative, and both the MSP and DATA Uruguay were cautious about working together. With external funding from the Latin American Open Data Initiative, the two partners set about overcoming those challenges to make the envisaged open data platform a reality.

Forming a partnership

The partnership approach was new for the Uruguayan government. Ministries were accustomed to hiring contractors to implement certain initiatives, but working together on an equal footing with an outside organization was a new concept. The partnership relied on building trust between civil servants in the ministry and volunteers at DATA Uruguay. The two counterparts developed a Memorandum of Understanding that outlined their commitment to equal input in designing and building the system.

Developing close working relationships and shared goals on both sides was critical. According to Scrollini, concerns about the impact of open data, as well as a lack of interest in the project, made some officials within the ministry reluctant to collaborate with DATA Uruguay. On the other hand, several civil servants within the MSP were big supporters and actively worked with DATA Uruguay's volunteers to make the project a success. Strong support from the Agencia de Gobierno Electrónico y Sociedad de la Información y del Conocimiento (AGESIC), the Uruguayan government's agency for information technology, e-governance, and open data, also helped drive the initiative forward. AGESIC coordinated Uruguay's involvement with the OGP and helped ministry officials understand the government's commitments to improving data transparency and accessibility.

Through discussions, the MSP and DATA Uruguay overcame different ways of thinking, aligned objectives, and developed a shared understanding of what the collaboration hoped to achieve. The most contentious discussions surrounded what data, and how much data, to make available. From the outset, DATA Uruguay encouraged the MSP to collect and publish more data than it had previously. Scrollini said the NGO initially wanted to run surveys and focus groups to gather citizens' views on what data was most important to them, but with the February deadline to launch the platform looming, they decided there was not enough time for such research. Instead, they made decisions on what data to include based on what they thought would be most helpful for citizens and what data citizens had requested from the MSP in previous years. Examples included waiting times at clinics, drug prices, and the availability of specialists.

The group decided it was best to publish all the data in an easy to digest format that clearly showed how each provider compared to the others on individual variables. A lot of discussion went into deciding on a simple platform on the website's homepage that would present the data accurately. Scrollini said the group specifically decided not to create a ranking system using the data. Choosing a process to rank the providers and how to weigh different variables would create unnecessary additional complexity. Those factors, combined with the difficulty of ensuring impartiality in the rankings, meant that "ranking providers would have been a disservice to the system," Scrollini said.

Developing a platform

After agreeing on what data to include and how to present it, the MSP-DATA Uruguay team began collecting information and developing a website to publish it on. Any providers that received government funding (including all semi-private providers) were legally mandated to provide data on their operations to the MSP. But the providers did not submit data in a standardized way, and ministry staff had to manually go through the data sets to find what they were looking for. Further, the ministry did not have sophisticated information systems to manage its data. Most data was manually entered into spreadsheets and then published on various pages of the ministry's website. Turning that data into a standardized format that allowed for easy comparison between providers was a difficult task.

As ministry staff began collecting and analyzing the data, the team realized there were inconsistencies in the data provided. The MSP had to follow up with providers and push them to provide more accurate and more timely data. Because of its legal backing, the ministry was able to sanction any publicly funded provider that did not comply. Private providers, however, were less willing to submit data that the MSP and DATA Uruguay requested.

DATA Uruguay's team developed the application to import and process data, and ran tests to ensure the data was compatible with the application. Syncing the data and the application was a time-consuming and technically difficult process, and both the MSP and DATA Uruguay had to constantly refine the system, right up until the website launch in February 2015.

After a few frenetic final weeks putting the website together, the MSP-DATA Uruguay team successfully launched the website, which they named *A Tu Servicio* (At Your Service), on time. The website's user-friendly infographics helped citizens visualize the data and easily compare providers. As more Uruguayans looked at the website and submitted feedback, the team was able to further improve the quality of the data. DATA Uruguay's team could correct any data errors pointed out by website users, and in cases where healthcare providers had not submitted data, citizens could put pressure on those providers to update the information they sent to the MSP. When citizens questioned the data on the website, the MSP conducted formal audits to ascertain if the data provided was indeed accurate.

Stimulating debate

DATA Uruguay launched a marketing campaign to inform citizens about *A Tu Servicio* as soon as the site launched. The NGO concentrated its efforts on social media, for example by purchasing advertisements on Facebook. The MSP also placed advertisements in traditional media and held press conferences to promote the site.

The website received more than 32,000 unique visitors in 2015. Journalists also took notice, and began drawing attention to citizens' concerns that were evident in the data, such as long wait times at public hospitals. The data helped stimulate public debate about the quality of health services across the country. Later that year, the debate spread to Uruguay's parliament, and politicians began quoting data from the *A Tu Servicio* platform during parliamentary discussions on healthcare policy (Sangokoya et al 2016).

Reflections

After *A Tu Servicio*'s first month in operation, the MSP and DATA Uruguay kept working on the platform to improve data accuracy and ensure it was presented in an easy-to-use format. The number of users increased the following year. In 2016, *A Tu Servicio* had more than 50,000 unique visitors, which equated to about 4% of the population eligible to change providers. It was unclear, however, how many of those visitors were Uruguayan citizens in the process of choosing a new provider, or if the site helped them choose a better healthcare plan. In 2016, about 4% of eligible Uruguayans changed healthcare provider during the February enrolment period, a similar amount to prior years (Ministerio De Salud Publica 2016). In 2017, unique website visitors dropped to about 36,500. Daniel Carranza, co-founder of DATA Uruguay, said that due to budget constraints the NGO had to cut the advertising budget for the site by 50% in 2017, which likely contributed to the site receiving fewer visitors than it had the previous year. Scrollini said that DATA Uruguay hoped to conduct a user survey in 2018 and do more in-depth research on the system to better determine the initiative's impact.

In 2018, the MSP began implementing a new system for switching healthcare providers, and DATA Uruguay was planning how to adapt *A Tu Servicio* to the changes. "The February transfer window was suspended until a new online system for transfers is implemented within the year," said Carranza. "The new system will eliminate the need for a transfer window because it will function all the time. As a result, we will probably change *A Tu Servicio* to a year-round information service, hopefully with more updates."

Scrollini pointed to people having more access to data and being able to make better choices, and the government having a better understanding of its own data and where healthcare dollars were being spent, as early indicators of the initiative's success. He was cautious about making any links to health outcomes, however. "Open data is not a miracle tool, and health outcomes are not easy to track," Scrollini said. "But [*A Tu Servicio*] can help correct inefficiencies in the healthcare system."

The initiative received international recognition for the innovative way DATA Uruguay and the MSP had collaborated to make data available to the public in a useful way. In 2015, the OGP awarded *A Tu Servicio* first prize in its annual open government award ceremony.

As of 2018, the initiative looks to be sustainable. The MSP has funded the website through its own budget, and Scrollini estimated the total cost of the project to be less than US$20,000 per year. *A Tu Servicio* continued to receive government support during an administration change in 2015, and the MSP has committed to supporting the platform through at least 2020.

Uruguay's *A Tu Servicio* project has important lessons for other countries interested in open data initiatives. First, it showed how simply making data available to the public was not sufficient to have a real impact. The MSP had made some data on healthcare providers available on its website for years, but it was not until the information was published in a more easy-to-understand format that citizens began using the data.

Second, it showed the benefits of government working in partnership with civil society. It was a political risk for the MSP to collaborate with DATA Uruguay on an equal footing, instead of a more traditional arrangement where the government would have more control over the process. The decision paid off, however. DATA Uruguay pushed the MSP to publish more data than it might otherwise have been comfortable doing, which potentially provided citizens with more relevant and useful information. The NGO was also more open to new ways of thinking, such as publicizing the initiative through social media, which may have resulted in a greater impact than if the MSP had embarked on the project alone.

An opportune platform to build the partnership, and the partners together defining shared objectives were two key elements to the success of *A Tu Servicio*.

Uruguay's engagement with the OGP created an opportunity for the government to collaborate with civil society in new ways. The government's commitment to the OGP ensured sustained interaction with civil society actors like DATA Uruguay. Further, the existence of AGESIC (the government agency that led the OGP engagement) provided institutional support for collaboration. The *A Tu Servicio* initiative itself did not require high-level political support. Instead, senior officials allowed middle managers within the MSP to lead the process.

Developing shared objectives was critical to success. Though the MSP did not support DATA Uruguay's initial intervention in 2014, it did see that the NGO had similar goals to the ministry. DATA Uruguay also came to understand the intentions of the MSP, and was able to nudge ministry officials toward embracing open data. Both partners wanted to increase access to information and improve the national healthcare system. Despite not having a legal framework in place for the partnership, shared objectives and trust between the partners helped hold the partnership in place through the challenges they confronted. Neither partner could have implemented the initiative alone. The government needed civil society engagement to ensure relevance, and the NGO needed the government's institutional, technical, and financial resources.

Knowledge of the *A Tu Servicio* initiative quickly spread to new sectors and other countries. DATA Uruguay collaborated with a Mexican NGO to develop another healthcare data website that aimed to improve service delivery in the Mexican state of Sonora. Scrollini said DATA Uruguay had also engaged with potential collaborators in Chile and Colombia to explore if similar websites to *A Tu Servicio* could work in those countries. As of 2018, the Latin America Open Data Initiative was supporting the secretary of health in Bogota, Colombia's capital, to replicate *A Tu Servicio* there.

Other government ministries in Uruguay also learned from the initiative. AGESIC used the example of *A Tu Servicio* to encourage other ministries and agencies to engage in open data initiatives. In 2017, DATA Uruguay began discussing with the Council for Secondary Education about the potential for an *A Tu Servicio*-style website for the education sector. The new collaborations within Uruguay and in other parts of Latin America were early indications of the potential to replicate the *A Tu Servicio* model in different sectors and in different countries around the world.

Success Drivers

Uruguay's experience in making healthcare data more accessible to and useful for citizens reflects **three** of the five key dimensions for successful public sector innovation.

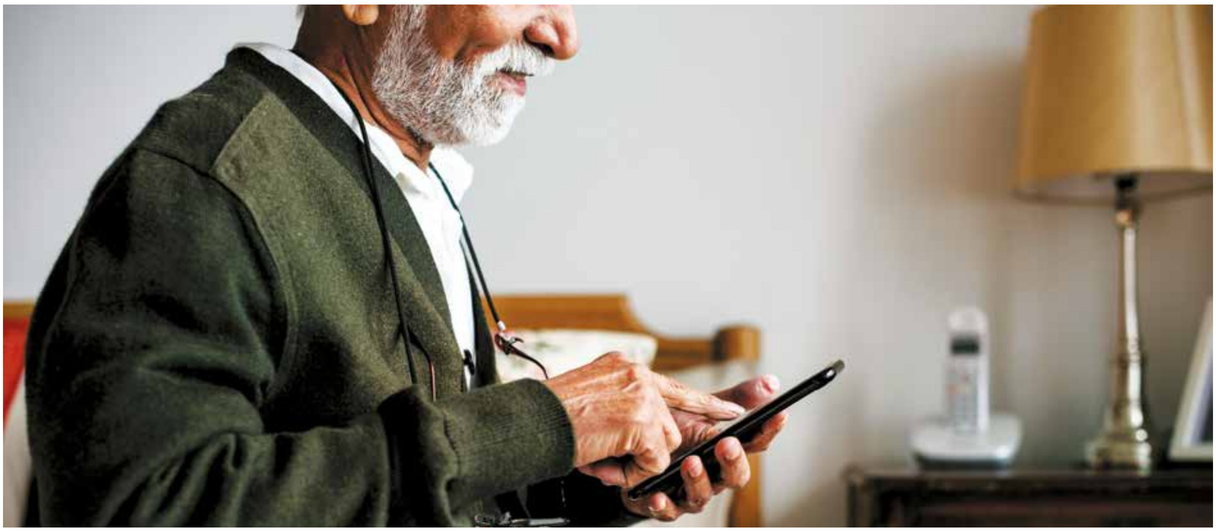
Transparency in healthcare performance data enabled citizens to make better choices about their healthcare. While the Ministry of Public Health (MSP) had collected data for several years, it was published in a format that made it difficult for citizens to access and understand. By partnering with DATA Uruguay, an NGO that advocated open data, the MSP was able to collect more data than before and present it in an open and transparent way for Uruguayan citizens. More eyes on the data made it easier to identify inaccuracies, inducing healthcare providers to give accurate and complete data. With more-accurate data available in an accessible format, citizens could make informed choices regarding their health plans.

Incentives also changed for healthcare companies as a result of increased transparency. Wide and easy availability of their performance information pushed them to improve their performance to compete for new customers.

Technology, particularly the simple web-based platform co-created by DATA Uruguay and the MSP, provided the mechanism to share the MSP's data with the public. Additional functions, such as a feedback form for citizens to report inaccurate or incomplete data, increased the usefulness of the website for both the public and the government. Partnering with the Uruguayan government's agency for information technology, e-governance, and open data provided additional support for the technology platform. DATA Uruguay also made use of new technology platforms, such as social media, to market the new website to Uruguayans.

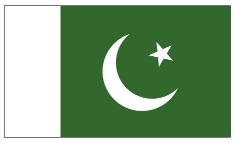
CASE STUDY 12

Engaging Citizens to Improve Service Delivery: The Citizen Feedback Monitoring Program in Pakistan



Overview

Engaging citizens to get critical feedback on public services can help governments improve service delivery and reduce petty corruption. But even on a small scale, many governments struggle to collect objective feedback from their citizens, analyze it, and act on it. In Punjab, a Pakistani province of about 110 million people, the government has scaled up a small pilot in one of its districts to create a wide-ranging monitoring program that leverages the ubiquity of cellphones to proactively solicit feedback from users of public services. The Punjab Information Technology Board (PITB), the government's technology agency, turns that information into easily digestible quantitative and qualitative data, and provides that information to senior officials who can hold frontline civil servants accountable for their performance.[21]



PUNJAB, PAKISTAN

POPULATION (2017 est.)[1]
207 million (Pakistan)
110 million (Punjab)

GDP PER CAPITA (current US$)[2]
1,443.60 (Pakistan)

INCOME GROUP[3]
Lower middle income

GOVERNMENT EFFECTIVENESS[4]
28.8%

[1]Census of Pakistan, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Introduction

"A government's greatest challenges are delivering on electoral promises and delivering public services," said Tauqir Shah, the former chief of staff to Shehbaz Sharif, the chief minister of Punjab, Pakistan's largest province. "The chief minister wanted objective feedback on how his government was doing in that regard." Under Sharif, Punjab has implemented an innovative citizen feedback program to monitor the performance of civil servants, address petty corruption, and improve public services.

One approach governments have traditionally taken to get feedback from citizens is to set up call centers that take complaints about corruption or service delivery issues. But such "hotlines" have often been prone to abuse, and have created large administrative burdens in the investigation of complaints. Further, individual citizens are unlikely to report minor issues because of the time and travel burden imposed on them in the required due process investigations. Because those complaints usually go unreported, higher-level officials often have no actionable evidence about persistent service delivery problems or petty corruption issues.

In 2008, Sharif read in a newspaper about a new initiative a government official had begun in Jhang, one of Punjab's 36 districts, to tackle petty corruption. That official, Zubair Bhatti, had begun asking frontline staff to collect phone numbers from citizens that came into their offices so that Bhatti could personally call the citizens to ask about the quality of service they received. Based on that feedback, Bhatti could confront civil servants that citizens consistently complained about. Sharif invited Bhatti to Lahore, Punjab's capital, to discuss how to scale-up the idea province-wide.

Rather than building criminal cases against officials suspected of corruption, the citizen feedback monitoring program (CFMP) aimed to identify patterns of persistent negative feedback and provide that information to officials who had the power to change management practices and to transfer, suspend, or reprimand poor performers.

Response

Bhatti's initial intervention required little more than a phone and a list of phone numbers, but implementing a systematic province-wide feedback program would require more capacity and investment. In Jhang, Bhatti was not able to call as many people as he wanted due to the time the calls took. As the district coordination officer (DCO), he was responsible for the entire district administration, including issuing licenses and permits, and delivering services such as health and education. To contact more citizens, the CFMP had to begin using technology in innovative ways.

The initiative would also require strong political will to ensure follow-through from DCOs, as well as to counter backlash from civil servants who had taken advantage of the previous lack of oversight from the provincial government.

Piloting the program

In 2010, Sharif requested Bhatti, who had left the government in 2008, to take up a short-term position in the chief minister's office to start a pilot at the provincial level. Bhatti presented the program to DCOs across the province, and six signed on for the pilot. The DCOs asked civil servants to begin collecting phone numbers at the point of service delivery, and then getting staff in the DCO office to call citizens back and inquire about the service received, based on training provided by Bhatti.

As well as looking for cases of recurring negative feedback, the DCOs also looked for trends of invalid or incorrect phone numbers; such a pattern could suggest an official was listing false numbers to avoid getting negative feedback. When a trend was identified, the DCOs confronted officials receiving persistent complaints and counseled them to change their behavior. In several cases, citizens reported cases of petty corruption in property registration branches, and after investigations, some officials working in those branches received disciplinary action.

Scaling up data collection

Despite some early success with the pilot, the CFMP could not scale up adequately using the same model. DCOs and their staff did not have enough time in their workday to constantly be calling citizens, gauging feedback, and identifying trends. The Punjab government wanted to find a way to use technology to reduce the time burden on those staff.

After a stint in the private sector and at the Asia Foundation, Bhatti moved to a position in the World Bank's Pakistan office in 2011. In his new capacity, he continued to support the CFMP project, albeit from the World Bank side. He applied to the World Bank's Innovation Fund for a grant to boost the CFMP pilot. With US$100,000 from the fund, Bhatti hired some technologically-minded young people to work on the CFMP. They worked with the PITB to develop a program that could automatically send SMS messages to collect feedback from citizens.

Next, the PITB sought to procure a call center to operate the feedback program. The procurement process quickly ran into problems, however. "The government was very comfortable contracting for civil works, but not anything non-standard like a call center," said Bhatti. "At the time, we did not understand exactly what we wanted, and the [company that won the contract] did not understand either." Eventually, the call center contract broke down, and the CFMP began relying on the SMS application.

Umar Saif, who became the chairman of the PITB in November 2011, brought new energy and focus to the fledgling program. Under Saif, the PITB brought in a new contractor to create the call center and oversaw the spread of the CFMP to all 36 districts across the province. The government decided to begin soliciting feedback through "robocalls," recorded by the chief minister himself. The new approach created a direct link between the citizens providing feedback and the provincial government, and encouraged ownership of the initiative from the chief minister. Call center workers categorized citizens' responses and made follow-up calls when citizens indicated possible cases of corruption or requested to speak to a live person. They also recorded positive responses, which the PITB often passed on to the chief minister's office – hearing positive feedback from citizens helped maintain political support for the initiative.

The phone call and SMS approaches each had distinct advantages and disadvantages. For example, calls allowed the program to solicit responses from people who couldn't read, as illiteracy was widespread. Calls also enabled more structured questions. On the other hand, text messages were easier and cheaper to send, and gave respondents more time to reflect and provide a considered response. Eventually, the PITB decided on a hybrid approach whereby citizens would receive a robocall asking them to express "satisfaction" or "dissatisfaction" with the service in question, and then to select the reason for their dissatisfaction from a range of categories. A follow-up text message then gave citizens the opportunity to go into further detail on the problems they encountered. Having citizens self-categorize the reason for their dissatisfaction eliminated the need for the call center, significantly reducing costs. The PITB reported monthly operating costs for the program of 350,000 Pakistani rupees in 2018 (about US$3,000), compared to 1,785,000 rupees (more than US$15,000) when using the call center.

The PITB chose which services to use the CFMP for, based on the ease of soliciting useful feedback. For example, it was easy to get constructive feedback on simple processes like birth certificate applications, but more difficult to get objective feedback on more complicated services, such as police investigations, where the outcome could be affected by circumstances outside the civil servant's control. "We monitor basic public services that are mechanical in nature; services where there is not a lot of investigation or discretionary interpretation involved," said Saif.

Taking action

Analyzing the data and acting on it was critical for the CFMP to be effective. The CFMP team had to boil down the vast array of data into a format that the chief minister and other senior officials could understand and use. To do so, the PITB developed a user-friendly dashboard that clearly showed where the problem districts and offices were. "The chief minister only needed a graph that could depict what districts were doing well and what areas were not doing so well," said Shah.

Government departments could access the dashboard to monitor the feedback they were getting, and a team of staff within the PITB closely monitored the incoming feedback and created reports based on the data. "We generate about 400 reports on a monthly basis," said Saif. "Those reports are sent out and the departments are expected to take action based on those reports and provide evidence that they have done so."

Every month, the chief secretary, the senior most civil servant of the province, held a daylong meeting with all 36 DCOs, and the CFMP was always discussed. "He would always ask them about the initiative," said Shah. "That way they knew it was a serious program and high on the government's agenda." In the meetings, the chief secretary discussed CFMP data with the DCOs and addressed any issues that had come up.

In cases where SMS and robocall data showed persistent issues, the government took action. "For example, if there was persistent negative feedback about the land ministry in the 55th district, it would come to our office and we had the full mandate to take corrective action, including removing the official in question," said Shah. "The CFMP gave [the actions taken] a lot of credibility. If a decision came from within the administration, people could allege bias, but we were making these decisions based purely on citizen feedback. Anyone engaged in malfeasance stood out like a sore thumb."

The SMS messages and recorded robocalls provided strong and irrefutable data that the chief minister's office could use to overcome backlash. In one case, a land registry office headed by a close relative of a powerful Punjabi politician was flagged after persistent reports of petty corruption. The chief minister's office was able to use call recordings and SMS messages from citizens to prove that any move to reprimand the official was based on real citizen feedback and was not politically motivated.

Replicating the program

Word about the success Punjab was having with the CFMP spread quickly around Pakistan and the world. In 2015, the head of Pakistan's Directorate General of Immigration and Passports reached out to Bhatti to talk about replicating the initiative. At the time, the directorate had a very basic monitoring program in place for its 164 offices around Pakistan, relying on occasional preannounced visits from senior staff to check things were running smoothly. Usman Bajwa, the head of the directorate, said he had three main objectives when launching the CFMP in his directorate: "First, we wanted to proactively engage with citizens. Second, we wanted to improve performance monitoring. And third, we wanted to enhance the accountability of field staff."

In November 2015, the directorate began sending SMS messages to solicit feedback from every passport applicant who provided their cellphone number. Bajwa said they sent out about 250,000 to 300,000 messages each month, and about 10-12% of people replied with feedback on the application process. A team in the central office categorized responses, quantified them, and uploaded them to a dashboard system through which Bajwa could monitor offices around the country. The feedback was integrated with individual staff members' performance evaluations, and in cases of corruption allegations, Bajwa implemented a three-strike system: if an office was getting consistently high complaints, he issued them with a warning. A second warning was issued if complaints persisted. If things did not improve after the second warning, Bajwa initiated disciplinary proceedings against the staff in question. He said that, as of 2018, he had taken administrative action against 53 offices.

As well as making efforts to improve staff performance, Bajwa used the CFMP to improve processes within the directorate. He said that there were consistent complaints about long queues throughout the application process, but particularly for making payments. "In many areas there was only one bank branch that was authorized to collect passport fees," said Bajwa. In response to the citizen feedback, Bajwa authorized all bank branches to collect the fees, and soon after set up a mobile payment system that meant citizens could pay passport fees in any location where they could top up credit on their mobile phones.

By 2018, such process improvements had led to a much faster and smoother passport application process for Pakistani citizens. Bajwa said the directorate had cut the processing time for passports from 3 weeks to 10 business days, and from 7 days to 5 days for priority applications. The average time spent in the passport office itself was cut from 290 minutes in 2015 to 70 minutes in 2018. The improvements were backed up by CFMP data: when the directorate first launched the program, 15% of responses were categorized as "negative," whereas in 2018 that figure was less than 5%.

Reflections

The CFMP created what Shah described as a "paradigm shift"; for the first time, the Punjab government began proactively reaching out to citizens for feedback. "Suddenly, the citizen has everything at his fingertips," he said. With just their phones, citizens began actively participating in governance by providing real-time information on service delivery. Further, that information went directly from citizens to senior officials, who had stronger incentives than mid-level officials to cut corruption, including political incentives.

While the feedback was used to investigate corruption in some cases, similar to a complaints hotline, the main focus of CFMP was preventative: frontline service providers knew that their superiors were contacting citizens via SMS and phone calls. If they provided poor service or requested bribes, they could face disciplinary action down the line based on citizen feedback reports.

The CFMP empowered government officials to take corrective action. In the past, the government found it difficult to take action against underperforming or corrupt officials because the officials in question could allege the action taken was politically motivated. Further, genuine complaints by citizens were often withdrawn because of the time it took to make complaints and provide evidence, or more often, because the errant official and the citizen reached a compromise outside the process, leaving no complainant to provide evidence. With the CFMP, officials did not face the same problem: no one could argue against extensive written and recorded feedback from citizens.

The CFMP also had political benefits. A 2014 phone survey of Punjab citizens who had been contacted through the CFMP found that more than 75% of citizens believed the initiative could help improve timeliness of service and help reduce corruption, and more than 90% believed it could improve the government's image and trust between citizens and the state. Some of the citizens that had received robocalls recorded by the chief minister said they felt "delight" at having been approached directly by the government to provide feedback. Those who could recall the call or the text message were also more likely to say the initiative helped reduce corruption and improve service delivery (Oasis Insights 2016).

As of 2018, the Punjab government was using robocalls to seek feedback on 27 different services in all 36 districts across the province. "We are sending out more than 15,000 robocalls every day to a randomized sample of 40% of people who use one of those 27 services and provide a valid telephone number," said Saif. Several services had benefited from corrective actions taken, such as improved processes or removing problematic officials. The PITB noted that such actions had been particularly effective in improving the dispensation of medicines at hospitals, with 84% of contacted users in January 2018 reporting they received prescribed medicines for free at public hospitals, compared to 46% in October 2015. The government also introduced biometric attendance systems at public hospitals where citizen feedback indicated high rates of doctor absenteeism. Overall, more than 38,000 corrective actions had been taken by 2018, based on more than 2 million unique pieces of feedback received from citizens.[22]

In addition, the CFMP had been replicated domestically in Pakistan's Directorate General of Immigration and Passports, and internationally in Albania. As of 2018, the Albanian government had implemented the CFMP in 5 government organizations, including the tax directorate, where it was using citizen feedback to monitor the performance of tax inspectors. The government had contacted over 180,000 citizens, a sizeable number considering Albania's population of less than 3 million.

The initiative could be implemented on any scale, depending on the cost of SMS messages and/or calls, and how large a segment of the population the government wanted to reach. The passport office sent messages to 100% of applicants, while the Punjab government opted for a 40% sample size. Government officials said that the program was extremely cost effective, considering the service improvements it resulted in. "We got immense value for money from the CFMP," said Shah. "Looking at the impact and scale, the costs were peanuts."

While the scale of the CFMP in Punjab has become very large over the course of a decade, its humble beginnings show that managers who want to fight petty corruption in their departments could easily start the program on a small scale. "When the CFMP started it was just me," said Bhatti. "Any government official could start this program tomorrow; you just need to pick up the phone and call."

Success Drivers

Punjab's experience with the citizen feedback monitoring program reflects all **five** of the key dimensions for successful public sector innovation.

Political leadership was key because the initiative required strong political will to implement it across services and districts in a province of more than 100 million citizens. Shehbaz Sharif, the chief minister of Punjab, championed this initiative because his government's greatest challenge was delivering on electoral promises by improving public services. The citizen feedback monitoring program (CFMP) provided objective feedback on how his government was doing in that regard. The chief secretary regularly discussed CFMP in his monthly meetings with district coordinating officers (DCOs), which signaled to DCOs that CFMP was high on the government's agenda.

Institutional capacity building took place chiefly through the Punjab Information Technology Board (PITB), the government's technology agency. Initially, there was a lot of trial and error as the design was iterated and procurement issues were resolved. Eventually, a reform-minded PITB chairman, Umar Saif, oversaw the spread of the CFMP to all 36 districts across the province.

Getting **incentives** right was instrumental to ensuring success of the program. The feedback went directly from citizens to senior officials who had political incentives to cut corruption. In addition, the cost of reporting for the beneficiary was much lower: only a text message with no need to follow up with visits to the courts. Crucially, the main focus of CFMP was preventative rather than investigative: frontline service providers knew that their superiors were contacting citizens via SMS and phone calls. If service providers offered poor service or extorted bribes, they could face disciplinary action down the line based on citizen feedback reports; this provided an incentive to adjust their behavior ex ante.

Transparency associated with the CFMP empowered government officials to take corrective action. CFMP focused on intra-government transparency. Large volumes of feedback created more credible information, which was shared up and down the government hierarchy. Government departments and districts could access the dashboard to monitor the feedback they were getting. A team of staff within the PITB closely monitored the incoming feedback and issued reports based on the data.

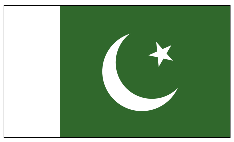
Technology, in particular simple tools, as citizens only needed a basic feature phone, was key to the success of the program. When CFMP started in Jhang with one DCO making calls to citizens, he was not able to obtain sufficient feedback, and so the program had to leverage technology to contact more citizens. Later, the CFMP team had to boil down the vast array of data into user-friendly dashboards so that reports, both electronic and paper, could be generated and understood by senior officials for them to take action.

CASE STUDY 13

Using Smartphones to Improve Public Service Delivery in Punjab, Pakistan

Overview

In Punjab, a 2011 project to improve performance monitoring of public officials that inspected healthcare facilities has led to dozens of reforms across a range of government departments. The project, launched by the World Bank's Pakistan office, used inexpensive smartphones to check that the inspectors were showing up to work and an open-source application to improve the quality and speed of inspections compared to the old paper-based system. Supported by the World Bank's Punjab Public Management Reform Program, the Punjab Information Technology Board (PITB), an innovative government institution, has since launched smartphone and tablet-based interventions to improve data collection across the province and help government officials manage staff and programs more efficiently. Punjab's success shows how governments can use simple applications in many different ways: from tracking disease outbreaks, to monitoring public schools, or as a performance management tool for agricultural extension staff.



PUNJAB, PAKISTAN

POPULATION (2017 est.)[1]
207 million (Pakistan)
110 million (Punjab)

GDP PER CAPITA (current US$)[2]
1,443.60 (Pakistan)

INCOME GROUP[3]
Lower middle income

GOVERNMENT EFFECTIVENESS[4]
28.8%

[1]Census of Pakistan, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Introduction

Like many governments around the world, Punjab, Pakistan's largest province, has long struggled to manage its staff effectively. As of 2011, the province had about 100 million inhabitants, and the provincial government had tens of thousands of employees. Absenteeism was pervasive: doctors sometimes didn't show up to work in public hospitals, and teachers were often missing from classes in public schools.

The Punjab government found it difficult to hold public servants accountable because it did not have a good mechanism to collect administrative data, and the little data it did collect was often unusable or went unused. Inspection reports on health, education, and other sectors were frequently inaccurate, sometimes as a result of corruption, or sometimes because the inspectors too failed to show up for work. Employees often filled out paper forms incorrectly, and sometimes data entry mistakes compromised information digitized from paper forms. Even when field staff submitted data correctly, it often never saw the light of day. When government officials did analyze the information, it could still take weeks or months to publish reports and make decisions.

Those problems were on full display in summer 2011, when an outbreak of dengue fever, a disease transmitted by mosquito bites, swept across the province. Despite sending thousands of public servants into the streets to engage in dengue-prevention activities – such as removing tires, buckets, and other water-bearing containers that could provide a habitat to dengue-carrying mosquitoes – the provincial government failed to stop the rapid spread of the disease. Part of the problem was monitoring. The government couldn't track in a timely manner which areas were hardest hit, where municipal workers were focusing their energies, or even if staff had completed tasks assigned to them.

Response

At the same time the dengue crisis was unfolding, staff at the World Bank's Pakistan office were working on a pilot project in Khanewal, one of Punjab's 36 districts, to see if smartphones could help address the province's management problems. With resources from the World Bank Innovation Fund, health inspectors in Khanewal were issued with smartphones and instructed to use a special application when undertaking inspections of healthcare facilities.

The World Bank team believed that smartphones could improve the quality of data gathering across government, including from inspections. With the smartphones – equipped with cameras, GPS technology, and the simple open source application – inspectors took photos of the healthcare facilities and all staff present. The photos were automatically geo-tagged and time-stamped, and the inspectors uploaded the images to an application created by the World Bank team using Open Data Kit, a free software suite developed by the University of Washington.

Initial results from the experiment were positive. The technology worked, and district officials received faster and more accurate information than they had got from the previous paper-based system.

In October 2011, Shehbaz Sharif, the Chief Minister of Punjab, invited the World Bank team to propose a similar initiative to help with the dengue problem. The team explained how, when equipped with smartphones, municipal workers could take photos of the dengue prevention activities they undertook and upload the location-tagged images to an application that would log all activities on a map of the province. With that information, they explained, the chief minister would be able to manage the government's response to the pandemic in real time.

Responding to a crisis

Though Sharif responded positively to the idea and the World Bank team quickly put together an application to use, it was too little, too late. By the end of the year, over 21,000 people in Punjab had become infected with dengue. Of those, 350 had died (Kugelman and Husain 2018).

The Punjab government was determined to not let the 2012 monsoon season be a repeat of 2011. Sharif hired Dr. Umar Saif, a computer science professor at the Lahore University of Management Sciences, as chairman of the PITB, and tasked him with developing a system to monitor prevention activities and identify dengue "hotspots" across the province.

After the PITB team perfected the dengue monitoring application and distributed smartphones, provincial staff could take photos of prevention activities, record sightings of mosquito larvae, and pinpoint the homes of infected people. Through a dashboard linked to the application, the chief minister and other city managers could track the government's response to the disease in real time on Google Maps, identify at-risk areas, and help predict localized outbreaks. PITB's efforts helped slow the spread of dengue and prevent a similar pandemic happening the following year. In 2012, Lahore, Punjab's capital, had just 255 reported cases of dengue and no deaths (The Economist 2013).

Building on success

After seeing the success of the dengue application, the World Bank and the provincial government wanted to spread smartphone interventions across the public sector. Despite initial concerns that the technology might not work in rural Pakistan, the pilot project in Khanewal had shown that health inspectors were quick to take up smartphone use and that network coverage was sufficiently robust. A randomized control trial that expanded the project to half of Punjab's 36 districts showed a large increase in attendance at facilities monitored by smartphone-equipped inspectors (Callen et al 2014).

A US$50 million World Bank project, the Punjab Public Management Reform Program, with support also from the United Kingdom's Department for International Development (DfID), provided resources to expand smartphone initiatives in Punjab. The five-year project, launched in November 2013, targeted five key departments for service delivery: Livestock and Dairy Development, Irrigation, Agriculture, School Education, and Health. PITB, supported by the project, would work with those departments to roll out smartphone-based management systems.

Increasing the government's capacity to deliver IT solutions was crucial to spreading the idea to new areas of government. At the beginning of 2012, PITB, which Sharif had created in 1999 during a prior term as chief minister, was a small IT department of about 70 people. PITB began hiring software developers and other technical staff, and was quickly transformed into a large team of over 1,000. Crucially, it attracted highly capable computer scientists and managers.

With the extra resources and capacity, PITB was able to create its own smartphone applications. Although the free tools available from Open Data Kit were ideal for the pilot intervention, the government wanted additional features – icons instead of text for low-literacy users, for example – that could make the applications even more useful for public officials. PITB used DfID funding to partner with Information Technology University (ITU), a Punjab university founded by Saif in 2013, to develop "Data Plug." This was a specialized platform that civil servants could use to rapidly test and iterate advanced data-gathering applications.

Improving performance – and outcomes

One initiative the World Bank-financed program targeted was Punjab's child immunization program, which was supposed to vaccinate all children against preventable diseases such as measles, whooping cough, and polio, but for years had been plagued by poor monitoring and management. Vaccines were readily available, but the government struggled to distribute them effectively.

The 3,750 vaccinators tasked with immunization of newborn babies and children were supposed to complete paper forms documenting their work and submit those forms to supervisors who would enter the information into a database for the health department to analyze. However, the whole process – from delivering vaccinations to recording data to managing the vaccination team – rarely functioned smoothly. Without accurate and timely data, the Punjab government did not know how many children had been vaccinated, which geographical areas had been covered, or even if their staff had delivered the vaccines they said they had.

PITB and the health department launched a smartphone application for vaccinators in four districts in June 2014, and rapidly rolled it out province-wide by October. After the vaccinators received their smartphones (which each cost 12,000 Pakistani

Rupees, or about US$120), the health department instructed them to use the new application to check-in when they arrived at "kit-stations," locations where the program stored vaccination equipment across the province. Vaccinators were also directed to record the phone number of each child's parents, and an automated system contacted 10% of parents to verify that the child had indeed received the vaccination. The health department monitored a dashboard that showed performance rankings of vaccination teams, and officials followed up with lagging districts. Using the data, district managers could identify and reprimand poor performance. Vaccinators quickly realized that their absenteeism would no longer go unnoticed, and attendance reported in the new digital system increased from 36% to over 80% in just four months.[23]

Some vaccinators were unhappy with the new arrangement, claiming that the cellphones were too cumbersome to use, and several phones were mysteriously broken in the first few months. However, they quickly learned that supervisors were using the system to monitor their performance and hold them accountable. "We had a systematic framework in place so that the data was used by line managers," said Saif. "It became the staple diet for the government to evaluate the performance of these vaccinators."

When looking at the data from the first few months of the new system, the project managers found that while absenteeism had dropped off sharply, the geographic coverage of the vaccination program had barely changed. "The attendance was going up – the vaccinators were showing up for work and submitting reports through their smartphones. But the geographic coverage remained low at only about 50%," said Saif. "They would go to places convenient to them, do the vaccinations and send us the pictures, but the far-off places were ignored. Another part of the problem was that Pakistan had not done a census in a long time, and there were communities that had popped up here and there but were not on the government's maps."

PITB partnered with faculty at ITU to find a way to ensure all population centers in Punjab received equal attention from the vaccination team. Using satellite images from Google Maps, the university team used machine learning to identify clusters of households. "We looked at the Google satellite imagery, saw where the household clusters were, and then we layered in virtual polygons representing each neighborhood," said Saif. "Then we correlated the check-ins of the vaccinators with the polygons. If any of the polygons didn't get enough visits from the vaccinators, we knew that some kids had missed out on vaccinations in that area."

An alert system was set up within the dashboard so the polygons stayed green when the area was receiving enough visits, but flashed red when not enough visits had been recorded within a certain time period. "The goal for the government became simple: keep all the polygons green," said Saif.

Expanding and improving

By 2017, many more smartphone and tablet-based interventions had been rolled out in Punjab and other Pakistani provinces, all stemming from the original 2011 health inspector project in Khanewal.

Health inspectors monitoring more than 3,000 facilities across the province used an updated application to check staff attendance, availability of medicine, and the condition of equipment, and another application to record the cleanliness and maintenance of hospital facilities. Inspectors took photos as evidence of their activities, and the photos were linked to a dashboard through which the health department could track hospitals' performance. The same dashboard was also used to monitor the inspectors' performance: the geo-tagged photographs provided evidence of how much work the inspectors were doing each day.

In the education sector, school inspectors armed with tablets collected data on teacher presence, student attendance, and availability of safe drinking water, electricity, and toilets. In 2015, PITB and the education department expanded the use of tablets further by launching a student assessment application. During their monthly visits to each school, inspectors could use the application to spot-test students on English, Mathematics, and Urdu. The tests provided an indication of learning outcomes without the cost and complexity of organizing large-scale student assessments.

In the agricultural department, PITB launched an application called AgriSmart to monitor 2,700 agriculture extension workers and help expand farmer assistance across the province. Similar to the vaccination program, absenteeism dropped and geographic coverage increased after the application launched and extension staff learned they were being monitored. In November 2017, the agriculture department began pilot testing a financial incentive system for extension staff, using performance data gathered through the AgriSmart application.

As word spread about Punjab's success with smartphone and tablet interventions, other provinces in Pakistan began their own initiatives. In Sindh province, a bloated education department packed with ghost teachers and plagued by absenteeism had strained public resources for years. In 2016, the province, supported by a World Bank team, began using smartphones equipped with fingerprint readers to improve the accuracy and timeliness of reporting on school inspections. Proponents hoped that the improved inspections could help the education department remove ghost teachers from the payroll and decrease absenteeism.

Despite the best efforts of reform leaders in the Punjab government, occasionally they ran into entrenched groups that stifled implementation of reforms. In an effort to root out water theft in rural areas, PITB encountered tough opposition. "Pakistan has one of the largest irrigation systems in the world, and there is a lot of theft in the system from large landholders, and smaller landholders don't get water for their crops," said Saif. "There are irrigation inspectors who are supposed to make sure that the water doesn't get stolen… but they are protected by the rural elite, and we have not been able to make them use the smartphones."

Reflections

The smartphone revolution in Punjab showed how a government could easily improve data collection and service delivery by using cheap and easy-to-use smartphone applications. Information collected through the applications was more accurate than that collected through paper-based systems, and, in addition, could be matched with photos, videos, and location data. The additional data provided real evidence that officials had completed the tasks assigned, and not just filled in paper forms from home. Location data clearly showed geographic coverage and ensured difficult-to-reach areas did not miss out on public services. The information helped the government plan what services would be needed when, for example by using the dengue tracking application to predict localized outbreaks.

The improved performance of public employees resulted in better outcomes for citizens, particularly in the highly successful vaccine program intervention. When the vaccine application was first launched in October 2014, vaccinators reached just 25% of the polygons the PITB used to measure geographic coverage across the province. In May 2016, that figure had increased to 88%.[24] As a result of the increased attendance and coverage, the percentage of fully immunized children under 20 months rose from 62% in 2014 to 81% in 2016, and 95% of children were fully vaccinated against polio (Government of Punjab 2016). The increased vaccination coverage helped reduce the risk of contracting polio. After having 7 polio cases in 2013 and 5 in 2014, Punjab had only 2 cases in 2015 and 0 in 2016.[25]

In most cases, PITB did not encounter resistance to its initiatives. This was partly due to strong support from the chief minister, and partly due to the approach PITB took when working with government departments. "A large part of our success has been managing relationships with other departments in a way where our work is seen as a positive contribution," Saif said. "The departments themselves have ownership. We are not seen as outsiders, there is co-creation and joint ownership."

Financial and political support from the chief minister was also crucial to PITB's success. "PITB is [chief minister Sharif's] baby," said Saif. "He created it in 1999, a time when few people had appreciation for IT-driven reforms in government. He is a big believer in IT and he made sure that I was included in all important meetings of the government."

Initial worries about a backlash over increased monitoring proved unfounded. "I was initially very worried that there would be resistance," said Zubair Bhatti, who led the World Bank team. "If all the inspectors decided to throw their phones into a canal there was not much we could do about it." However, Bhatti said field staff usually reacted positively; they appreciated that supervisors could see the work they were doing and hold accountable colleagues who were slacking. PITB also tried to encourage buy-in by providing additional benefits. "When we gave out the smartphones we always included some minutes for them to call friends and family," said Saif. "That way they would see some value in looking after the phone."

The instant transmission of verifiable data through the smartphone application reduced opportunities for corruption and created a less stressful environment for inspectors. In the time between an inspection and writing a report, field staff could be pressured to inflate staff attendance, overlook infringements, or write overly positive evaluations. But after the rollout of smartphone applications, inspectors uploaded photographic evidence of the inspection in real time, reducing the opportunity for others to influence the inspection report.

The digital data generated from the initiatives also helped the government promote transparency. The provincial government created an open government website, http://open.punjab.gov.pk, which made information available to the public. As of 2017, the site featured education data on teacher attendance, student attendance, and school inspections. It also featured data from the vaccination program, including the photos and location of vaccinated children as recorded by the vaccinators through the smartphone application.

Several key features of smartphones suggested that the interventions introduced in Punjab could be widely replicable. Smartphones do not require uninterrupted power supply, which is a huge benefit in remote areas that may experience regular power outages, and data gathering does not need an active internet connection. Training costs are low, especially since smartphones are easy to use and quickly becoming widespread. Several high-quality free open source software suites exist, which enable fast iterative design changes to smartphone applications. As prices decrease and network coverage increases, the potential to replicate PITB's interventions – mainstreaming the use of smartphones for day-to-day data gathering and performance monitoring – to the rest of the developing world increases even more.

Saif said there were three key things to the success of a smartphone intervention. First, "you have to get the technology absolutely right," he said. "If it works 100% of the time, everyone will use it. But if it only works 99% of the time, then no one will use it." Second, the intervention had to provide benefits to decision-makers in government who could then champion the reform. "If you don't have an owner in a decision-making position who benefits from the application, the chances are that the technology will not get used or institutionalized within the government," Saif said. Third, the IT team had to build positive relationships and work together with staff in the reform area to "co-create" solutions. "When all three of those things worked, our interventions succeeded," said Saif. "In cases where one of those things was missing, we struggled."

Success Drivers

Punjab's experience of using smartphones to improve delivery of public services reflects all **five** of the five key dimensions for successful public sector innovation.

Political leadership from Chief Minister Shehbaz Sharif was essential to get this reform off the ground. Crucially, Sharif was able to find a strong leader in Dr. Umar Saif, Chairman of the Punjab Information Technology Board (PITB), who went on to become the driving force behind digital reforms across the Punjab government. Sharif included Saif in important meetings, and through those interactions the PITB was able to build partnerships with other government organizations and strengthen its credibility.

Increasing **institutional capacity** to deliver IT solutions was critical. After Sharif hired Saif to run the PITB, the new chairman quickly recruited top software developers and computer scientists to the organization. The PITB also formed a partnership with a local university to further increase its capacity to develop innovative digital solutions for government departments.

Creating **incentives** for civil servants to show up to work and perform well at their jobs was a key goal of many of the PITB's reforms. By increasing monitoring of vaccinators, for example, first by monitoring attendance and then by scrutinizing geographic coverage, the Punjab government was able to quickly improve the percentage of children receiving vaccinations across the province. Smartphones proved to be a useful tool for collecting performance data, and the agriculture department began to experiment with financial incentives for extension staff using data collected through its PITB-designed smartphone application. The government also encouraged buy-in from civil servants by offering phone credit for personal use to workers issued with smartphones.

Smartphones increased **transparency** in school inspections. They reduced opportunities for corruption by allowing inspectors to upload data in real time and minimized pressure to overlook infractions or write overly positive reports. Through dashboards, the chief minister and government departments could access real-time data on what employees were doing and track progress on government programs. The government also published large portions of data from its smartphone interventions on its open government website, where citizens could access information and monitor the government's performance.

Technology advancements, particularly innovations that increased the usability and decreased the cost of smartphones, were leveraged by the government to deliver better services to its citizens. The PITB also assisted government departments in switching from paper-based processes to digital systems, which helped minimize data entry mistakes and made it possible to analyze data on a much larger scale. Crucially, most interventions used open source software and freely available data (for example, satellite images from Google Maps), which made the PITB's programs low-cost and highly scalable.

E Innovations in Delivering Justice Services

The administration of justice provides a window into how public sector innovations are impacting a unique sector.

What is at stake?

The justice sector plays a pivotal role in society and the economy. Justice institutions, including courts, police, prosecutors, and public defenders, use the authority of the state to enforce laws and other rules of behavior. Enforcement of rights and contracts is critical for attracting private investment, encouraging firms to grow and take on credit, and stimulating broad-based economic growth. The delivery of justice, as a core public service, helps define and protect rights – individual, collective, and commercial – and enforce corresponding obligations.

The importance of the justice system in influencing economic behavior and facilitating poverty reduction is widely recognized (World Bank 2012b). The quality, efficiency, and independence of justice institutions have a direct impact on the economic performance of a country and contribute to creating an enabling environment for the growth and development of the private sector. A well-functioning justice sector will promote the rule of law; protect civil and property rights; provide a fair and equitable mechanism for contract enforcement; provide a system of redress for rights' infringements; and improve security and dissuade violence.

Doing business in a weak institutional setting for justice comes at a cost, as potential investors and contractual partners are deterred by dysfunctional justice systems. Unresolved commercial claims can clog the courts and immobilize valuable resources. Micro, small, and medium enterprises (MSMEs) also suffer disproportionately from poorly performing justice systems. Their relative power imbalance makes them less able to resolve disputes equitably and uphold their rights, either in or out of court. MSMEs are less likely to have in-house legal expertise or be able to afford legal costs, and they have less capacity to absorb the impacts on their operations. They are more likely to operate informally without legal protection and are more vulnerable to vexatious litigation or abuse practices by larger players. With less buffer, MSMEs are more in need of protection by an effective court system. Also, given the power imbalances embedded in weak justice systems, women-led businesses tend to suffer more than those headed by men.

Poor and vulnerable populations suffer disproportionately from weak justice systems. These groups are less likely to have access to information about their rights, and are least likely to be able to afford to pursue redress. Many also suffer from structural discrimination that limits equality and inclusion. For marginalized citizens, a poorly performing justice system thus constitutes a barrier to access to justice and economic mobility. Property rights provide a means to generate income; their proper protection is especially important for vulnerable groups, such as women, who often are affected by loss of property through divorce, death or disinheritance (De Soto 2002).

How are emerging economies addressing the challenge?

Initial efforts at justice reform focused mainly on institutional strengthening of the courts and judiciary. Priorities included increasing budgetary allocations to the judiciary as well as improving court infrastructure. Several reform initiatives included civil works for building new courts or for the refurbishment of the dilapidated ones. Infrastructure investments were considered a prerequisite for the efficient and transparent functioning of courts and the accessible delivery of justice services. These infrastructure investments, including from modern information and communications technologies to court processes and case management systems, were paired with institutional development activities, such as legal and regulatory reforms, and training for judges and court personnel. Results were mixed; while some progress was made, improving the regulatory framework and the physical infrastructure of courts yielded only modest improvements to the provision of justice services. Although they may have become faster and more transparent, these reforms were not designed to target some of the core justice problems, such as political interference in the judiciary.

Subsequent efforts adopted a more holistic approach to improving access to justice, as they sought performance improvements and change management support for the implementation of reforms. Building on lessons learned, justice sector reforms incorporated broader public sector management concepts and tools to design performance incentives, measure results, and support change management. Focusing on citizens and businesses as users of justice services, there was a recognition that courts do not operate in isolation and that reform efforts should include broader stakeholders such as ministries of justice, prosecutors, judicial academies, ombudsmen, the police, bar associations, civil society, and others. Tackling challenges posed by "traditional" access barriers (costs, location, legal literacy) was as important as improving the time it takes for the cases to be processed, streamlining small claims, re-engineering archaic and burdensome processes, and reducing backlogs. Identifying incentives to enhance performance, measuring results, and feeding back lessons learned have been pivotal to improving justice services. Likewise, change management considerations were embedded in efforts to build consensus for reforms among various stakeholders, and they substantially changed the way in which the courts and the justice system operate as a whole.

Although implementing reforms to improve the efficiency, quality, and accessibility of justice services can be challenging, there is evidence of success. The challenges stem from the fact that this is a particularly complex and sensitive sub-sector. However, there is increasing evidence of success in improving the efficiency and quality of the services provided and in enhancing access to courts and legal and judicial services (Chemin et al 2017). Nevertheless, such success is dependent on the combination and sequencing of reforms, which needs to be based on country-specific factors and will therefore vary greatly among countries.

Countries have experimented with many types of reforms to improve the efficiency and quality of justice services. Improving the efficiency of courts has been tackled by amending procedural codes (India), addressing delaying tactics (Senegal), or improving case management flows (Pakistan, Italy). Likewise, efforts to improve the quality of judicial decision-making can include the utilization of ICT tools to randomly assign cases and avoid "judge-shopping" practices and racial bias (Argentina, US); granting judges and court personnel online access to jurisprudence and specialized scholarly articles (Colombia); or empowering judges to decide their work schedule (Israel).[26] Focusing on performance incentives, the Serbia case featured in this report exemplifies this type of effort.

Although addressing access barriers to justice services can take many shapes, the successful reforms involve a targeted solution within the country context. Access is a matter not just for poor and vulnerable groups, but also for specialized issues that are not adequately dealt with by the existing justice structures. In some countries, specialized jurisdictions have been created to address a particular access gap. This includes India's Debt Recovery Tribunals, Peru's Commercial Courts, as well as the Azerbaijan case featured in this report: the introduction of procedures to enhance access to justice services responding to an economic crisis. All these examples of successful and sustainable reforms have elements in common: they demonstrate a good understanding of the country context in which they are applied and place strong emphasis on mapping out relevant stakeholders and incentives for change. They all also focus on an identifiable and persistent problem in the system and put in place a targeted solution. These are not broad reform efforts but focused and defined; they are examples of the problem-driven reform approach, often with adaptive elements that are experimented with and further improved.

Although addressing access barriers to justice services can take many shapes, the successful reforms involve a targeted solution within the country context.

Why are these ideas worth learning from?

The cases presented in this section offer a selection from the wealth of experience amassed through justice sector reform over the last decade. They portray the evolution and sophistication of reform interventions.

The Serbia case shows the importance of identifying broader country incentives and aligning them with a tailor-made justice intervention to solve a persistent problem. While being responsive to citizens' demands for faster justice, it centered on offering judges some positive competition and recognition for improving the efficiency of their work with increased management authority. Allowing presiding judges to organize their courts, assign workloads and implement mechanisms to reduce case backlogs validated their knowledge and capacities and placed them in the forefront of the reform. Transparency, public communication, and outreach were also important complements that helped ensure buy-in, generate peer-pressure, and improve public perception, as well as recognition of those courts that improved their performance. These performance incentives were key to the success of the reform. Furthermore, this initiative benefited from the coordination and cooperation among the institutions representing the justice sector and the donor community. Consolidating donors' funds in a multi-donor trust fund and aligning reform efforts contributed to obtaining results in a cost-effective manner as well as leveraging reforms. These efforts took place in the context of the overall EU accession effort for Serbia, which created a larger momentum and drive.

The Azeri case shows the importance of learning from international experience to design reforms that respond to both the demand and supply sides of justice services, while tailoring the intervention to the local context. In this case, the 'demand side' refers to users of the justice system, such as utility and phone service providers that needed to seek redress for nonpayment in the courts. The 'supply side' refers to first-instance judges and court personnel who needed to fast-track small claims to respond to a specific economic situation in Azerbaijan. An initial success of the proposed reform was building consensus and obtaining the political buy-in of the government decision-makers to effectively pursue and enact such reforms. The pilot has benefited from the adoption of a holistic approach, clear communication of the benefits of the proposed reform, the engagement of stakeholders so that they were willing to change the way they worked, and the provision of ICT tools to the courts to streamline and automate procedures. Peer-learning from the Slovenian experience further enhanced the Azeri reform efforts.

Although the results of the Azeri and Serbian reforms are still fresh, there are some common elements in both efforts that suggest they are on the right path. First, there was a concerted attempt to create consensus among stakeholders and generate a common vision for the proposed changes in the way justice services were provided. Countries that are keen to adopt reforms to address issues of efficiency, quality, and access need to generate consensus and engage the various actors and stakeholders to build momentum for the reform. The Azeri reformers did exactly this: the problem was well understood and the response well crafted. It addressed a clear demand from businesses in a context of economic downturn, while also creating the necessary procedures for judges to efficiently direct the reform. Second, great care was taken to identify the right incentives, support managerial authority, and develop the capacity of the justice sector actors in charge of implementing the reforms. In this sense, the Serbia case is interesting because the incentives served as a catalyst for managerial empowerment and change internally. It also offered an opportunity for the justice system to signal positive change to external audiences, and to reinvent itself in the eyes of citizens and businesses. In showing that small incentives can go a long way, this case offers a promising example of what can be achieved to improve justice system performance on a broader scale.

CASE STUDY 14

Automating Processing of Uncontested Civil Cases to Reduce Court Backlogs in Azerbaijan

Overview

In 2016, courts in Azerbaijan were becoming clogged with relatively simple civil cases, such as claims against citizens that had failed to pay their phone bills. Judges had to spend inordinate amounts of time on these cases, and backlogs continued to build. The judiciary turned to Slovenia, which had faced a similar problem a few years earlier, for help. In June 2017, Azerbaijan's busiest court began piloting an automated system for dealing with the cases, partnering with several banks and a mobile phone operator. Citizens still had the right to contest cases, but fast-tracking uncontested cases through the automated system freed up judges' time to focus on litigating more complex and demanding cases.

AZERBAIJAN

POPULATION (July 2017 est.)[1]
9.961 million

GDP PER CAPITA (current US$)[2]
3,878.70

INCOME GROUP[3]
Upper middle income

GOVERNMENT EFFECTIVENESS[4]
49.0%

[1]CIA World Factbook, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

Introduction

Between 2012 and 2015, economic troubles in Azerbaijan saw many citizens failing to pay their bills. Creditors, such as utility companies, would often file dozens of cases against defaulting customers at a time, and judges then had to spend time manually processing these small and simple suits instead of working on litigate cases. The number of incoming "order proceeding cases" (uncontested civil cases such as claims filed by phone or utility companies against defaulting customers) increased rapidly from 20,964 in 2010 to 165,343 in 2015, making up about half of the total of all incoming cases.

The cases clogged Azerbaijan's courts, causing delays across the whole judicial system. According to Khayyam Bayramov, IT project manager at the Ministry of Justice, it took three days or longer to process each order proceeding case, even though they were uncontested. Filing each case was also a time-consuming process for businesses; bulk filing of the cases was not possible given Azerbaijan's legislative framework at the time.

As the cases kept flooding in, judges' workloads increased dramatically. "From 2010 to 2016 the workloads of the judges increased by 12 times due to these types of cases," Bayramov said. Judges struggled to cope with the unmanageable increase in their workload and began demanding that the judiciary take action to deal with the crisis.

Response

To address the situation, the judiciary had to cope with internal pressures from overworked judges, as well as external pressure from the companies filing the cases, while respecting citizens' rights to fair and transparent hearings. The judiciary wanted to increase the speed and efficiency of dealing with order proceeding cases by enabling bulk electronic submission of claims by large commercial filers such as mobile phone operators, banks, and retailers; automating the processing and submission of cases to judges; generating electronically signed judicial orders the same day the petitions were filed; and enabling parties and citizens to track the process and interact with the court online.

While the crisis affected courts nationwide, the situation was particularly difficult in the country's busiest court in Baku, Azerbaijan's capital city. The judiciary chose that court, Baku Yasamal District Court, to pilot the reforms. Fortunately, the judiciary already had a strong Integrated Case Management System that served as a base for the new process.

Learning from peers

The judiciary in Azerbaijan turned to Slovenia, which had had success solving similar problems a few years earlier. "We did not want to waste any time, and because [the Slovenians] had already solved similar problems, we just customized their solution to our needs," said Ramin Gurbanov, a judge on the Baku Yasamal District court who led the reform, which was dubbed the "Silk Way" project.

The World Bank, which is financing the Judicial Services and Smart Infrastructure Project in Azerbaijan, a project that aims to strengthen and modernize Azerbaijan's judiciary, helped foster collaboration between the Slovenian and Azerbaijan judiciaries by bringing Rado Brezovar, senior advisor to the chief justice of Slovenia, to Azerbaijan. Brezovar was familiar with the situation in Azerbaijan owing to his work with the European Commission for the Efficiency of Justice, part of the Council of Europe, an international organization promoting human rights and the rule of law. Gurbanov is Vice President of that commission.

Amitabha Mukherjee, who led the World Bank project, said Slovenia was the logical country to learn from. "Both Azerbaijan and Slovenia were members of the Council of Europe, and they both had civil law systems," he said. "Slovenia had long been recognized as one of the leaders in judicial automation, innovation, and efficiency in Europe."

Slovenia had faced a similar crisis to Azerbaijan in 2007, and over several years had developed and adapted its system to solve the problems. "In Slovenia, we had started a similar initiative in 2007 to concentrate and centralize the process for these cases," said Brezovar. "Now, instead of 44 courts across Slovenia processing these cases, all of the cases are concentrated in a dedicated department in one court... 99% of the cases are electronically filed, mostly in bulk."[27]

Gurbanov and his colleagues discussed with Brezovar the steps Azerbaijan could take to implement a solution. "We discussed the concept of how to concentrate the process… and also how to engage court staffers to take part in the process," said Brezovar. "We discussed how to change legislation to implement such a concept, how to make changes in the case management system in order to enable electronic filing, either in bulk or individually, and how to reorganize the process to make it more efficient."

Piloting the approach

To pilot the new system, the judiciary had to introduce a new system to electronically process the cases, and then convince the companies filing the claims to adopt the new system. Judges also had to work with the government to pass legislation allowing the pilot reform to proceed.

Gurbanov, Brezovar, and others held discussions with banks, utilities, mobile phone providers, and other companies to explain the new approach and encourage them to consider participating in the pilot project. The reformers targeted companies that were filing hundreds or thousands of cases each year, making them major contributors to the backlog of cases in the courts. "Some of the companies were very receptive, while others had higher priorities at the time," said Brezovar. While the new process could present cost savings for the companies, for example, by not having to engage lawyers in the filing process, some of the companies were working on other projects at the time and did not have the manpower to adapt their systems to the proposed new processing.

After lengthy discussions, five companies signed on for the pilot project, including four banks: Rabita Bank, Kapital Bank, Unibank, and Bank of Baku, as well as AzerCell, a mobile communications company. The pilot provided significant benefits for the companies involved, including time and cost savings on submitting the cases, and allowing them to track the status of cases electronically.

The Baku Yasamal district court adapted its systems to accept cases in bulk and automatically process them. The system was designed to validate data submitted by the companies, electronically notify the creditor of the case being processed, and automatically mail an electronically signed order to the debtor. Crucially, defendants' rights remained protected: if the defendant objected to a summary order in favor of a commercial creditor, the debtor could file an electronic objection. In such cases, the system automatically designated the case a 'contested case' and listed it for a hearing as with any other civil case.

With the five pilot companies in place, and the Yasamal court set up to fast track incoming cases, the Silk Way project went live in June 2017. The project introduced standardized forms for cases, and the digitized process significantly reduced the time it took to process cases while also eliminating the possibility of human error. According to Bayramov, uncontested cases were processed in one day or less by the automated system. The time savings allowed judges to focus on cases that were more demanding of their skills.

Reflections

By the end of May 2018, more than 16,000 cases had been processed using the new system. In late 2017 two new companies, Pasha Bank and Azer-Turk Bank, joined the original pilot participants, and in early 2018 the International Bank of Azerbaijan signed on, meaning eight companies were participating in the Silk Way project by mid-2018. The fast-track system benefited the seven banks and Azercell, the mobile phone operator, because the companies could save time by filing cases electronically in bulk. The system's automatic processing of uncontested cases helped relieve judges' workloads. "With those cases taken care of, judges can now focus on litigating more complex and demanding cases," said Gurbanov.

Brezovar said that, while judges in Slovenia had initially been hesitant to embrace a new way of doing things, judges in Azerbaijan had been extremely cooperative because they could see the benefits the new system would bring. "Judges really supported this, because they realized it would relieve their workload," he said. "They then have much more time to focus on adjudication instead of simple cases."

The pilot project indicated that in the future, Azerbaijan could scale up the system to relieve judges across the country of working on minor uncontested civil cases, potentially reducing backlogs and delays and improving the efficiency of the judiciary as a whole. "The final goal of this reform is to implement the system countrywide by centralizing the jurisdiction for these types of cases," said Gurbanov. "But to ensure the operation of a centralized approach it is necessary to [first] roll out the e-court system in all courts of Azerbaijan." After the country's courts have eliminated paper and switched to electronic systems, and necessary legislative changes have been made, the country could eventually expand the pilot nationwide, increasing the speed and efficiency of judicial processes for judges, companies, and citizens alike.

Success Drivers

Azerbaijan's "Silk Way" initiative to fast-track uncontested civil court cases reflects **three** of the five key dimensions for successful public sector innovation.

Political leadership from the judiciary ensured that the reform had the necessary support for its successful implementation. Facing pressure from overworked judges and businesses that wanted to streamline processes, leaders from the judiciary set up the pilot initiative, negotiated political support to get the legal backing to launch the pilot, and maintained commitment through its execution. Because of the time savings the initiative created, judges in Azerbaijan enthusiastically supported the process.

The judiciary in Azerbaijan built **institutional capacity** by learning from the Slovenian judiciary. This peer-to-peer learning, facilitated by the World Bank, helped the judiciary to quickly build the new automated system and train officials to use it.

Technology formed the basis for the new system, using automatic processing of uncontested cases. Since this was shown to be viable in the Baku Yasamal district court, courts across the country are working to replace paper procedures with electronic ones so that the pilot project can expand nationwide.

CASE STUDY 15

Incentivizing Courts to Reduce Backlogs: Serbia's Court Rewards Program

Overview

Confronted with large delays and backlogs across the judicial system, Serbia's Supreme Court of Cassation, the country's highest instance court, decided to introduce a rewards system to encourage individual courts across the country to improve their performance. The program, which began in 2016, gave prizes to the courts that made the largest improvements in backlog reduction and cases resolved per judge. As of 2018, it was too early to deem the program a success, but anecdotal evidence suggested the program was beginning to have a positive impact on Serbian courts.

Introduction

In Serbia, citizens have long been frustrated by inefficiency, corruption, political influence, lack of transparency, and unending delays in the judicial system. A multi-stakeholder survey conducted in 2014 found that only one in four citizens had trust in the justice system (World Bank 2014d). Delays were the biggest source of frustration. "Courts did not pay a lot of attention to timeliness of their decisions," said Srdjan Svircev, World Bank Public Sector Specialist. "Simple cases ended up staying there for quite a long time. There were many cases in the court system that had been there for three or four years, some even up to 40 years!"

The large backlog of cases was not a new problem, and many countries in Eastern Europe faced similar issues. Even still, Serbia had a particularly large backlog compared to its neighbors, with millions of backlogged cases clogging its courts. Further, there was wide variation between the performance of courts in Serbia. Some functioned well and made good progress on reducing backlogs, while others lagged behind. The World Bank's 2014 Judicial Functional Review in Serbia found that the two biggest performance challenges facing Serbian courts were:

- Low efficiency, as evidenced by long delays and backlogs
- Unpredictability of decision-making, driven by excessive variation in performance (Decker et al 2014)

SERBIA

POPULATION (July 2017 est.)[1]
7.111 million

GDP PER CAPITA (current US$)[2]
5,426.20

INCOME GROUP[3]
Upper middle income

GOVERNMENT EFFECTIVENESS[4]
55.8%

[1]CIA World Factbook, [2]World Bank (2016), [3]World Bank (2016), [4]World Bank (2016)

The variance in performance across the courts was perplexing. "There were big differences, but it was difficult to find causality," said Svircev. "The immediate response was that the courts wanted more money and more people to fix the problem of inefficiency…but we knew that resources were not the problem. There were courts with lots of resources that performed poorly, and courts with resource shortages that performed well."

Serbia's Supreme Court of Cassation (SCC), the country's highest instance court, had tried to improve the situation by providing performance incentives for individual judges. But the system had failed to result in better performance. "People thought the awards were based more on relationships than on merit," said Svircev.

The World Bank was engaged with the justice sector through the Multi Donor Trust Fund for Justice Sector Support in Serbia (MDTF-JSS), a mechanism funded by a number of donors that were committed to strengthening Serbia's justice sector reforms in support of the country's plans to become part of the European Union. Among other efforts, the MDTF-JSS wanted to find a way to get underperforming judges up to standard. "If the worst performers could reach the average – not be stars but merely perform at the average – delays and backlogs would be greatly reduced and performance would largely align with EU benchmarks," said Georgia Harley, Senior Governance Specialist at the World Bank.

Globally, the justice sector had been slow to adopt performance incentives that many governments had embraced as an important tool to encourage good performance. "There was this idea that the incentive mechanism in the court system should be the satisfaction in providing justice," said Svircev. "But the truth of the matter is that judges are people like anybody else, and they appreciate rewards and recognition just the same."

In early 2015, the World Bank encouraged the SCC to consider incentives and competition among the courts – the main units for delivering justice – as a way to boost court performance. The World Bank envisioned a program that would reward courts based on how much they improved each year, putting all courts on a level playing field and encouraging teamwork among judges.

Response

In early 2015, the World Bank team shared insights from the World Development Report 2015: Mind, Society and Behavior, about the power of recognition and incentives in driving performance among public sector employees. The team shared examples of World Bank programs and empirical studies that demonstrated how a well-designed rewards program could make a difference. According to Harley, "the SCC was receptive to the idea, and the dialogue deepened about ways we could work together to incentivize judges and staff in Serbia."

Members of the SCC endorsed the idea in late 2015. To roll out the program, the court had to decide on what the rewards would be and an objective system to choose the winners. Next, the court had to promote the idea around the country to get courts interested. Finally, it had to share the experiences of the successful courts to encourage nationwide progress on backlog reduction.

Designing the program

It was critical to find a simple and objective way to measure court performance so that no one would question the results. "We wanted something easily understandable; something based on numbers; something that could be easily verified by anyone," said Svircev. The team decided on two categories for rewards:

- The largest year-on-year improvement in backlog reduction per judge
- The largest year-on-year improvement in the number of resolved cases per judge

Measuring performance on a per judge basis allowed the program to control for variation in court size, so smaller courts with fewer judges would have an equal chance of success. Awards would be decided based on data from case management systems and verified by the SCC and the World Bank. To make the process fully transparent, the scores and results were available online.

The MDTF-JSS provided funds for the prizes. In each category, the first prize was €5,000 (about US$5,600 at the time), the second prize was €3,000, and the third prize was €2,000. "Through analysis, we decided on prize money that was sufficiently attractive to motivate behavioral change, but not so lucrative as to generate perverse incentives," said Harley. Winning courts could choose to spend their rewards on either:

- ICT hardware (computers, monitors, printers, scanners, servers etc.)
- Office equipment (desks, chairs, shelves, clocks, legal texts etc.), or
- Court beautification (paint, plants, signage, repairs etc.)

Implementing the program

At the beginning of 2016, the SCC began communicating the new rewards program to courts, explaining the criteria that courts would be judged on, how they would be measured, and the prize money available. Courts around the country quickly got to work trying to improve their performance and reduce backlogs.

It was up to the president of each individual court to come up with a work plan for the year. In those work plans, the president would assign judges a certain number of cases to take on. If one judge moved quickly while another lagged behind, the president could reshuffle caseloads throughout the year. Judges sometimes expressed frustration about being shifted to different cases, and it was up to the court president to manage any complaints internally, and assign judges in the most efficient way possible. In some cases, court presidents brought in law students from local universities to assist in case preparation, which often helped speed up court processes and ensure judges put their time to best use.

Rewarding top performers

Through its case management system, the SCC could track every court's progress on reducing backlogs throughout the year. It also published that data regularly so judges could see how they were doing compared to their peers. At the end of the year, the SCC and World Bank compiled the results, and invited the most improved courts to receive their prizes.

The SCC organized a gala dinner to present the awards, and the World Bank's local communications team helped to ensure widespread Serbian press coverage of the ceremony. "We made a big splash!" said Vesna Kostic, senior communications officer at the World Bank. "The idea was to ensure the awards conveyed a degree of prestige on the winners, and openly recognized the hard work of those who were committed to performance improvement." The high profile of the awards ceremony also helped to encourage positive competition between courts and give judges something to aspire to the following year.

The prize-winning process helped foster teamwork and continual improvement. Courts were required to decide as a team how to spend their reward, and to explain how their choice of prize would further improve their court's performance. "Some of the courts invested the prize money in periodicals they needed for their court library, others created a digital information center in their court, and others used it to buy new ergonomic chairs for their staff," said Svircev.

Reflections

As of 2018, it is too early to declare the initiative a success, as it has only been in operation for two years. Still, over that period first-instance court backlogs in Serbia reduced by more than 20%, indicating the program may be having a positive impact. "On average, courts are performing better than they used to be," said Svircev. "We have seen the ones at the bottom beginning to tick up, though there is still lots of room for improvement."

The program encouraged competition between courts, and awards bestowed a degree of prestige on those that performed well. Receiving an award at the ceremony and being mentioned in the media was a motivating factor for judges to improve performance. "One of the winners said he had been in the system for 40 years, and this was the first time he received any recognition," said Svircev.

The next step will be to share the success of the winning courts, and encourage low-performing courts to learn from those that had managed to improve their performance and reduce backlogs. Svircev said it was still too early to look at sharing lessons, but that the SCC was beginning to look at the improved numbers and procedures at the winning courts.

The program also created an opportunity for the justice sector in Serbia to improve its public perception. Though Serbian citizens still lacked confidence in the justice sector and continued to complain about delays and corruption, the rewards program presented an opportunity to put forth a different view of the work judges have been doing to improve the system. "The public are generally more interested in negative stories," said Svircev. "But the SCC could use this program to shift the narrative and talk about the good things they have achieved."

Compared to many other initiatives that aimed to reduce backlogs and improve performance, the Serbia Court Rewards Program was relatively low cost. The MDTF-JSS has spent about US$50,000 on the program each year, which covered the prizes, trophies, ceremony, and related expenses.

While the project was fully supported by the MDTF-JSS and the World Bank in 2016 and 2017, the SCC has begun taking steps to institutionalize the initiative. "The SCC president has said the program will be included in their budget in 2019," said Svircev. Further, the SCC added the project to the "Book of Rules" that the Serbian court system is governed by.

Time will tell if the program is going to achieve its aims, but as of 2018 the program appears to be an extremely cost effective and highly visible investment that has been helping to improve how courts and judges organize their workloads. "It started as a tiny program, but is has created a ripple effect," said Svircev. "Small programs like this often tend to have much more impact than big programs that try to do too much."

Success Drivers

Serbia's introduction of a rewards program for its courts reflects **three** of the five key dimensions for successful public sector innovation.

Lack of **institutional capacity** to reduce backlogs in Serbian courts was what motivated the Supreme Court of Cassation (SCC) to create the rewards program. The program incentivizes courts to look for creative ways to improve their capacity to reduce backlogs; it also encourages underperforming courts to build capacity by learning from better-performing peers. In some cases, courts were able to increase capacity by bringing in additional help for judges to prepare cases, while other courts have redesigned their business processes to optimize judges' caseloads.

Incentives are a key performance management tool, but judiciaries have been slower to adopt them than other parts of the public sector. Serbia's court rewards program sought to change that. Prizes for winning courts are set at a level that aims to motivate behavioral change without creating perverse incentives. As well as the monetary prizes, the annual ceremony to celebrate prizewinners acts as an additional incentive for courts to optimize resources and improve performance.

Transparency in how prizes are awarded was critical to the success of the program. The SCC uses its case management system to track progress on reducing backlogs, and regularly publishes data online so that each court can easily compare its performance with others. In addition, measuring performance to determine the winners had to be a fully transparent process, so the SCC chose the reward categories in which performance was easily quantifiable and verifiable.

NOTES

1. There is no single definition of innovation. For a good starting point, see: https://www.ideatovalue.com/inno/nickskillicorn/2016/03/innovation-15-experts-share-innovation- definition/
2. Interestingly, one-third of the selected cases were supported by a relatively new Bank instrument – results-based lending.
3. The importance of CoG is underscored by the fact that Part II of this report focuses solely on policy and inter-agency coordination, a core function of the CoG. This section focuses on innovations to drive results from the CoG, while Part II delves into the technical details of the coordination function of CoG.
4. Performance contracts have been adapted by many countries (e.g., Chile, Costa Rica, Dominican Republic, Kenya, UK, New Zealand, and others). The concept of performance contracts emerged in Europe in the 1960s in the context of public enterprises, particularly in France. They were later used in the UK and New Zealand in the 1980s and expanded to Pakistan, Korea, India and elsewhere (OECD 1997). The Rwanda Imihigo case should be viewed in this broader context.
5. *Imihigo* is the plural Kinyarwanda word of *Umuhigo*, which means to vow to deliver. *Imihigo* also includes the concept of *Guhiganwa*, which means to compete among one another. *Imihigo* describes the pre-colonial cultural practice in Rwanda where an individual sets targets or goals to be achieved within a specific period of time. The person must complete these objectives by following guiding principles and be determined to overcome any possible challenges that arise.
6. Blue Ocean Strategy is a business theory pioneered by W. Chan Kim and Renée Mauborgne, professors at INSEAD and co-directors of the INSEAD Blue Ocean Strategy Institute (Chan and Mauborgne 2005). Based on a study of 150 cases spanning more than a hundred years and thirty industries, the authors argue that companies can succeed by creating “blue oceans” of uncontested market space, as opposed to “red oceans” where competitors fight for dominance. The analogy is that an ocean full of vicious competition turns red with blood, while a blue ocean where everyone can prosper is calm and symbiotic.
7. Parts of this case study draw from “The Promise of Imihigo: Decentralized Service Delivery in Rwanda, 2006–2010,” authored by Daniel Scher and Christine Macaulay, published in May 2010 by Innovations for Successful Societies, a research program at Princeton University.
8. Interview conducted by Daniel Scher of Princeton University’s Innovations for Successful Societies.
9. Ibid.
10. Life expectancy data for Rwanda is taken from the World Bank database available at https://data.worldbank.org/country/rwanda
11. Health data for Mozambique is taken from the World Bank database available at https://data.worldbank.org/country/mozambique
12. For the purposes of this report, the term civil service will be used broadly to include not only those government workers who are under a specific civil service regime, but also those employed by the government as teachers, health workers, police officers, and others in the broader public service.
13. For more information, see the State Administration of Taxation of the People’s Republic of China website at http://www.chinatax.gov.cn/eng/
14. “Time to Prepare and Pay Taxes (Hours)” is taken from the World Bank Doing Business Indicators available at https://data.worldbank.org/indicator/IC.TAX.DURS?locations=CN
15. SPAN, which is Indonesia’s financial management information system, is the acronym for Sistem Perbendaharaan dan Anggaran Negara.
16. For more information, please visit Portal De Serviços, Secretaria Municipal De Finanças, Prefeitura De Manaus at https://semefatende.manaus.am.gov.br
17. For example, Open Data Kit, managed by the University of Washington; Kobo by Harvard University; and Computer Assisted Personal Interviewer (CAPI) by the World Bank, to name three among many.
18. In a different part of the world, a randomized control trial (RCT) shows the power of transparency in improving service delivery. In Punjab, Pakistan, performance rating information about insemination delivery by government veterinarians was collected, rated, and circulated back to the farmers. This helped increased efforts by the government veterinarians: the insemination success rate went up by 33 percent, and the farmers were also 27 percent more likely to return to a government worker for the insemination service after the ratings were circulated.
19. See Punjab Health Survey (2016) available at http://open.punjab.gov.pk/evaccs http://open.punjab.gov.pk/evaccs
20. An evaluation, conducted in June and July 2014, of a stratified sample of 22,088 respondents from some 7 million who had been contacted by the government across 11 government services and 36 districts in Punjab by that time, showed that if the citizen recalled receiving a robocall or SMS through the CFMP, this tended to reduce the perceptions of three key parameters by which service delivery quality was judged: poor perceptions about attitude of staff were down by 11.9 percent, delays by 9.3 percent, and corruption by 8.5 percent.
21. Parts of this case study draw from “Calling Citizens, Improving the State: Pakistan’s Citizen Feedback Monitoring Program, 2008–2014,” authored by Mohammad Omar Masud, published in February 2015 by Innovations for Successful Societies, a research program at Princeton University. https://successfulsocieties.princeton.edu/publications/calling-citizens-improving-state-pakistan’s- citizen-feedback-monitoring-program-2008
22. For more information, please visit the Citizen Feedback Monitoring Program website by the Punjab Information Technology Board, Government of Punjab at http://www.pitb.gov.pk/cfmp
23. For more information, please visit Digital Punjab: Enhancing Public Services Through Technology, 2012-2017 on the Punjab Information Technology Board, Government of Punjab website at http://booklet.pitb.gov.pk/mobile/Flipbook.aspx#p=1
24. Ibid.
25. For more information about Polio in Punjab, please visit the End Polio Pakistan website at http://www.endpolio.com.pk/polio-in-punjab
26. See Chemin, Harley, and Panter (2017) for details on all country cases cited in this paragraph.
27. For more detail on Slovenia’s reform, see Gregor Strojin’s “Building Interoperability in European Civil Procedures Online: Case Study Slovenia, April 20, 2012” available at http://www.irsig.cnr.it/BIEPCO/documents/case_studies/COVL%20Slovenia%20case%20study%2025042 012.pdf

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PART II

SPECIAL TOPIC: POLICY AND INTER-AGENCY COORDINATION

Why Coordination Matters and Why it is Difficult

As the responsibilities of government have grown in volume and complexity over the past decades, policy and program coordination have become ever more challenging. The stakes have also never been higher. On the one hand, government ministries, departments and agencies (MDAs) have expanded in size and mandate to serve a growing population that demands more and better services – a phenomenon that applies to both rich and poor countries alike. As bureaucracies have grown, coordination within MDAs also becomes more challenging, as more players and a greater array of interests now need to be brought into the decision-making process. Larger bureaucracies in turn lead to greater separation between the citizens and those who are supposed to serve them, contributing to a growing feeling of alienation from government.

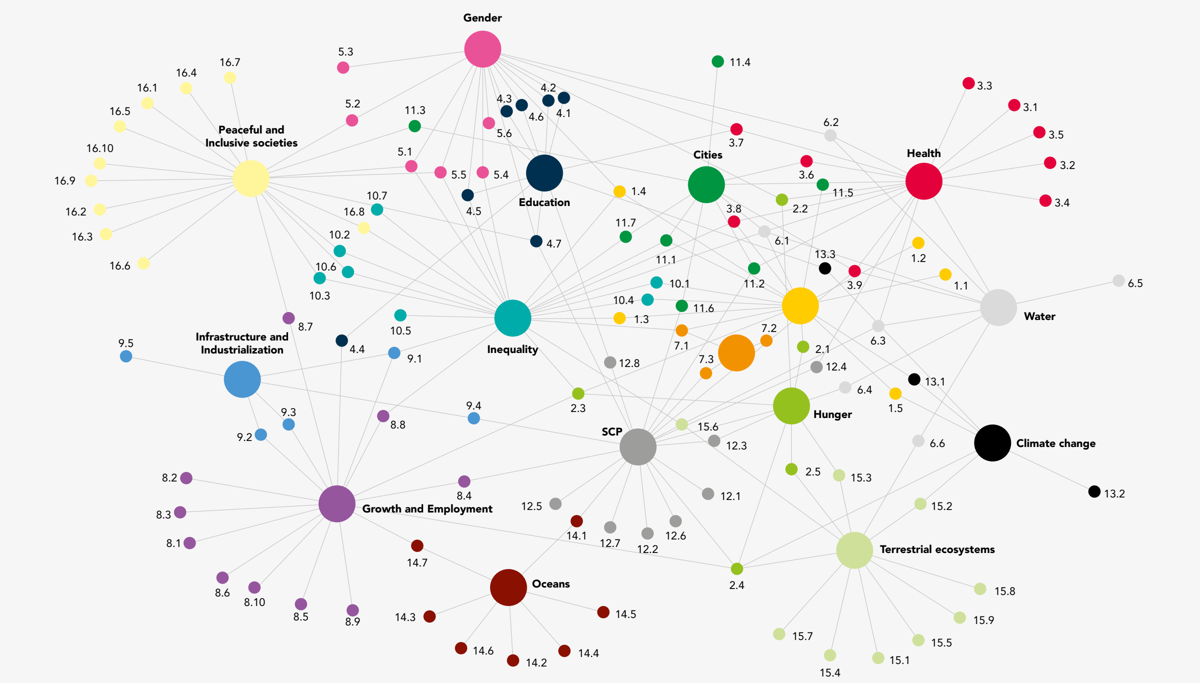
While the size of government has grown, the responsibilities have also become far more complex and the traditional silo approaches to governing are proving inadequate. Solutions to public service delivery often require more joined-up and inter-connected responses than was previously thought necessary if they are to deliver results. Reducing non-communicable diseases, for example, may require interventions under the traditional purview of ministries of education, commerce, food and agriculture, as well as health. Moreover, different elements of the service may be delivered by different tiers of government who have their own priorities and political incentives. This means that coordination needs to take place not only horizontally (across sectors), but also vertically across levels of government.

A survey by OECD found that inter-agency coordination was viewed as the most pressing challenge to implementation of the Sustainable Development Goals (SDGs). Nearly three-quarters of those surveyed ranked this as their number one challenge – and this among governments with some of the most effective and well-functioning cabinet systems in the world (OECD 2016). Beyond their apex institutions, such as cabinets and sub-cabinet working groups, many OECD countries also benefit from relatively dense networks of inter-agency working groups and ad-hoc sub-committees at various levels of government, addressing everything from high-level policy to low-level operational coordination. Indeed, many social problems that require government attention and action are not easily structured and contained, requiring that agencies with different mandates and missions work together to coordinate their activities for the common good.

A network analysis of SDG goals to the functional units of government that contribute to them serves to highlight the complexity of relationships (Figure 9). For example, progress on Goal 14, involving sustainable use of the oceans, seas, and marine resources, will require integrated effort on a range of fronts, from reducing phosphates and agricultural runoff, to improving sewerage and wastewater treatment, to curtailing plastic waste in the maritime environment, to the better management of fish stocks and increased investment in oceanographic research. Or to cite another example, the achievement of Goal 3.6 to halve the number of fatalities from road accidents will involve coordination between the traffic police, road transport engineers, ambulance services and emergency care providers, as well as educators, automobile manufacturers, and drivers themselves. If such challenges exist in relatively discrete areas, how much more so in efforts to target complex, multifaceted spheres of engagement such as poverty and inequality.

Such challenges are often magnified in emerging economy contexts. Inter-sectoral policy outcomes are a perennial challenge in bureaucratic environments where information flows and accountability relationships are structured vertically along organizational lines. The central coordination mechanisms in emerging economies can be much weaker; information flows are often more rigid and hierarchical in nature, and subordinate employees are often not empowered to share information with

FIGURE 9 Network Analysis of SDG Goals



Source: Le Blanc (2015)

employees from other ministries; and the dense network of coordination mechanisms at the working level is thin or non-existent.

Although it is difficult to calculate the costs of poor coordination on a government-wide basis, they are likely to be substantial. The most obvious result is that poor decisions are made on the basis of inaccurate, biased or incomplete information, or that decisions need to be delayed or deferred until more information becomes available.

Other consequences of poor coordination include:

- **Decisions are simply not implemented.** An analysis of government decision-making in Sub-Saharan Africa, for example, found that as many as two-thirds of decisions brought before cabinet were ultimately not acted upon, as they were not properly vetted for their cost, legality and consistency with established policy (Haid et al 1999).

- **There is needless waste and duplication of effort.** In one South Asian country, for example, air travelers are forced to have their bags screened electronically at two identical stations in immediate succession, with each being manned by staff from different agencies. Better coordination could help to exploit synergies, save costs, and make more efficient use of government assets.

Effective inter-agency coordination mechanisms can reduce the compliance burden among citizens, who in the example above were forced to queue twice for what was essentially the same function. This is particularly true with regard to the data-sharing that takes place within business process reengineering, where customers ideally would only need to input data once throughout a given process, such as registration and/or application procedures, instead of responding to similar requests for information by multiple agencies. Many of the most challenging requirements in creating customer friendly interfaces for citizens involve getting different agencies (who may possess different legacy IT systems) to share data and streamline and combine their requirements. When such efforts are seen through to their successful completion, the results can produce significant efficiency gains and time savings, as was the case with Egypt's creation of a one-stop shop for business licensing (see Box 3).

Another important benefit of improved coordination is that it helps to ensure that disparate agencies are pulling in the same direction. Many government decisions often involve the delicate weighing of priorities against each other. How should a government in the Middle East, for example, best balance the need to diversify non-oil revenue sources through increased visa fees with its broader desire to increase tourism? How should a large municipality in Africa manage major investments in water, sanitation, and land management in an integrated and holistic manner? How can business and environmental regulations in a country in Eastern Europe best be streamlined to promote growth without putting public health or safety at risk? Without appropriate forums to weigh these policy and operational tradeoffs, agencies can often work at cross-purposes. At best, they may fail to fully exploit the opportunities for service improvements or efficiency gains that present themselves. At worst, they may actively undermine each other.

Together with credible commitment and cooperation, the 2017 WDR considered coordination to be an essential institutional function for making policies effective. This was part of a larger argument in the WDR that advocated the focus on the function, rather than on the form of the institution. In the WDR context, coordination is presented as a high-level concept; for example, institutions solve market failures by coordinating investment decisions and expectations of market participants; or laws serve as a focal point for individuals to coordinate and behave in certain ways, such as driving on the right side of the road. Another related function highlighted in the WDR – indeed, one of its "3Cs" – is cooperation: institutions that foster cooperation help avoid free-rider problems, or inclusivity in policy-making, so that those affected by policies have a say in their design. These functions are vital for safety and economic growth.

This report makes a similar argument for policy and inter-agency coordination among government agencies. In a sense, policy and inter-agency coordination is a combination of WDR's

BOX 3

Efficiency Gains in Egypt through the Creation of a One-Stop Shop for Business Registration

In 2001, Egypt was facing a serious challenge in attracting investment, which had declined from 2.5 to 3.0 percent of GDP to less than 1 percent. Companies hoping to invest could wait for up to a year and faced a mountain of paperwork. Launching a new investment could involve as many as 22 ministries and 79 government entities. In total, 349 services were required from investors (including approvals, permits and licenses both in the establishment and the operating phases), and there were 200 regulations covering business licensing. Egypt's General Authority on Investment and Free Zones (GAFI) subsequently embarked upon a series of far-reaching regulatory and institutional reforms to streamline and simplify licensing processes to reduce the burden upon investors. Many reforms involved the sharing of data electronically and direct coordination by GAFI among the relevant agencies, including the Capital Market Authority, the Public Notary, and the Public Union for Trade Chambers among others (Stone 2006).

More recent achievements include the launch of an online option for business registration in 2017, and reforms to industrial licensing, including a mandate for low-risk permits to be granted in 10 days. As of 2018, the average amount of time that it takes to start a business in Egypt has more than halved to 14 days from 34 days in 2001 (World Bank 2017).

Source: Stone (2006)

BOX 4 Coordination: Linkages between Part I and Part II

The importance of coordination is evident in the cases discussed in Part I of this report. One of the emerging themes among the featured cases was driving performance from the CoG where policy and inter-agency coordination happens most often. In particular:

- **Case #1 (Rwanda)** detailed the coordination between the central and local governments at a critical time for this nation's post-conflict rebuilding and development.
- **Case #2 (Malaysia)** has illustrated how coordination may involve breaking down silos among line agencies to achieve better service delivery outcomes for all.
- **Case #3 (Mozambique)** focused on coordination between the Ministry of Economy and Finance and line ministries to improve health and education outcomes.

At the same time, cases illustrating coordination mechanisms in Part I are not confined to the CoG theme. In particular, effective service delivery often requires downstream coordination. For example:

- **Case #10 (India)** highlights the establishment of one-stop shops as part of the implementation of the PSGA, in which inter-agency coordination greatly increases convenience and citizens' access to public services – similar to the example of Egypt highlighted in Box 3.

Source: Authors

game-theoretic concepts of collaboration and cooperation. Policy and inter-agency coordination has the most direct effect on making policies effective. Without effective coordination among MDAs, public sector performance suffers, as do overall development outcomes. As we argue below, the institutional form of the specific coordination mechanisms must be context-specific and fit-for-purpose – in other words, function takes precedence over form.

The importance of coordination is evident in the cases discussed in Part I of this report. The 15 case studies provide a number of examples of how successful implementation was accomplished through coordination, either at the CoG or downstream (see Box 4).

Through its focus on coordination, this part of the report deepens the analysis in Part I of driving performance from the center of government. We first take a historical detour and look at the literature, highlighting the issues of coordination, starting with the seminal work of Max Weber and tracing the expansion of the government's functions. We also address the methodological challenges stemming from difficulties in assessing and measuring coordination. With this background in mind, we set out to systematize what we know about coordination mechanisms using three lenses.

- Lens 1: The broader environment and the social and political dynamics that will encourage or retard government coordination;
- Lens 2: The formal coordination mechanisms that may operate across government as a whole (which typically involve policy coordination) or between two or more government agencies (which are often more focused upon operational coordination); and
- Lens 3: Other government procedures and approaches that, while targeted at other objectives, may also have an impact upon coordination.

We then consider both the global experience with enhancing coordination and a specific country experience, differentiating between upstream reforms (policy coordination) and downstream efforts (whole-of-government M&E). The global overview, which is based on the work of the Bank's frontline staff, provides a backdrop for delving deeper into Malaysia's experience with coordination, highlighting both the successes and challenges of selected coordination mechanisms, and linking to a particular case in Part I of this report. Finally, we offer some lessons and conclusions: what works, what does not, and where there is a need for more systematic knowledge.

How We Got Here: Recent Developments in Light of the Literature

Many scholars and practitioners now believe that the demands of a 21st century administration are increasingly at odds with the 19th and 20th century bureaucratic institutions, structures, and traditions, first articulated by the German sociologist Max Weber.[1] The critiques are many and varied, but a central theme maintains that the inherent fragmentation of tasks into different agencies and sub-units can significantly compromise the ability of government to act in a "joined-up" fashion (to borrow a phrase from Britain's Labour government in 1997) (Barzelay 1992; Kettl 2016). A variety of mechanisms have been developed in both Commonwealth and Continental systems, and other administrative traditions as well, to combat fragmentation and deliver upon key government priorities. Yet the challenge persists.

While inter-agency coordination has long been a pressing issue, it has assumed a new urgency in recent decades. This is partly due to the increasing proliferation of duties and responsibilities that governments themselves are being asked to perform, from managing large social welfare programs to maintaining an interstate highway system, to protecting the environment, advancing space exploration or combating cyber espionage – all tasks that did not exist in the United States when Weber published his seminal study "Bureaucracy" in 1922. Table 3 contains a breakdown of a few of the more notable functions that have been added to the U.S. federal government since the onset of the 20th century, as government evolved organically in response to public demand to take on more duties and responsibilities in an increasingly complex environment.

TABLE 3 Evolving Roles and Responsibilities within the U.S. Federal Government

Agency	Function	Date Created
Department of Commerce	Support efforts to develop business	1903
Food and Drug Administration	Protect the safety of food and pharmaceuticals	1906
Department of Labor	To foster, promote and develop the welfare of wage earners and improve their working conditions	1913
Federal Trade Commission	Prevent unfair business practices, protect consumers and promote competition	1914
Interstate Highway System/Federal Highway Administration (FHA)	To create, fund and manage a divided lane, limited access interstate highway system across the United States	1956 and 1966
National Aeronautics and Space Administration (NASA)	To support unique scientific and technological achievements in space flight, aeronautics, space science and space applications	1958
Environmental Protection Agency	To protect human health and the environment	1970
Occupational Safety and Health Administration	To protect workers from harm on the job	1971
Department of Education	To establish and oversee federal policy towards education, coordinate federal assistance, collect data on schools and enforce educational laws regarding privacy and civil rights	1979

Source: Kettl (2016)

Beyond the proliferation of new roles and institutions, many existing agencies and departments have significantly expanded their original mandate. The history of the U.S. Treasury is instructive in this regard. In 1800, the United States Treasury Department employed 69 staff; by 2016, this number had increased to 82,566. Treasury was initially authorized by Congress to include the Secretary and an Assistant, a Comptroller, Register, and Auditor. The U.S. Mint was added in 1792, and the Internal Review Service was added 70 years later during the Civil War. Today, the Department has 13 internal offices addressing everything from tax policy to legislative affairs, to terrorism and financial intelligence. It oversees the work of another 11 bureaus, including a number of large autonomous agencies in their own right, such as the Alcohol and Tobacco Tax and Trade Bureau, the Special Inspector General for the Troubled Asset Relief Program, and, of course, the IRS and the U.S. Mint.

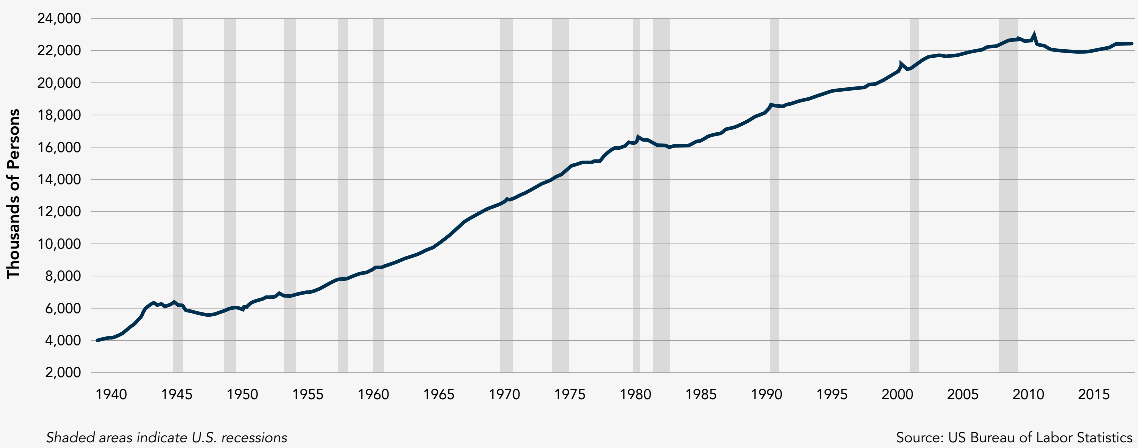
The proliferation of roles and functions at the federal and state levels has inevitably led to a massive expansion in the resources devoted to government. Figure 10 below captures the growth in employment at the federal, state, and local levels in the United States, which has increased from around 4 million in 1940 to 22 million in 2015. This increase of around 550 percent was more than double the population growth during that period. Spending at the federal, state, and local levels during this period went from 9.7 percent of GDP to 20.5 percent of GDP. Even if all other factors remain equal, such expansion in the size and scope of government has placed extensive demands upon the ability of federal, state, and local jurisdictions to effectively coordinate their activities to ensure that staff are productively employed and resources are utilized efficiently for the common good.

In many emerging economies, the expansion of government's role and function was even more pronounced. Prior to independence, India's administration was centered primarily upon tax collection and law and order. These roles were embodied within a single individual, the District Collector and District Magistrate, who served as the lynchpin around which the entire administrative structure was derived. There were relatively few state-owned enterprises (SOEs) beyond the railways, telegraph and post office, the port authority, and a handful of departmentally managed entities like salt and quinine. Through major pieces of legislation, such as the 1948 and 1956 Industrial Policy Resolutions, the government expanded rapidly to occupy the "commanding heights" of the economy. By 2012, over 250 SOEs existed, spanning a vast range of activity, from nuclear power and steel to pharmaceuticals, and to consumer products such as watches and bread (Gupta et al 2017). In addition to the proliferation of SOEs, the federal and state governments significantly expanded their areas of engagement, moving beyond security and revenue collection to embrace economic development and poverty alleviation as core missions. By one count, as of 2017, more than 110 poverty reduction and social welfare schemes were being administered by the Government of India and various state governments.[2]

Given this proliferation of new government roles and institutions in recent decades in the developed and developing world alike, coordination has become both more important and more difficult than ever. However, assessing what effective coordination looks like is no simple task. Different countries with different constitutional systems will require different forms and extent of coordination. Coordination can take place at a number of levels within government, ranging from strategic policy coordination at the highest level through operational coordination at the working level. It can take place on an on-going basis through formal mechanisms, or on an individual and ad-hoc basis through informal networks or contacts. It can focus upon horizontal challenges, such as the bringing together of different agencies of equal status within the same government around a common goal or goals. Or it can focus upon vertical challenges, such as the interaction of devolved or decentralized units at the federal, provincial or local level.

Effective coordination can be viewed across a continuum of simple to complex. One of the first scholars to address the topic seriously was Les Metcalfe, who developed a nine-tier scale in 1994, a modified version of which is presented below in Table 4 (Dogaru and Matei 2012). Metcalfe's

FIGURE 10 Expansion of Government Employment at the Federal, State, and Local Levels



Source: U.S. Bureau of Labor Statistics (All Employees), Government Federal Reserve Bank, St. Louis, MO (accessed April 17, 2018), https://fred.stlouisfed.org/series/USGOVT scale has subsequently been refined and extended by others, particularly by the OECD in its work on policy coordination for development. It ranges from Level 1, in which ministries take independent decisions and each minister remains autonomous and acts independently, to Levels 8 and 9, in which governments establish clear central priorities as part of a cohesive, overall strategy.

The Metcalfe scale is a useful first-cut approximation for addressing inter-agency coordination from a center of government perspective. It allows observers to quickly understand the extent to which line departments operate autonomously, as well as what the desirable trajectory would look like. It also usefully underscores the fact that coordination falls across a spectrum of activity, from complete autonomy to fully joined-up activity. However, it suffers from a number of drawbacks, some of which are the fault of the framework itself, and some of which are inherent in the complex nature of the exercise or the under-developed status of the academic knowledge of the topic.

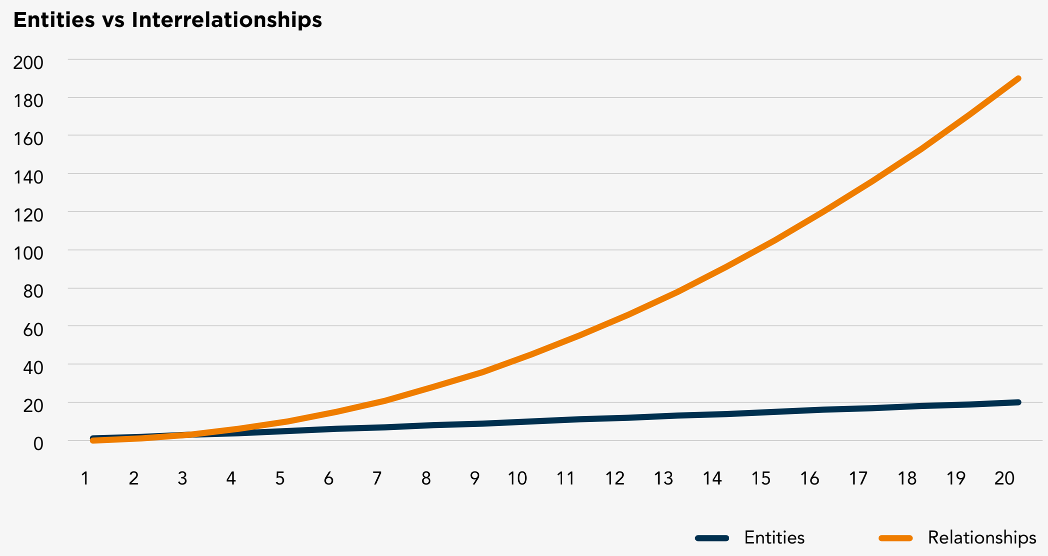
In practice, government coordination is not an integrated whole that progresses in a unified manner, as captured in the Metcalfe model. Examples across many governments reveal a complex mélange of coordination mechanisms on different

TABLE 4 **A Modified Metcalfe Scale**

Level	Description
Level 1: Ministries take independent decisions	Each minister remains autonomous in their public policy domain and acts independently.
Level 2: Communication with other ministries (information exchange)	Ministries inform each other about the problems that arise and how they intend to act within their domain.
Level 3: Consultation with other ministries	In the process of policy formulation, the ministries consult with each other and provide feedback.
Level 4: Avoid differences between ministries	A balanced perspective is maintained between different actors. Players do not take divergent positions and government acts with one voice.
Level 5: Finding inter-ministerial agreement	The inter-dependence between ministers and their mutual interests is recognized to reach a consensus on complementary policies and the achievement of common goals.
Level 6: Judging the divergences between actors	Actions are coordinated by a third actor (such as a central agency) when various ministerial actors are unable to come to an agreement.
Level 7: Setting the parameters for organizations	A central actor in the decision-making process has a more active role, setting parameters on the discretional powers of other actors.
Level 8: Governmental prioritization	Clear government priorities are determined after collaboration, along with a defined path and direction to be followed by the line ministries.
Level 9: Overall government strategy	A comprehensive government strategy is adopted, with clearly defined roles and responsibilities for individual ministries and line departments.

Source: Dogaru and Matei 2012

FIGURE 11 Increasing Complexity of Coordination



Source: Authors

topics and sectors that may more closely resemble the network analysis provided in Figure 9. Some areas, such as national security and foreign affairs, may have tight and well-defined procedures for coordinating policy, whereas others (such as business regulation or social protection) may be much looser and more fragmented. Established protocols may allow operational coordination to occur consistently between different agencies and departments, whereas broader policy coordination may wax and wane over time. Conversely, policy coordination could be proceeding nicely, but the lack of well-defined operational protocols could mean that the activity of different agencies remains fragmented and disjointed.

To define what effective coordination means, it is important to consider that coordination comes at a cost. This requires careful consideration of the tradeoffs. Staff time and resources are involved in setting up and conducting review meetings. It can take effort and energy to forge a consensus, compromising government's ability to respond adroitly to rapidly changing circumstances (Figure 11 below displays the mathematical relationship between the number of entities and the number of inter-relationships between them).[3] The broader the circle is drawn, the more likely it is that stakeholders with disparate views will be involved, which may complicate or delay the process. Such efforts may even increase the risk that initiatives are compromised by those who are hostile to them. On the other hand, such approaches increase the probability that, once attained, the resulting consensus will enjoy ownership among a wide range of parties that will contribute to its downstream success. These tradeoffs have been appreciated at least as far back as Machiavelli, who noted in his Discourses, "though but one person suffices for the purpose of organization, what he has organized will not last long if it continues to rest on the shoulders of one man, but may well last if many remain in charge and look to its maintenance (Machiavelli et al 1996)." [4]

Toward Enhanced Coordination: Key Dynamics and Approaches

In practice, enhancing coordination will depend not only on the adopted formal institutional mechanisms, but also on their interplay with the broader institutional environment and with other processes that influence coordination. Table 5 presents a broader breakdown of the dynamics influencing government coordination. Formal policy coordination mechanisms at the apex of government, of the type captured by the Metcalfe scale (highlighted section in the table), make up only a relatively small proportion of the diverse array of coordination mechanisms and approaches taking place within government. They are important, in that they address the question of what government should do in a given domain or with a given set of challenges. Decisions reached at that level will have implications down the line. But much of the actual work of coordinating government interaction on a day-to-day basis takes place elsewhere.

The Broader Environment

As Table 5 indicates, coordination does not take place in a vacuum. A host of broader political and social dynamics influence how easy (or difficult) it will be to establish institutions and procedures that facilitate policy and operational coordination. Their precise interactions have yet to be established empirically and are likely to vary significantly both from country to country as well as over time within a single government. Yet they underscore the conclusion of the 2017 WDR that the degree to which institutions are able to function effectively is often dependent upon broader power relationships and social norms and dynamics that operate beyond the formal scope of the institutions themselves.

Broader Societal Factors

Socially, at least three factors will influence the incentives for competition or collaboration within government. The first is leadership style. Leadership can be collegial, dedicated towards forging a consensus and moving forward.[5] Or it can be visionary, articulating a clear goal or goals and motivating staff to move in a unified direction. Some leaders thrive on institutional ferment and conflict, which allows them to choose from a variety of options. Others prefer crisp lines of authority and carefully structured choices. These approaches can vary between leaders and will have a significant impact upon the extent to which established policy procedures will facilitate coordination. Beyond managerial style, societies themselves often differ regarding the extent to which they are organized horizontally with a tradition of consensus-based norms or hierarchically into patron-client relations; this will also influence the way in which decisions are derived and sustained.[6]

The second important factor is the existence of shared national values and a national vision. The legitimacy of policies (and the institutions that advance them) plays an important role in whether they are adopted, shared, and implemented. Legitimacy has several dimensions: (i) a procedural dimension – policies are legitimate if they are aligned with prevailing law and implemented by the designated authorities in the prescribed manner; (ii) a utilitarian dimension, – they are legitimate if they are sensible and targeted towards resolving key national challenges; and (iii) a normative dimension, – they are legitimate if they are consistent with the values, beliefs, and preferences of those who are advancing them. Cooperation will be easier to sustain if a given policy is viewed as legitimate than if it is not; and

TABLE 5 Government Coordination: A Conceptual Map

Broader Environment

Political and Constitutional Factors:

- Government Structure and Fragmentation
- Single Party State versus Multi-party State
- Coalition versus Unified Governments
- Cabinet versus Presidential Systems
- Political Party Composition at the National and Sub-National Levels

Social and Cultural Factors

- Leadership Style (consensual vs. hierarchical)
- Legitimacy, Values and Vision
- Shadow of the Future (iterative versus one-off engagement)

	Whole of Government (Primary Focus is Policy Coordination)	Bilateral and Multilateral Inter-Agency Mechanisms (Primary Focus is Operational Coordination)	Coordination Mechanisms with Sub-national Governments (Both Policy and Operational Coordination)
Formal Coordination Mechanisms	• Cabinet • Sub-cabinet committees • Central agencies (President, PM and Cabinet Office, Chancelleries) • Delivery Units • Expert Panels and Advisory Boards	• Formal and informal inter-agency working groups, task forces, etc. • Dedicated liaisons and contact points • Established protocols for communications and information-sharing (working level)	• Fiscal policy, including taxes, grants and transfer payments (conditional or non-conditional) • Regulatory practices and standard setting; league tables • Voluntary and involuntary mandates • Inter-governmental councils • National and regional associations
Practices that Influence Coordination	• The Budget Process • Government-wide M&E Systems • IT Systems • Generalist/Executive Service Cadres • Transparency	• Reorganization, mergers • Staff secondments and rotations • Joint distribution lists, conferences and retreats • Combined training and staff development • Professional networks and associations • Media and social media networks	• Legislative or parliamentary bargaining • Joint training and preparation exercises • Use of properties, facilities and equipment • Advisory services & counseling • Joint messaging

legitimacy will be easier to achieve in polities with a shared set of values than in those that are politically fragmented and polarized.

The third factor is the shadow of the future, which can have an important impact upon the extent to which collaboration occurs. This has been demonstrated in a wealth of research from the social sciences and game theory.[7] Even in the absence of any central authority to enforce compliance, scholars have noted that cooperation can emerge from individuals who might otherwise be indifferent or even hostile. A key factor is the extent to which they are interacting in a one-off manner or on a routine basis. In the former, a given transaction will be the only time that they are likely to deal with each other, while in the latter, they may be more willing to forgo optimizing their immediate gains for the sake of preserving a productive relationship over time.

Political and Constitutional Factors

Politically and constitutionally, at least five major elements will influence how cooperation unfolds within government. They include: (1) the basic structure of the state, and the extent to which administrative units are unified or fragmented; (2) the presence of a single party or multiple parties; (3) whether a state is ruled by a unified party or a coalition; (4) whether it operates under a cabinet or presidential system; and (5) whether different parties are in power at the national, regional, and local levels.

1. Administrative Fragmentation

One of the most basic challenges is the structure of government itself and its degree of fragmentation. Romania, Burkina Faso, and Sri Lanka, for example, are all roughly the same size with a population of around 20 million. As of 2018, Romania's cabinet has 22 ministries and 5 minister delegates. Burkina Faso has a cabinet of 30, including the Prime Minister and 23 other ministers, 2 minister delegates, and 4 secretaries of state. In Sri Lanka, the cabinet currently comprises 42 ministers, namely the president, prime minister, and 40 cabinet ministers. In addition, there are 24 state ministers and 21 deputy ministers who are not members of cabinet. At one point, the Indian state of Uttar Pradesh had a cabinet of over one hundred. Such outcomes are typically not the result of any rational delineation of administrative roles, but instead reflect political bargains and the effort to construct a governing coalition within a fragmented polity. The challenge of effective policy and operational coordination will be vastly more difficult in such environments.

2. Party Structures and Coalitions

A second important factor is whether the country is a single party or a multi-party state. As the example of Vietnam indicates (Box 5), in many single party states, policy decision-making can be centered within the party apparatus, with the state playing a largely instrumental role in implementation (although in reality, the relationship between party and state organs may be more complex and nuanced). Even in countries where electoral turnover is common, the nature of the government – whether it is formed by a single party or a coalition – can exert an important influence upon how coordination takes place. Single ruling parties can rely upon internal party governance structures to rein in recalcitrant ministers and ensure that they remain "on message" in ways that coalition governments cannot. Coalitions must also live with the threat that, if they push too hard on their partners, it may ultimately compromise the political arrangements that brought them into power.

In many countries, particularly those with authoritarian structures or a dominant political party, policy coordination may take place less within government than within organs of the ruling party dedicated for this purpose. The most famous example is the politburo, which was the deliberative body within communist parties responsible for political decision-making at the highest levels. Interesting work by Gehlbach and Keefer, for example, has demonstrated that strong party institutions in countries like China have played a very important role in solving collective action problems and providing assurances of stability and consistency that have facilitated high levels of foreign direct investment (Gehlbach and Keefer 2011). Box 5 below lays out how policy coordination functions are performed by the Communist Party of Vietnam. Decision-making took place largely within party structures, and government was expected to implement arrangements that had been decided upon elsewhere.

BOX 5 The Communist Party of Vietnam and Policy Coordination

The Vietnamese Constitution enshrines the Communist Party as an uncontestable source of executive power. Vietnam is a unitary state, but characterized by both decentralized policy implementation and consensual decision-making. Governance arrangements are anchored around National Congresses (NC) held every five years. The Party's 12th National Congress was held in early 2016. The NC elects the Central Committee (CC) and Politburo to implement the policies of NCs.

The CC and Politburo are interlinked with other key cross-cutting institutions, such as the Prime Minister (PM) and his Office of the Government (OGG) to coordinate in effect a cabinet structure and a growing role for the parliament (National Assembly - NA). The 19-member Politburo operates on the basis of a collective decision-making process. The current Prime Minister is by default a member of the Communist Party and sits in the Politburo, but not as the highest-ranking member. Politburo members also contain representation from key agencies, organizations, and major provinces (e.g., Ho Chi Minh City and Hanoi). The Communist Party dominates the NA and therefore has significant sway, but not complete control over its decision-making. In practice, the interlinked roles of Vietnam's key governance institutions (CPV, NC, CC, Politburo, NA, PM's Office, mass mobilization organizations) provide for a web of collective decision-making coordination. Vietnam's political system has also evolved over the past decades with an increasing role accorded to the NA to hold government more accountable (see Nguyen 2016:4).

Vietnam's achievement of middle-income status in 2016 has also highlighted some of the limitations of the current system, and brought responses from the Party leadership. Vietnam is also increasingly dealing with fiscal constraints, accumulated from high spending levels at the national and sub-national levels over the past decade. The growing challenge has therefore been to bring greater coherence to decision-making implementation, including in promoting more efficient policies and expenditures. The Party's 12th National Congress in early 2016, and succeeding Central Committee sessions, have sought to tackle issues of excessive bureaucracy and Party integrity. The Vietnamese Communist Party has recently strengthened its anti-corruption drive, as well as efforts to streamline organizational structures.

Source: London (2014); Nguyen (2016); World Bank and Ministry of Planning and Investment of Vietnam (2016c).

As Box 5 notes, even one-party states are seldom monolithic in their decision-making. The Vietnam 2035 report identifies some of the country's key coordination and policy implementation challenges (World Bank 2016c).[8] While the Communist Party is empowered under the Constitution to promote national coordination, in practice both horizontal and vertical challenges have represented mounting problems. Political power within Vietnam is fragmented across agencies and between the center and the provinces. The absence of a clear hierarchy and distribution of authority creates incentives for agencies to resist decisions perceived to be against their interests. This may result in gridlock and/or narrow, parochial interests prevailing to the detriment of the broader collective good.

Formal Coordination Mechanisms

1. Apex Coordination Mechanisms

Many countries rely on a cabinet or council at the apex of government for coordinating policies and decision-making across government. They are typically chaired by the president, monarch or prime minister and consist of heads of government ministries. The role and composition of such organs can vary greatly. In presidential systems, cabinets may meet infrequently and play only a limited role in collective decision-making. George Bush held 49 cabinet meetings during his eight years in office, or roughly one every two months. During his second term in office, Barack Obama held only 12. Such meetings are often largely ceremonial in nature. In the words of Ted Sorenson, a former speechwriter for President Kennedy, "no important decisions were ever taken, and few issues of importance were ever seriously discussed (Kamen 2013)." Instead, decision-making at the White House tended to be centered around smaller groups of key stakeholders and advisors.

In Commonwealth and Continental traditions, cabinets play an important role in determining policy and coordinating operations. The principle of collective leadership applies, in which all members stand behind a given decision. Cabinet meetings are more frequent, such as weekly or bi-weekly. The mechanics of cabinet decision-making can vary tremendously across well-performing systems. Some cabinets allow principals only to participate; others allow delegates. Some follow a strict agenda; others allow a more freewheeling discussion. Estonia does both, having narrow focused meetings as well as longer and more open discussions. Beyond the details of their operations, certain basic principles underlie effective cabinet operations:

- Cabinet agendas and proposals are carefully vetted beforehand for their cost and consistency with established policy;
- Agencies with a stake in the issue are consulted prior to the meeting;
- Procedures are structured carefully so as to limit the number of decisions coming before cabinet to a manageable number, typically around 400 to 600 per year; and
- Decisions are dutifully recorded, disseminated, and monitored.

The institutions or units that provide support to the Prime Minister or President are often critical to ensuring that the policy development and policy monitoring are well coordinated. While countries will have different names for these bodies, their function may be very similar. A Cabinet Office, Chancellery, or General Secretariat should have some established processes to make sure that senior policy-makers across government are informed of the core legislative actions, funding proposals, new initiatives, or program outcomes that are likely to affect their ministry or agency (see Box 6 below). Though the scope of government functions is too vast for all initiatives to receive the same level of scrutiny, it is vital, nevertheless, that careful consideration be given to when and where cross-sectoral coordination is justified. Effective cabinet offices have established criteria and procedures for determining when and how to bring items onto the Cabinet's meeting agenda for review or decision. Well-functioning cabinets create the space to coordinate on the matters that are most important to the government's agenda, while recognizing the pressure that is created by weekly 'emergencies' or urgencies.

2. Sub-cabinet Committees

Beyond cabinet, countries typically have a number of cabinet committees or sub-committees that help to coordinate decision-making in certain policy areas. These sub-committees can be either standing or temporary. In some countries, formal cabinet sub-committees, often broken down by sector, play an important role in reviewing and vetting proposals before their consideration by cabinet. (Such committees may involve either small groups of ministers or senior civil servants such as permanent secretaries.) In others, particularly within presidential systems, they can serve as the forums through which actual decision-

BOX 6 Functions of a State Chancellery: The Example of Latvia

State Chancelleries have been set up in some countries with parliamentary forms of government to support the Cabinet in evidence-based decision-making and to aid in policy coordination. For example, in Latvia, the State Chancellery comprises the Prime Minister's Office and departments, divisions, and individual units set up by the Director of the State Chancellery. The State Chancellery ensures that policy documents and draft legal acts of the Cabinet comply with the effective requirements; develops and implements policy action plans in various areas; presents opinions on policy documents and legal acts; and organizes the activities of the Cabinet of Ministers.

The functions of Latvia's State Chancellery include: organizing and making the necessary preparations for Cabinet meetings; ensuring that the Cabinet's documentation is prepared according to the procedure set forth in the relevant laws and regulations; and being responsible for the management of the Cabinet's documentation. Specifically, the State Chancellery is required to:

- participate in the policy planning processes pursuant to the Cabinet's guidelines and tasks assigned by the Cabinet;
- coordinate the planning and implementation of the national policy through presenting proposals on priorities for national development in cooperation with ministries;
- ensure elaboration of the development policy of public administration (incl. the state civil service) and coordinate and supervise its implementation;
- when assigned by the Prime Minister, coordinate and manage enforcement of the decisions adopted by the Cabinet of Ministers and the Prime Minister; and
- inform the public about the work and activities of the Cabinet of Ministers.

Source: The Cabinet of Ministers of the Republic of Latvia

making takes place. This can be true in cabinet systems as well. In the United Kingdom, for example, the decisions of formal cabinet committees are viewed as binding upon the entire cabinet.

Box 7 below provides a list of current Cabinet committees and sub-committees in the United Kingdom under the Government of Theresa May. Beyond these specific bodies, the current U.K. government includes five implementation task forces at the cabinet level on topics such as housing, digital, tackling modern slavery and people trafficking, immigration, and employment and skills. In addition, several committees that are not at the cabinet level but staffed by senior civil servants report to the Cabinet Office. They include bodies such as the Joint Intelligence Committee, the Permanent Secretaries Management Group, and the Civil Service Steering Board. They can be permanent in nature, such as those addressing national security issues, or deal with important time-bound priorities, such as the European Union Exit and Trade Committee. Still others, such as the Civil Service Steering Board, are responsible for managerial functions that cut across government as a whole.

BOX 7

Cabinet Committees and Sub-Committees in the United Kingdom (2018)

- **Economy and Industrial Strategy Committee**
  - » Economy and Industrial Strategy (Airports) Sub-Committee
  - » Economy and Industrial Strategy (Economic Affairs) Sub-Committee
- **National Security Council**
  - » National Security Council (Threats, Hazards, Resilience and Contingencies) Sub-Committee
  - » National Security Council (Strategic Defense and Security Review Implementation) Sub-Committee
- European Union Exit and Trade Committee
  - » European Union Exit and Trade (Negotiations) Sub-Committee
  - » European Union Exit and Trade (International Trade) Sub-Committee
  - » European Union Exit and Trade (European Affairs) Sub-Committee
- Parliamentary Business and Legislation Committee
- Social Reform Committee
- Social Reform (Home Affairs) Sub-Committee

Source: The Government of the United Kingdom

3. Other Mechanisms for Horizontal Coordination

As one moves down to the operational level, MDAs have a range of mechanisms at their disposal for fostering horizontal collaboration. They include ad-hoc committees, task forces and working groups, which may be permanent or temporary in nature. Coordination may take place either bilaterally or between a limited number of agencies within a given sector, or it may involve more participants. (Within the U.S. Government, the Inter-agency Working Group on Youth, for example, brings together 18 different federal agencies.) These inter-agency mechanisms can be sector-based in areas such as water, energy or public safety. Or they can deal with cross-cutting problems, such as unemployment, disabilities or cyber security. At the working level, approaches may involve the use of dedicated liaison officers and/or the use of established protocols and procedures for sharing information and coordinating action.

Many OECD countries rely upon these dense networks of inter-agency working groups, at times working in combination, to play a vital role in pursuing cross-cutting initiatives, allowing agencies to engage simultaneously on both policy and operational coordination. An interesting example can be found in the Government of Sweden's approach to SDG implementation. Sweden has been a strong supporter of the SDGs, and its prime minister, Stefan Lofven, has been at the forefront of the global sustainable development movement. Sweden has developed an elaborate set of coordinating mechanisms at different levels of government to take forward its SDG commitments, which are highlighted in Figure 12. Various organs supporting coordination include an inter-departmental working group of four state secretaries (from the ministries of Finance, Foreign Affairs, Enterprise and Innovation, and Environment and Energy); an agenda 2030 coordination group to support the state secretaries and coordinate inter-departmental processes and operations; and an interdepartmental Agenda 2030 working group of civil servants that includes representatives from all 11 ministries. Coordination efforts do not stop at the inter-agency level but go down to the individual ministries themselves, which have their own internal coordination teams. These efforts are supported by two external groups involving think tanks, NGOs, and other stakeholders, as well as a science council.

The Swedish example highlights another important dimension of policy coordination: the use of external expert panels and advisory boards. Many governments make frequent use of such committees, which can consist of outside experts entirely or of a combination of government officials, academics and representatives of business and/or civil society, to help coordinate policy. The United States, for example, has over 40 such boards, commissions, and committees at the federal level. Some address the needs of particular regions (the Appalachian Regional Commission or the Delaware River Basin Commission). Others tackle a specific issue (the Marine Mammal Commission or the Medicare Payment Advisory Commission). Some may address important high-profile issues (the Social Security Advisory Board or Nuclear Waste Technical Review Board), whereas others can be quite narrow in their scope and focus (the Citizens' Stamp Advisory Committee or the American Battle Monuments Commission). These entities serve a variety of purposes. They can serve as forums in support of both horizontal and vertical coordination. They can help attain access to expertise and information that may not exist within government. And they can generate broader political support and buy-in for particular causes or policy approaches.

4. Vertical Coordination and Sub-National Governments

Other mechanisms are utilized to support vertical coordination between different levels of government. Historically, national governments have relied heavily upon two sets of mechanisms to influence provincial and municipal governments: financing and regulation. With regard to fiscal incentives, a variety of inducements have been

FIGURE 12 Sweden's Coordination Mechanisms for Implementing the SDGs

Source: Lundin (2017)

utilized, including formula grants, project grants, loans, guarantees, revenue sharing arrangements, and subsidies, to encourage sub-national governments to pursue policies and approaches that are aligned with national priorities. The use of conditional transfers is a particularly potent form of leverage, as national governments can threaten to withhold resources if certain criteria (such as matching funding requirements or service delivery standards) are not met.

National governments also often rely upon their regulatory mandate, and particularly their ability to set safety, health, welfare, and environmental standards, as a means to influence local compliance. It is common for governments to establish (or to seek to establish) uniform national environmental, health and human safety and labor standards, as opposed to a patchwork of local regulations and practices. Such efforts often involve attempts to articulate a minimum set of standards, along with agreed-upon metrics and a common set of risk-based approaches to monitoring. Some countries utilize regional councils or advisory boards to provide forums for discussion and to mitigate such issues, whereas others depend heavily upon their parliamentary representatives to negotiate compromises or exceptions with national agencies.

Efforts to coordinate policy vertically through regulation frequently encounter problems when different political parties control government at the national and sub-national levels. Sub-national governments may argue that national regulations are too strict or too lax, or are non-responsive to local needs and requirements. A particular concern in many jurisdictions is the proliferation of unfunded mandates, which are often efforts to impose certain obligations upon lower levels of government without any compensatory financing mechanism. In Europe, a number of sub-national governments have expressed concern about the burdens posed by unfunded mandates emanating from the European Union and national governments. In 1995, the United States passed the Unfunded Mandates Reform Act, which required prior consultation for any federal rule imposing a financial burden upon small governments or the private sector of US$100 million or more in any given year.

Governments are increasingly seeking innovative ways to address challenges of coordination at the sub-national level. An interesting example is Guangxi Zhuang Autonomous Region in southern China, with a population of 48 million. Guangxi is a provincial administration consisting of four tiers of government – 14 municipalities, 111 counties, 1,246 sub-district offices, and 15,000 village committees. In the mid-2000s, Guangxi, like the rest of China, embarked on a transformation, shifting its development strategy from exclusively pursuing GDP growth toward pursuing a more balanced approach. This entailed setting objectives that included the improved well-being of the citizenry, rural development, farmland protection, ecology, air pollution control, and equitable and efficient public services (education in particular). The biggest challenge to successfully implementing the new approach involved issues of horizontal and vertical coordination, as each department and locality had its own unique objectives and priorities within the new development framework.

To meet this challenge, Guangxi introduced a collaborative governance scheme based on a performance management system. This scheme sought to facilitate collaboration along three dimensions: (1) horizontally among all functional agencies in the same tier of government; (2) vertically among all tiers of government; and (3) cross-sectorally between the government and other stakeholders including citizens, social organizations, and NGOs. The system also sought to hold various government agencies and local governments accountable for differentiated objectives. Its roll-out is highlighted in Box 8 below.

Through this mechanism, the Guangxi government was able to achieve considerable success. Guangxi has fully implemented the government programs promised in its annual report on government work at all levels of administrative units. In 2017, Guangxi broke down the macro-planning scheme in the government work report, key projects, and public documents into 5,875 performance targets, 98.7 percent of which have been successfully accomplished. Public satisfaction with government performance has greatly improved over the past four years from 73.9 percent to 87.7 percent.

BOX 8 Vertical Coordination in Guangxi Province

To address the challenge of reorienting its development approach, in 2008 Guangxi established a new agency, namely the Office of Government Performance Assessment, with offices in each tier of government to take responsibility for performance management among all administrative units. A performance management information system was developed in 2009 to assist with the implementation. The performance management system fosters collaboration through six implementing mechanisms and three support measures, the so-called "6+3 schemes".

The six implementing mechanisms include: (1) a mechanism for formulating strategic targets; (2) the breakdown and clear delineation of responsibilities between organizational units and sub-units; (3) the development of a comprehensive tracking system; (4) the employment of a public opinion firm to monitor citizen satisfaction; (5) the development of a system for monitoring innovation and identifying excellent practices; and (6) the linking of annual performance evaluations to the achievement of departmental targets.

These mechanisms were, in turn, supported by three measures: (1) the development of a standardized system of performance indicators; (2) a manual clarifying the approaches and documents that are necessary for the performance system to function; and (3) the implementation of a linked performance management system that combines management processes, real-time monitoring, information disclosure, and long-term performance records.

Source: Bank Staff Analysis

Practices That Influence Coordination

Beyond the formal mechanisms outlined above, policy and inter-agency coordination can be further aided (or hindered) by government practices that are targeted at other objectives. For example, the budget process exists to optimize the allocation of public funds, but it can also be organized in a way that facilitates coordination. Similarly, procedures for government-wide monitoring and evaluation, such as those employed to support the realization of the SDGs or other national vision documents, can be structured to help support joint accountability for results. Innovations such as Delivery Units, which are targeted at eliminating inter-agency bottlenecks around key deliverables, may also play a facilitative role in selected areas. (A recent Inter-American Development Bank review indicates that they frequently play a role in facilitating coordination in Latin American countries.)[9] The same is true for how the civil service is structured and how its executive management corps is organized. The use of information technology is also playing an increasingly important role in influencing how governments are able to coordinate their activities. Finally, some government reorganization efforts may be motivated by the desire to improve coordination as well as to streamline operations or to generate cost savings.

The Budget Process

Budget process reforms have been used to break down organizational silos and promote greater coordination around shared objectives. Starting with the Planning, Programming, and Budgeting System (PPBS) introduced in the United States in the 1960s, governments have recognized that budget process reforms can be a powerful driver to help institutions work together and assess priorities. PPBS's emergence reflected an awareness that government budgets could not continue to grow incrementally each year without an appropriate review of whether entities conducted activities that were still needed and valuable to the government. PPBS helped drive a shift from line item budgets linked to organizational units to a program-based structure that regrouped resources under a common set of policy objectives. It also instituted a robust set of requirements to push government officials to justify the continued utility/value of their programs. While the bureaucratic weight of PPBS requirements eventually made it unsustainable, the concept of program budgeting has endured as a valuable alternative to traditional line-item budgets. It has been enhanced by the introduction of performance budgeting, which encourages the specification of performance indicators.

The benefits of program budgeting for policy coordination are usually confined to a single line ministry, and do not necessarily extend across ministries. Program budgets are developed to support the strategies and missions of a line ministry, and the budget authority is given to the ministry head. Preparation of an over-arching medium-term national strategy document could in theory support coordination across sectors/ministries, but there are limits in practice because of the common separation between the planning and budgeting processes. Even when there is an overall national development strategy, contributions of ministries are not necessarily linked to the individual strategies. Key performance targets are usually set at the ministry level because it is consistent with budget appropriation decisions. Furthermore, in some cases, the directorate generals and agencies under the ministry have a high degree of budgetary autonomy, and ministry budgets are mainly a compilation of their subordinate parts.

Portfolio budgeting is an initiative aimed at fostering policy coordination across ministries and agencies. The Australia federal government has had more than two decades of experience using budget portfolios to encourage policy coordination and a more joined-up, strategic budget preparation process. As there are numerous ministries and agencies that span the public sector, there is a risk of fragmented budget planning. In Australia, multiple budget entities are grouped under a single portfolio, with a single minister having responsibility. The lead minister assumes responsibility to coordinate across the entities to ensure that policy objectives are aligned and resources are optimized within the portfolio. This creates greater space to make tradeoffs within the portfolio and across traditional organizational lines.

Malaysia's implementation of outcome-based budgeting (OBB) is one example of a budget process reform with features that could contribute to greater cross-sectoral coordination. Under OBB, all programs within a ministry must be mapped to one of six national strategic priorities contained in the 11th Malaysia Plan (2016-2020) and one of the corresponding "focus areas" within each thrust. OBB was designed to show cross-sectoral contributions to the national strategies and make them more visible. Because there is greater visibility at the center over programs across the whole of government, planners and budget officials can more easily identify potential overlaps or outdated initiatives. On the other hand, budgets are still controlled at the level of the ministry, department, or agency. There is no individual or institution that is responsible for the outcome of the strategic thrust or the outcomes for the focus areas within it. Achievement of national outcomes is a collective responsibility, with each ministry contributing within its domain and maintaining control over its own budget.

Government-Wide Monitoring and Evaluation (M&E) and Delivery Units

Similar issues are currently playing out in the context of government-wide M&E systems. Performance M&E frameworks and/or systems are now being introduced in a number of countries and provinces, including Botswana, Egypt, India, Saudi Arabia, and South Africa. Such systems, which are often linked to various long-term national

BOX 9 Progress in Key Sectors through Integrated Performance Management: The Brazilian State of Pernambuco

Basic Information

The Brazilian state of Pernambuco is located in the northeast region of Brazil. Its population is around 9.2 million, and its GDP per capita places it 16th among Brazil's 26 states.

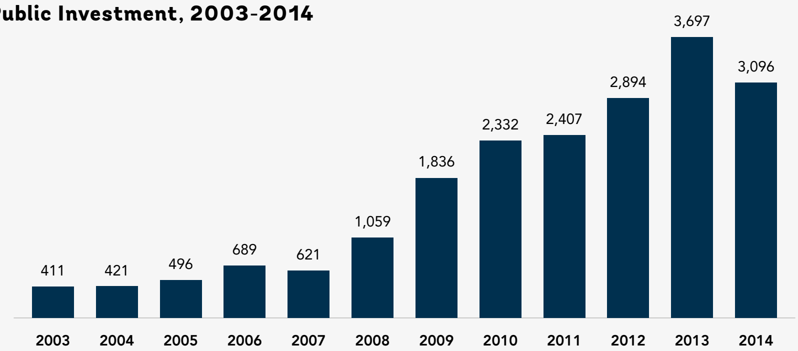
The Functional Problem

In 2007, the state government in Pernambuco faced a variety of challenges in terms of improving results for its citizens, ensuring cohesion across the administration, and strengthening the accountability of managers for results across government (Alessandro et al 2013). The government developed an integrated system of centrally-led performance management built around formulation, implementation, monitoring and evaluation. A set of 12 priority goals were identified and funded. Each week, the Governor chaired monitoring meetings for two strategic objectives, covering all 12 during a six-week period. Certain high priority areas, such as security, health, and education, received additional monitoring.

The Response

The results have been impressive. Perhaps one of the most significant accomplishments has been the linking of investment to government priorities. A "strategy map" is developed with strategic objectives that are derived from the Governor's political campaign. Each of the priority goals in the strategy map has a direct correspondence in the annual budget law. In addition, priority infrastructure projects are tracked through a dedicated project management office. As shown in the chart below, there has been a significant expansion in public investment since the new approach was rolled out in 2008.

Pernambuco Public Investment, 2003-2014



Noticeable improvements have taken place in terms of educational performance on metrics such as standardized tests and a reduction in the number of high school dropouts. There has also been a decline in deaths by preventable causes and a reduction in violent crime – other key priorities for the government. State officials have credited the system with providing real-time feedback that helped to play an important role in helping to detect and contain potential epidemics such as the Zika virus (Human Rights Watch 2017).[10]

In 2014, an assessment conducted by the Inter-American Development Bank identified a number of areas for further development (Alessandro et al 2014). They include establishing a better linkage between improvements in internal management and priority outcomes for the citizenry, which in turn will require greater coordination with state municipalities and the citizenry. Improved collective problem solving among sectoral secretariats is another priority.

Source: Xavier Jr. (2016)

vision documents or, more recently, to SDG implementation, can struggle with the allocation of responsibility for cross-cutting goals and objectives. To facilitate accountability, ownership for such goals is almost always assigned to a given ministry or department, with the understanding that others will play a contributing role. In many contexts, such systems are fostering greater inter-agency dialogue and coordination over outcomes at the working level.

In Pernambuco, a medium-sized state in Brazil, the government established the performance management system around a select number of priority goals and integrated it into policy formulation, as well as implementation and monitoring. Priority goals had a direct link to the annual budget law, with priority infrastructure projects also benefiting from a dedicated project management office. As Box 9 underscores, the government views the system as helping it make tangible improvements in public investment and the quality of service delivery. There was also a significant increase in public investment in the wake of system implementation in 2008, although it may have declined in recent years.

For a limited number of high-priority objectives, some central governments have set up institutional innovations such as Delivery Units. The original Prime Minister's Delivery Unit was established under Tony Blair's second term of office in the United Kingdom, and has spread around the world, most notably Malaysia (PEMANDU), Australia, Indonesia, a number of countries in Latin America, and some sub-national governments, such as the state of Maryland in the United States. Delivery units are typically designed to focus upon a relatively narrow set of cross-cutting priorities. They focus more upon operational and delivery issues than policy coordination, and the units will carefully monitor progress towards the government's key objectives. Although they are meant to complement, rather than substitute for other government-wide systems and procedures (such as cabinet office, program budgeting or government-wide M&E systems), the central government may use a Delivery Unit to plug the gaps in inter-agency coordination on a selective basis. In fact, a recent Inter-American Development Bank assessment noted that in many countries in Latin America, Delivery Units were being used in this manner. It is not uncommon for them to intervene to keep implementation on track, often targeting the bottlenecks or problems falling between agencies, and they have occasionally been brought in to facilitate coordination in other areas, stretching beyond their immediate mandate and focus.

Information Technology

To what extent are ongoing developments in information technology likely to transform the challenge of policy and operational coordination? Some interesting experiences raise the hope of transformational improvements. For example, by outfitting garbage trucks to serve as mobile sensor platforms, the Department of Public Works in Cambridge, Massachusetts can now be notified when accelerometers detect a pothole, thereby allowing it to respond directly and reducing the need to coordinate manually with the Department of Sanitation. In a similar manner, cities such as Singapore and Boston are pulling together dashboards that allow the monitoring of KPIs in areas such as public safety, municipal services, human services, and economic development on a real-time basis, with the goal of supporting more rapid and integrated decision-making. Chicago's WindyGrid provides three main functions in a geospatial interface: situational awareness and incident monitoring; historical data retrieval; and real-time advanced analytics. It has been a valuable tool in supporting a more integrated approach among municipal agencies in everything from parades to health and human safety, to extreme weather events.[11]

As these examples indicate, technological changes are already having an important impact upon operational coordination. This has been taking place since the 1990s through the reengineering of business processes and the digitization of data, which (as the Egypt One-Stop Shop case demonstrates) has helped citizens to break down functional and organizational boundaries and facilitated radical improvements in the quality and speed of service delivery. Big data and artificial intelligence will accelerate these trends, providing decision-makers with more accurate and detailed information for decision-making and allowing resources to be better targeted to where they are most needed. Artificial intelligence is now being used for policing purposes in cities as well, identifying areas more likely to be at risk for particular forms of crime based on pre-existing patterns and sensor data.

While the impact of IT on policy planning and coordination is less pronounced than at the operational level, it nevertheless has the potential to be quite positive. Improved data analytics is likely to improve the quality, timeliness, and reliability of data, and predictive analytics will allow for the more accurate forecasting of future trends – all of which, if used properly, should improve the quality of decision-making. (Their utility diminishes, of course, if decision-makers do not value or trust the information they are receiving.) Communications technologies will facilitate the rapid dissemination of information within and outside of government, both assisting and complicating the ability of decision-makers to shape the message. Information technologies are also being employed to help monitor agency performance through dashboards and the like, as well as to improve the quality of data presentation and data visualization.

Yet in many respects, these examples also underscore how scaling up technology to the national level has limitations in facilitating inter-agency coordination. At the local level, the number of actors is limited; the cost of upgrades is manageable; and departments often report directly to a mayor or city manager, who can pressure them towards greater integration. National governments have many more employees, who are also more dispersed, increasing the challenge in developing, rolling out, and maintaining IT systems. National governments are typically more focused upon broader policy questions than issues of day-to-day service delivery. Furthermore, due to long delivery chains, the center may not be able to exert much influence over front-line service providers, particularly in large federal states.

While governments in emerging economies are often slow to adopt new technologies, they also need to address more fundamental challenges. This is particularly true in many low- and lower middle-income countries, where IT and data analytic skills are scarce. Protocols for sharing data and information are often underdeveloped; data formats may be fragmented and/or incompatible; and formal correspondence must by law be paper-based. There are legitimate questions as to whether limited IT capacity should best be targeted towards developing basic country systems, capacity, and infrastructure, or directed towards more frontier issues such as integrated data monitoring systems instead. Beyond this, one will still require forums and established procedures for bringing together stakeholders around a particular course of action. All of the challenges – institutional rivalry, personal ambition and/or animosity, and the difficulty in resolving disputes between separate agencies – will remain.

Executive Service Cadres

The socialization of individuals within a given organization can play an important role in shaping their perspectives, incentives, and preferences. This will in turn have important implications for how that organization functions (Akerlof and Kranton 2005). Students of bureaucracy and public management have long argued that organizations play an important role in shaping the attitudes and values of their staff, both through attracting certain types of individuals as recruits and by socializing them into a particular institutional outlook and/or world view. It has long been appreciated that traditional generalist administrations (of the type that existed in Britain and France up through the 1950s and 1960s, and which still exist within countries such as India today) were able to rely upon informal networks among a senior management cadre to facilitate information exchange and coordinated activity in a way that is often not found today within OECD countries. Such sentiments are so strong that, in 2012, a senior British official publicly proclaimed that "mandarins matter" and lamented both the loss of the administrative talent and the erosion in the ethos of civic association that they brought (Letwin 2017).

The virtues and vices of a generalist managerial cadre within the broader civil service have been extensively debated for decades (Potter 1996).[12] On the positive side, such practices were effective in building a shared managerial ethos that had a strong sense of collective identity and service to the broader good, which transcended the parochial views of the department where a given official happened to be posted. Frequent rotations, often lasting only two to three years, reinforced the sense of identity and allegiance to cadre over agency. Elements of this culture still remain in a variety of "high flyer" programs, such as the Presidential Management Fellowship Program in the United States or the Ecole Nationale d'Administration in France, or in various senior executive service corps.

On the downside, such systems have been critiqued for being inherently elitist as well as for failing to place administrators with technical expertise within their area of oversight. In some respects, the debate is now becoming less germane, as the traditional "generalist" administrator is becoming increasingly rare. The major thrust in public sector management in North America, Oceania, and Western Europe over the past several decades has shifted to emphasize decentralizing human resource management to the agency level and developing leadership from within the organization.

Reorganization

One of the most common techniques to improve coordination and cooperation among various government agencies is administrative realignment. Such efforts may be driven by an effort to reduce costs, eliminate redundant or unnecessary tasks, or consolidate back office functions. But they can also be motivated by the desire to improve policy alignment and operational coordination. Bringing together disparate agencies under a common organizational umbrella can help ensure that a senior decision-maker is empowered to sort out turf issues and monitor the quality of information sharing and collaboration on a routine basis.

Unfortunately, such reorganizations are often difficult and complex undertakings that do not always deliver their anticipated benefits. Many involve modest or superficial adjustments to organizational charts and reporting lines that de facto leave their underlying systems and structures unchanged. The mere lumping together of disparate agencies under an umbrella organization does not guarantee the systematic integration and rationalization of policy or operations, or even that improved coordination will take place among the subordinate agencies. As a review of one such effort in a major American government department noted well over a decade after the reorganization had taken place, "we have seen little evidence of proactive effort by leadership to view the organization holistically, to forcefully communicate the need for cooperation among components, and to establish programs or policies that ensure unity, even though such effort is a necessary precondition for unified action."[13]

The example of Technical and Vocational Education and Training (TVET) in Malaysia represents another case where administrative reorganization did not necessarily resolve challenges to coordination. Consolidation of institutional responsibility has been a building block used by Malaysia to enhance policy design, coordination, and implementation of TVET. In 2007, the government merged two existing entities to form a single Malaysian Qualifications Agency (MQA), under the Ministry of Higher Education, to have responsibility for quality assurance in higher education for both the public and private sectors. MQA works in collaboration with the Department of Skills Development under the Ministry of Human Resources to accredit technical and vocational programs conducted by polytechnics and colleges. Despite early efforts to consolidate responsibilities, an independent study by the World Bank in 2014 found that duplication and poor coordination continued to hamper TVET efforts.

For many emerging economies, one of the most prominent examples of reorganization has been the effort to develop a more unified approach to budgeting through the merger of finance and planning ministries. During the 1990s, there was a major push to bring these functions (and the institutions that supported them) together for a variety of reasons. The principal goal was to better integrate the recurrent and capital budgets. Planning without the discipline of a Medium-Term Expenditure Framework (MTEF) was viewed as an inherently expansionary exercise that, left unchecked, would inevitably create added fiscal burdens in future years. There were concerns that: (i) formal planning procedures were overly technocratic and often divorced from the political give and take surrounding the annual budget process; (ii) the downstream fiscal implications of capital projects were not being adequately captured and costed; and (iii) the traditional five-year planning cycle often failed to capture the volatility that many emerging economies faced and did not reflect reality in the out-years. The prevailing wisdom is that these issues would often be better addressed through a single empowered ministry of finance with significant program review and analytic capacity, combined with a robust MTEF and a strong focus upon performance management and expenditure review.

More recently, there are hints that greater nuance and flexibility may be appropriate. Merging two functions – that previously operated autonomously – under a single roof has not assured integration of business processes. The mergers have revealed that some of the underlying capacity constraints and differences in organizational culture are more difficult to change. A recent global review of the national planning function indicated that, in more than half the cases, it was embedded within neither the ministry of finance nor the ministry of economy or planning (Chimhowu et al 2018). Among institutions such as the World Bank and the IMF, a number of PFM professionals are now calling for a more varied and contextual approach depending upon a given country's current developmental challenges, administrative capacity, and institutional structures and traditions (Allen 2011). Priority should be given to improving the business processes or core functions, regardless of where they are housed organizationally.

Other Approaches and Techniques

Beyond these approaches, other techniques have been developed to strengthen information sharing and collaboration between ministries. Many are intended to complement and not to supplant more formal mechanisms. They include joint distribution lists, informal meetings, retreats, conferences, and staff secondments. They can also include joint training activities or preparation exercises for natural disasters and the like. Staff can belong to professional networks that cultivate a shared orientation and world view and provide a regular forum to meet and exchange ideas. They can share property, facilities, and equipment. Increasingly, agencies can also draw upon the use of shared platforms and databases, which can help to ensure that they are working off a common set of facts.

Global Experience with Strengthening Coordination

This section draws on the experience of the Bank staff in assisting governments around the world to improve policy and inter-agency coordination. It highlights a few examples of efforts undertaken by non-OECD countries to strengthen policy coordination. The examples are drawn from countries with varying degrees of institutional capacity (including post-conflict countries and EU member states) and varying degrees of institutional complexity due to the size and structure of the state. The boxes provide additional details to communicate the political economy context in which reform was undertaken, the functional problem, the response undertaken by government, and the relative impact. While in most cases tangible benefits have been obtained from the reform, the cases also demonstrate that success is not guaranteed and significant challenges may persist.

Improving policy coordination has been a central component of many of the Bank's engagements over the past decades, with a heavy focus on enhancing coordination at the sectoral level. A detailed review of the World Bank's portfolio based upon a key-word search of over 20 selected phrases, such as "policy coordination," "inter-agency coordination," and "inter-ministerial committees" revealed that over the past 30 years, the Bank has engaged in over 440 interventions that sought, in whole or in part, to improve the quality of coordination within a specific sector. As of 2016, about 3.3 percent of Bank projects had this focus, up from 1.2 percent in 2012. The most prevalent way in which the Bank supports governments in improving coordination is through development finance, where sector-specific investments often include strengthening the sectoral coordination function. Support may include strengthening the institutional capacities and mechanisms for monitoring, planning, management, and decision support systems in a particular sector; or strengthening intra-governmental coordination mechanisms between the federal government and municipalities. Annex 2 provides more details on the results of the analysis.

Besides these sectoral interventions, the Bank and other partners have been involved in supporting a variety of reforms dedicated to improving coordination at the center of government. This work has expanded markedly over the past 4–5 years in response to a rapid increase in country demand. The Bank is now active in more than 35 countries in supporting various reforms. Some initiatives seek to improve policy coordination by strengthening cabinet offices, cabinet operations, or the ability of the Prime Minister's Office to manage its work. Others focus upon strengthening the ability of central agencies to address strategy issues, which typically involve long-term over-the-horizon challenges, the preparation of vision documents, or similar strategic programs. Still others involve the creation of Delivery Units to use the imprimatur of the chief executive to unblock pernicious delivery challenges. Finally, some of this work has focused upon the development of government-wide monitoring and evaluation systems to track progress on key government priorities from the center of government. Beyond these efforts, the Bank has been involved in a wide range of efforts to improve coordination among specific sectors. The next two sub-sections systematize these efforts and attempt to tease out some lessons about what reforms work.

Effective policy coordination can take place either at the initial stage when policies are being formulated or at later stages when agencies must collaborate in their implementation. In systems where cabinets are important and decision-making is collective, policy coordination takes different forms as compared to systems with an institutionally strong chief executive who has a mandate to decide on policy directions. At the same time, consultations across MDAs and with outside stakeholders are still important in systems with a strong chief executive, as they create ownership and drive among the implementing agencies. These countries often require assistance with strategy and policy formulation that would include such consultations. Other countries, in contrast, have focused on downstream coordination, i.e., setting up mechanisms to monitor policy implementation, with the aim of strengthening accountability for delivery of services. We consider both policy and operational reforms in turn.

Reforms to Improve Policy Coordination

In systems where cabinets play an important role in setting policy, their collective decision-making capacity often requires strengthening. Such strengthening includes building capacity for evidence-based policy-making across the spectrum of state capability. For example, in Sub-Saharan Africa, the Africa Cabinet Governance Network provided assistance to Sierra Leone in developing one of the basic building blocks for a functioning cabinet – the preparation of a cabinet manual. The manual articulated the essential principles of cabinet government – collective responsibility, collaboration and consultation across government, evidence-based decision-making, and confidentiality. It elaborated the procedures to be followed in preparing and submitting cabinet memoranda and provided basic document formats, emphasizing that proposals need to be made with accountability relationships, milestones, and sources of funding identified. There is evidence that these interventions have managed to improve the quality of decision-making. In a survey of cabinet office officials in Sierra Leone, the percentage who felt that cabinet submissions were more evidence based shot up from 10 percent in 2013 to 60 percent in 2016. At the end of this period, the Secretary to Cabinet and Head of the Civil Service, Dr. Ernest Surrur, argued that there had been a "paradigm" shift towards greater use of evidence in cabinet operations.

Policy coordination is much easier when cabinets function collaboratively with a shared vision. Cabinets consist of individuals – with their own personalities and motivations – who must be able to coordinate with each other and work together toward a common goal. Towards this end, the Bank has provided assistance to cabinets through team-building and coaching, as well as convening regular meetings or occasional leadership retreats. This is particularly relevant in coalition governments, where individuals may represent different political factions. The underlying idea is to build ownership of the priorities set out in the government program, as well as agreement on how to implement these priorities. This will then help ensure that processes at the ministry or institutional level move in the same direction.

To support cross-institutional coordination through the policy review processes of its Cabinet, Latvia established the State Chancellery. The Chancellery was tasked with analyzing policy impacts and providing the weekly input into cabinet decisions. Box 10 describes two different coordination mechanisms that have evolved in Latvia. Latvia's transition from a strong Policy Coordination Center (PCC) at the Chancellery to a more arm's-length Inter-Ministerial Coordination Center (IMCC) under the Prime Minister illustrates that different political configurations and imperatives will require different coordination mechanisms. Latvia's accession to the EU and coordination of the acquis required the PCC to play a very active role. As Latvia moved to a different stage of development with new strategic goals, a similarly high capacity but more removed mechanism became more desirable for policy-makers.

The change in the coordination mechanisms in Latvia also illustrates efforts to achieve a balance between technical analysis and political imperatives. It is understandable that political leaders may want to make decisions against the analysts' advice, based on various political incentives or commitments. Compromise is possible, but it must be negotiated among the political actors. Instituting a rigid policy coordination mechanism that is perceived to replace political decisions with technical solutions may not be sustainable.

Examples abound of reforms aimed at enhancing strategy formulation and institutional strengthening, while ensuring the ownership of the strategy by various stakeholders. This includes reviewing and improving the functions of the Prime Minister's or President's Office. For example, in Armenia, the Bank assisted the government in reviewing the operations of the Prime Minister's Office (PMO) in relation to the strategy to streamline and enhance its effectiveness. The review discovered that roughly half of the issues coming before the PM involved taking decisions on business travel and leave. When these areas were subsequently slated for routing elsewhere, it helped to free the PMO from routine administrative tasks and release more time for strategic decision-making. There have also been efforts to improve the quality of policy-making in Armenia by introducing regulatory impact assessments prior to the adoption of new legislation (see Case 4 in Part I). In Botswana, the Bank provided support to the National Strategy Office (NSO) within the Office of the President. The NSO required assistance in formulating its Vision document and developing the performance framework for the National Development Plan. This was done in an inclusive fashion by involving the implementing MDAs and outside stakeholders.

BOX 10 Policy Coordination in Latvia: A Tale of Two Mechanisms

Basic Information
Latvia is a parliamentary democracy with a multi-party system and a coalition government. Population: 1.9 mil (2017 est.). GDP per capita: USD 14,630 (2016; high-income country). Latvia joined the EU in 2004.

The Functional Problem
At the beginning of the millennium, policy coordination was considered a condition sine qua non for effective preparation of the country for EU membership, as well as to benefit from the future membership by virtue of being able to speak with one voice, as opposed to multiple voices pursuing sector interests.

The Response
In 2000, the **Policy Coordination Center (PCC)** within the State Chancellery was established. Any policy decision subject to Cabinet approval was vetted by the PCC at the analytical level. First, alignment with strategic documents was analyzed, then the evidence of inter-ministerial coordination was reviewed, and then the merits of the new policy were analyzed. On a weekly basis, an opinion was prepared for submission to the Prime Minister prior to Cabinet meetings. The PCC, which was also responsible for the implementation of the Government Plan and reporting to the Prime Minister, was headed by the deputy director of the State Chancellery, who had direct access to the Prime Minister.

Policy coordination was led by the Director of State Chancellery at a weekly meeting of State Secretaries. If a new policy initiative was announced by a ministry, then a review of the new policy and its impact (environmental, economic, social, institutional, legal, and financial) was carried out by the PCC. Within two weeks, the policy was to be coordinated (and amended if needed) before its submission to the Cabinet for consideration. Only fully coordinated proposals reached Cabinet Meetings. When administrative coordination failed, the issue was referred to political coordination at the Coalition Council or Cabinet Committee. The policy coordination system enabled alignment of policy and budget planning (through fiscal impact assessment) and fostered implementation of government plans.

This mechanism worked because it was supported by the cadre of high-capacity analysts at the PCC; it was also demanded by the Prime Minister. However, after several changes in the Cabinet, the decision was made in 2011 to remove the policy coordination function from the Chancellery, dissolve the PCC, and create a self-standing unit, the **Inter-Ministerial Coordination Center (IMCC)** that would report directly to the Prime Minister. The IMCC retains some of the PCC functions (e.g., coordination of the implementation of the Government Plan and other strategies). It also has a strong monitoring and analytical focus, and works more on demand from the Prime Minister. The IMCC does not provide weekly inputs into the Cabinet decision-making.

Source: Authors

As the Serbia case shows in Box 11, creating new institutions with formal procedures does not necessarily resolve coordination problems at the center. Though the Serbians had previously had some success in creating new institutions (e.g., for EU accession), an approach that involves formal procedures can also lead to unnecessary fragmentation. Their new approach is informal, based on the principle of collective leadership and anchored around themes laid out by government as strategic priorities. This approach has gained traction and even survived the change of Prime Minister in June 2017. Yet for this process to lead to permanent improvement in coordination capacity, an eventual consolidation of the fragmented institutional set-up of the CoG and a change in the way coordination is perceived by senior officials – currently as a box to be ticked rather than an essential and important process of building alignment – will need to occur.

BOX 11 Improving Whole-of-Government Coordination in Serbia: Thinking out of the Box

Basic Information

Serbia is a semi-presidential democracy with a multi-party system and a coalition government. Population: 7.111 mil (2017 est.). GDP per capita: USD 5,426 (2016; upper-middle income country). Serbia is a candidate country to join the EU and formally started the accession negotiations in 2014.

The Functional Problem

The EU accession process is a powerful motivator to improve coordination. In Serbia, it was strengthened by the Prime Minister's realization in 2016 that the lack of alignment among cabinet members and lack of effective follow-through on agreed decisions were key impediments to the achievement of priority reforms.

Over the past decade, Serbia has made numerous attempts to institute formal, "good practice" coordination mechanisms, but with little success. This involved efforts to streamline the organization of a fragmented CoG and strengthen formal inter-ministerial coordination structures, and the introduction of a 'delivery unit' to track the implementation of strategic projects and programs. An assessment by the World Bank completed in early 2016 maps all CoG units (Government Secretariat, Prime Minister's Office, Legislative Secretariat, Delivery Unit, Public Policy Secretariat, European Integration Secretariat) and concludes that well-intentioned measures to enhance coordination have instead weakened it.14 This is because a fragmented CoG is consistently outmaneuvered by stronger line ministries.

The Response

Addressing these deep-seated issues required out-of-the-box thinking. In the summer of 2016, the Bank worked with the Serbian authorities to design a new approach, characterized by:

- **Accepting the institutional set-up as is, without modifying or adding to the existing arrangements.** All the existing COG institutions are to be involved (so as not to create opposition), but without having any of them leading the process.
- **Building coordination between actors rather than institutions.** Such coordination is at the level of the cabinet (between ministers and between the prime minister and ministers) and at the level of senior officials. The effort focuses on priorities set out in the government program, and seeks to build a joint vision and agreement on how to implement these priorities and how to ensure that processes at cabinet and at ministry/institutional level move in the same direction.
- **Creating platforms once agreement at the level of actors is reached.** Discussion, alignment and follow-up can be conducted through these platforms (ministerial groups and senior official groups). The groups should also agree on indicators to track progress on goals.

Source: Authors

Reforms to Strengthen Whole-of-Government M&E

There is often a thin line between the front-end policy coordination through strategy development and strengthening the high-level performance M&E system at the center. For example, the Bank's engagement in Botswana, which was centered around a high-level reform effort to enhance economic diversification, adopted an integrated approach across the public policy cycle. It incorporated reforms to enhance planning, budgeting, public service management, and M&E functions, with a pragmatic focus on performance. Reforms have benefited from high-level political leadership and an inclusive approach across government and beyond. Initial successes have opened up space for other public sector reforms.

International economic integration goals have often driven efforts to improve coordination of policy implementation. In the countries that are seeking to join the European Union, the cross-cutting integration agenda is often the top strategic priority that warrants close coordination and monitoring from the center of government. For example, in Moldova, the Bank has worked to strengthen the ability of the State Chancellery to monitor several key functions, including the reform actions articulated in Moldova's National Strategy 2020 and the Government Program 2016-2018, both of which were driven by the EU Association Agreement Action Plan. Similarly, in Serbia, the Bank assisted the Serbia European Integration Office (SEIO), a coordination office at the center of government, in developing an M&E framework to track progress toward the acquis.

Institutional arrangements to strengthen government-wide performance M&E sometimes include setting up a dedicated ministry or agency to support this agenda and drive cross-cutting priorities. Three examples are:

- In **Serbia**, the SEIO was disestablished in 2017, when the new Ministry of the European Integration was created to take over the SEIO's high-level coordination and M&E functions.

- In **South Africa**, the government created a dedicated Ministry of Performance Monitoring and Evaluation (PME) within the President's Office in 2009. The Ministry's policy position draws on the existing M&E system and expands its policy reach by introducing a specific focus on performance and monitoring of the politically determined outcomes. The Bank has been assisting in building the capacity of the Ministry, especially with regard to evaluation.

- In **Rwanda**, the government established a new office known as the Quality Assurance Technical Team (made up of civil servants from the Ministry of Local Government and the Ministry of Finance and Economic Planning) to oversee the *Imihigo* system of performance contracts. Its success shows how service delivery can be improved through CoG reforms (see Case #1 in Part I of this report).

Saudi Arabia has taken the creation of a new performance measurement agency one step further through the creation of the National Center for Performance Measurement, or "Adaa". Adaa, which means "performance" in Arabic, has been created to monitor implementation of the country's Vision 2030 document, its National Transformation Plan, and other related programs. Adaa has been exempted from traditional civil service pay and recruitment practices, allowing it to recruit the best and brightest staff from the public and private sectors within Saudi Arabia. The agency's position directly under the Crown Prince and the Council of Economic and Development Affairs (which he chairs) has given it a high profile and significant gravitas in working with line departments to develop and monitor strategic and operational KPIs. The agency has aggressively tapped into global expertise in developing its monitoring framework and methodology, and the Bank is working closely with Adaa in developing strategic indicators and reporting formats and reviewing its product mix. A key challenge is being able to go both "broad and deep" in performance monitoring; this entails covering a set of narrow and selected topics for managerial decision-making, while at the same time monitoring progress across the entire range of Vision 2030 and National Transformation Plan indicators, as well as developing capacity for performance monitoring among the line departments. Agencies such as Adaa often face the tension between engaging in performance measurement and performance management. Is their mandate simply to ensure that the monitoring framework is robust and consistent, or to intervene to facilitate the achievement of key goals and targets?

Yet the efforts to create government-wide M&E frameworks also have their limitations. The case of India is outlined in Box 12 below. In contrast to Pernambuco and other examples, the Indian monitoring system was far more ambitious in its scope and was ultimately not sustainable. The Performance Management and Evaluation System (PMES) sought to standardize and build a unified performance management framework across the country, including departments and ministries at the national and state level. It was housed in the Government of India's Cabinet Secretariat and as of 2014 covered 80 departments within the Government of India and 800 Responsibility Centers. However, the system did not survive the 2016 change in government for reasons that, as outlined below, remain very much in dispute.

Some countries have opted for a Delivery Unit (DU) to focus on monitoring and trouble-shooting a small number of top priorities. A common challenge confronting such units is managing the balance between maintaining a focus upon strategic priorities while responding to real-time political demands for engagement on other urgent issues.

- In **Albania**, the Bank supported capacity building for the Prime Minister's DU, first by facilitating leadership workshops to set the high-level priorities, and then supporting the monitoring of their implementation by the DU. The latter has been accomplished through a results-based lending operation focused on one of the top cross-cutting priorities – improving citizen-centric service delivery.

- In **Tunisia**, the Bank is providing technical assistance to the DU as it works to improve communication in three areas: internally between ministries and the Prime Minister's Office, among different stakeholders, and at the Cabinet level.

Aside from DUs, different countries have adopted various other agile, semi-permanent structures at the center of government to drive the implementation of high-level cross-cutting priorities.

- In **Pakistan**, the Bank supported the design and implementation of two innovative coordination mechanisms: Implementation Support Units (ISUs) and the Rapid Response Facility (RRF). The ISUs supported the line departments and public sector entities in leading implementation of interventions. Similarly, the RRF – with a lead time of 42 days from the start of an idea to the start of implementation – enabled the line departments to move forward quickly with implementation.

- Similarly, in **Indonesia**, an ad hoc unit named TNP2K, an Indonesian acronym for the National Team for Accelerating Poverty Reduction, was created within the Vice President's Office to focus on a single top priority: poverty eradication. TNP2K was heavily involved in the process and facilitated regular coordination meetings with ministries in charge of the implementation (e.g., Ministry of Social Affairs) and also those who were involved in policy coordination (e.g., BAPPENAS, the Ministry of National Development Planning). TNP2K had some features of a DU (coordinating and trouble-shooting) and some features of a high-level think tank (providing policy advice and conducting impact evaluations of key poverty reduction programs).

One key lesson is that the role of the center of government in performance M&E should be clearly defined and focus on high-level coordination issues rather than on micro-managing the granular M&E, which is best done by MDAs themselves. For example, in Bangladesh, the Cabinet Office worked to improve monitoring performance across the whole of government. An important part of this reform was to ensure consistency between performance targets at the Cabinet level and KPIs within the Ministry of Finance. As was true with Pernambuco's experience, a key lesson from these engagements is the benefits of an integrated approach that combines financial management and allocation decisions with a robust M&E framework. The more granular tasks are best left to the MDAs.

BOX 12 Efforts to Improve Government-Wide Performance Monitoring in India: An Ambitious Effort Falls Short

Basic Information

India is a large federal state with a parliamentary democracy and multi-party system. Population: 1.3 billion (2017 est.). GDP per capita: US$1,709 (2016).

The Functional Problem

Government of India (GOI) spending on basic services increased at 11 percent per year in real terms from 2006 to 2012 – a faster rate of increase than GDP – but it did not fully translate into better services on the ground. Some estimates indicated that approximately half of India's public spending on basic services did not reach the poor because of inefficiencies in governance and execution. Assessments of the performance management framework revealed a number of deficiencies, including: numerous institutions with different goals and objectives were overseeing various dimensions of government performance; several important initiatives had divided responsibilities for implementation, with the result that accountability for results was diluted; existing performance management tools suffered from selective coverage and time lags in reporting; and performance evaluation systems lacked a prioritization of goals and tasks (Trivedi 2017).

The Response

In 2009, to improve institutional effectiveness and accountability for results, the GOI created the Performance Management and Evaluation System (PMES), which sought to standardize and build a unified performance management framework across the country, including departments and ministries at the national and state level. By 2014, this system, which was located in the Cabinet Secretariat, covered 80 departments within GOI and 800 Responsibility Centers (which included subordinate offices, autonomous bodies, and the like).

By 2016, PMES was no longer in use, having failed to survive the transition from the government of Manmohan Singh to Narendra Modi. The reasons for discontinuing the system vary. To its supporters, the effort was conceptually sound but suffered from flaws in implementation. It was implemented unevenly, as the GOI elected not to publish scorecards for some under-performing ministries that had not met their targets. The system was never enshrined into law, and decisions to eliminate it were in essence politically motivated. To its detractors, the system itself was flawed – a "completely unviable concept" as one senior official noted in 2016 (Economic Times 2015). In their view, it was not possible to reduce the performance of a ministry to a single quantifiable composite score or set of scores. Instead, they argued that frequent reviews of program implementation were likely to be more effective.

Source: Authors

Examples of Malaysian Coordination Mechanisms

Malaysia's experience with the implementation of the National Transformation Programme (NTP) is a useful example of how a government drove achievement of national policy outcomes by identifying the challenges to coordination and empowering a body to address them. In developing the NTP, the government recognized that its existing strategic documents – one for industrial policy and the other for government processes – were not helping it to adequately articulate or meet the aspirations of its citizens. The NTP's emergence therefore reflected a desire to focus on the government delivery system through a more people-centered lens. More importantly, the government recognized that existing CoG processes for M&E may have been good overall, but they were inadequate to ensure that National Key Results Areas (NKRAs) would be achieved.

The government therefore created an institutional structure with a singular mandate to drive performance from the center and positioned it in the Prime Minister's Department for maximum effect. This delivery-focused structure was the Performance Management and Delivery Unit (PEMANDU), which was vested with the political mandate and human resource capabilities to make sure its guidance would be taken on board by the MDAs tasked with implementing the NTP. PEMANDU also initiated the development of policy "labs" as a way to convene relevant stakeholders and focus their attention on resolving specific problems. The lessons from PEMANDU's successes and challenges have been well-documented by various organizations, including in the World Bank's 2017 report Driving Performance from the Center: Malaysia's Experience with PEMANDU.[15]

The establishment of Urban Transformation Centers (UTCs), Malaysia's more recent version of one-stop shops, illustrates the coordination of government service delivery under one roof. In UTCs, dozens of agencies come under one roof

BOX 13 Lessons Learned in the Implementation of the National Transformation Programme

Early ownership by the top political leadership: Prior to its establishment, Cabinet ministers, through a series of Cabinet workshops and retreats, had agreed on seven National Key Results Areas (NKRAs)16 under the GTP, as well as on performance indicators for each NKRA. This meant that consensus and ownership on cross-ministry linkages and a framework for performance targets had been secured at the highest level of government. This allowed PEMANDU as the delivery unit for NTP to quickly focus on executing its portfolio of spearheading the NTP implementation across ministries, departments and agencies (MDAs).

Positioning of PEMANDU within the Prime Minister's Department: As a result of its positioning, PEMANDU was able to invoke the Prime Minister's authority when dealing with MDAs involved in implementing the NTP. Additionally, the Chief Executive of PEMANDU held the rank of Cabinet Minister (until August 2015), thus enabling him to address and clarify issues directly with lead ministers of NKRAs. The ministers could then better understand the rationale for action and give informed instructions to the MDAs under their jurisdiction.

to provide government and non-government services to citizens. Just like the example of Egypt in Box 3 and India's one-stop shops described in Case #10, the benefits for the citizens are significant in convenience and access. In Malaysia, UTCs are open from 8:00 am until 10:00 pm every day, including weekends and holidays. Citizens can obtain their passports, renew their vehicle registrations, receive medical services or use gym facilities under the same roof in a convenient location.

In a sector such as urban transport, coordination among disparate stakeholders can be especially complex; Malaysia has begun to address this challenge. Malaysia, like other countries in southeast Asia, has experienced rapid urbanization since the mid-1980s, and this has placed a heavy burden on existing public infrastructure and hiked road congestion. With transport infrastructure often cutting across multiple jurisdictions, urban transport planning has been especially difficult. Traditionally, the urban transportation plan was under the authority of the Ministry of Transport, but in 2010, the Land Public Transport Commission (SPAD) was created in the Prime Minister's Department, with a status comparable to federal ministries. Its mandate was to provide unified planning, regulation, enforcement, and oversight over land-based public transport within and among cities. SPAD's impact on the sector was immediate. It developed a National Land Transport Masterplan (2012–2030) and teamed with PEMANDU to oversee common results areas under the Government Transformation Programme (GTP) and Economic Transformation Programme (ETP) pertaining to public transportation. SPAD played a role in the implementation of transport plans for both the national level and greater Kuala Lumpur, established technical working groups across Peninsular Malaysia, and took over the licensing and regulation of numerous service delivery sectors. Perhaps its biggest achievement was the on-time, high-quality delivery of the Mass Rapid Transit (MRT) project in metropolitan Kuala Lumpur, despite the highly fragmented institutional landscape. In May 2018, the new government disbanded SPAD, and its functions were moved to the Ministry of Transport to further streamline policy coordination and implementation.

Lessons and Conclusions

Effective policy coordination is vital for governments to deliver services and to fulfill the aspirations of their citizens, and yet this is increasingly harder to achieve in the 21st century modern state. Coordination failures can place a heavy burden on citizens trying to obtain basic services. This may include duplication of processes and/or excessively long procedures. The hidden cost can be especially burdensome for those in emerging economies. Yet, coordination is also becoming more difficult in some contexts. Demands of citizens on their governments have increased, and the functions of government have grown in complexity. The SDGs reflect high-level national goals that cannot generally be achieved through the efforts of a single ministry; rather, they involve extensive inter-relationships among actors. The stakes are high and effective coordination is worth pursuing.

Governments have a variety of tools that they can bring to bear in addressing the problem. Commonwealth and European concepts of government structure have had influence around the world in shaping public administration, but these are not the only mechanisms used to achieve effective policy coordination. Cabinet committees, sub-committees, chancelleries, working groups, and similar structures work effectively in many countries. There are also examples – such as in Vietnam and China – where party structures are being used effectively as coordination instruments. Coordination can be enhanced through collateral mechanisms, including program budgeting, government-wide M&E systems, IT systems, delivery units, and restructuring and reorganization. There are also examples where informal mechanisms, such as civil service rotation policies, have been used to facilitate knowledge exchange. However, as governments in the West and the East find themselves needing to coordinate increasingly with actors outside central government, such as the private sector, civil society, and sub-national governments, even these mechanisms have limitations.

Coordination has a cost, and expanding the sphere of consultation and review can significantly slow the pace of decision-making and action for those seeking to drive policy development and implementation. Formal coordination mechanisms may be valuable at the policy development stage, or at the point of implementation. In some cases, it is sufficient for an MDA to simply be notified of the new policies/programs being proposed by others, so that they may give constructive input or may confirm the absence of direct impact on them. On the other hand, there may be instances where governments need to devote administrative and political space upstream to plan and collaborate intensely to avoid a situation in which MDAs are working at cross-purposes with each

BOX 14 **Liberia During the Ebola Crisis: Low Tech, but Effective**

In some cases, the coordination mechanism can be even less institutionalized, but still serve a specific function. During the peak of the Ebola crisis, the Liberian government was confronted with the need to ensure that medical responses were well coordinated. The government made use of a simple but highly effective weekly meeting on Monday morning among government agencies, donors, and NGOs to coordinate its response, ensuring that all relevant stakeholders were gathered around the table for decision-making to take place. The participants would meet for as long as it took to resolve any outstanding issues for the week, and most relevant decisions were taken in the context of that meeting.

other. Public policy professionals should therefore aim to help governments establish coordination mechanisms that are adaptive and dynamic. The most effective CoG policy planning and policy monitoring apparatuses will be structured to do this.

As a corollary of the point above, there is no single institutional mechanism that works for all contexts. Consistent with the 2017 WDR, the institutional form is less important than the function. The country context is paramount: what works for a middle-income, high-capacity country may not work in a low-income context with capacity challenges. Nor does the overall size of the investment appear to guarantee success. Some countries have invested heavily in CoG reforms, including one in the Gulf Cooperation Council who spent nearly US$100 million on an integrated set of reforms that ultimately failed. Other countries, such as those emerging from conflict, have made much more modest investments, in the realm of a few hundred thousand dollars, yet been able to implement practices that have significantly improved their ability to coordinate policy. For example, in one Sub-Saharan African country, all cabinet meetings would take place in a room in which previous cabinet decisions were written on a blackboard. Simple coordination mechanisms, like the weekly Ebola meetings in Liberia discussed in Box 14, can be very effective in delivering positive results without creating a separate institutional structure.

The country context is paramount: what works for a middle-income, high-capacity country may not work in a low-income context with capacity challenges.

What Has Worked?

Reforms to cabinet procedures may encounter resistance upfront but, if successful, can become self-reinforcing and part of the way in which cabinet business is conducted. There are examples of reforms in the late 1990s in countries such as Zambia that have endured for more than two decades despite several changes in government (Garnett 2016).

In contrast, reforms such as the creation of DUs are often closely connected with the personality and management style of the chief executive. They may be significantly reconfigured or even terminated once he or she moves on, as was the case with the DU in Tanzania and, to some extent, also TNP2K in Indonesia. Interestingly, this was also the case with the original DU in the United Kingdom. Originally created under Tony Blair, it was reconfigured under Gordon Brown and eventually abolished under David Cameron. At the same time, this is consistent with the definition of DUs as semi-permanent structures that are set up for the implementation of the current government's top priorities (Bellver et al 2014). One could argue that, in the spirit of being fit-for-purpose, they cease to exist when their goals have been accomplished, or are replaced by another, better fitting instrument.

The quality of leadership for these reform initiatives often matters greatly; political backing from the top has been cited in numerous analyses as being essential to their success. What is less often appreciated is that those responsible for heading reforms requiring improved policy coordination must be politically savvy and have access to the most senior levels of government. (One scholar has argued that they need to be physically located close to their political sponsor; Gold 2017).[17] The person in charge of such reforms will need to be an effective manager to get the most out of their subordinates and recruit talented people to support the policy process. He or she will also need to be technically sophisticated to enjoy the respect of counterparts in line ministries and departments. It is often difficult to find an individual who possesses all of these skills, let alone in lower income countries or countries recently emerging from conflict. Yet if such skills are missing, the efficacy of the reforms could be compromised.

Anticipate resistance and invest heavily in fostering "buy-in". Efforts to implement more robust coordination mechanisms are seldom welcomed universally. Ministers may resent efforts to intrude upon their perceived prerogatives or to curb their ability to act individually. Senior officials in cabinet or the prime minister's office may enjoy the freedom to range across multiple portfolios and resist efforts to move towards more technically structured job descriptions, which could limit their influence. More structured procedures for decision-making could result in reduced access by ad-hoc or informal advisors, generating resentment and resistance. Some of these challenges can be mitigated by careful preparation and robust change management practices, which can help generate support and buy-in, as was the case in Latvia and Serbia.

With regard to sectoral coordination, governments may need to develop new types of coordination mechanisms to fit their specific objectives. Malaysia's experience reflects this principle. Governments need to be adaptive because policy coordination in some domains will inherently be more inter-sectoral than in others and/or will involve more relevant stakeholders. As noted earlier, government coordination is not an integrated whole that progresses in unison, as captured in the Metcalfe model. This adaptive – even experimental – nature of policy coordination could not be better illustrated than in the case of Malaysia. Malaysia had invested heavily in CoG institutions and formal policy processes, but it has also created new institutions when it determined them necessary to address pernicious obstacles. For example, PEMUDAH was created as a joint government and private sector task force to reduce unnecessary bureaucracy, while PEMANDU was the delivery unit used to support the implementation of the National Transformation Programme.

Two elements of Malaysia's experience with PEMANDU merit particular attention. The labs provided an opportunity for multiple stakeholders to come together and diagnose the steps necessary to address a particular objective and the obstacles preventing its realization. Second, PEMANDU's conduct of routine meetings – including escalation procedures if objectives were not being met – was essential in establishing responsibility for results among various line departments. The use of these meetings, and the actions and preparations they required, were a key link in the accountability chain.

Reforms that are connected to actual decision-making have fared well. Pernambuco has been largely successful in improving public investment and making progress in addressing key government priorities (see Box 9). Perhaps one of the most important dimensions of its success was its adoption of an integrated approach, including the close linkage of the M&E function with the investment budget. In a similar manner, Botswana's pursuit of an integrated package of reforms through the M&E process has also supported a more comprehensive public sector reform agenda. PEMANDU's close proximity to the Prime Minister was one of the reasons for its ability to shepherd the NTP process.

Successful implementation of reforms is dependent on the provision of the necessary resources. In Malaysia's experience with the establishment of UTCs (one-stop shops), participating agencies were able to optimize resources through the collaborative mechanism, coordinated by the NSU within the Ministry of Finance.

The principle of "subsidiarity" should exist in inter-agency coordination, in that coordination mechanisms should seek to involve the minimum number of units necessary to ensure the successful ownership and buy-in of a given initiative. Malaysia's UTC experience serves as an illustration of this principle, in that it was a bottom-up effort that sought to encourage ministries to collaborate among themselves, on the assumption that they would be best positioned to know how to structure such coordination. In other words, it is important to empower the ministries to take decisions whenever that enhances coordination, rather than concentrate everything at the center of government. This is consistent with the idea that the CoG should only focus on strategic coordination decisions, while granular work is best done by the MDAs.

What Has Not Worked?

Complex coordination mechanisms tend to struggle. This principle is particularly true in Fragility, Conflict, and Violence (FCV) contexts, but is likely to hold more generally as well. Elaborate systems require the considerable investment of political capital and staff and financial resources, which are necessary to make sure that all relevant stakeholders are fully on board, understand what is expected of them, and are willing to play by the rules. Institutions must be established with the requisite technical skills and political clout to coordinate activity across a large number of disparate stakeholders. In upper middle-income countries such as Malaysia or oil producers such as Saudi Arabia, this may be possible, but for many emerging economies the bar is simply too high. Conversely, relatively simple fixes, such as the cabinet manuals developed in Zambia and Sierra Leone or the Monday morning meetings in Liberia, have proven effective.

In a similar manner, composite or overly complex KPIs are rarely effective in improving coordination. Composite indicators, such as the Bank's Doing Business indicators, Transparency International's Corruption Perceptions Index, or the World Governance Indicators on Government Effectiveness have advantages, in that they are easy to understand and as such can be useful in galvanizing reform aimed at improving governance or reducing corruption in general. However, aggregate indicators themselves are seldom "actionable," meaning they are not specific or granular enough to prescribe specific, fine-grained reforms to address the underlying problems they reflect. In addition, the weighting systems that they employ to aggregate various data points are often contentious. These problems were among the reasons that India's PMES effort struggled.

Where institutional responsibility for a policy area is overlapping, fragmented, or blurred, coordination is more challenging to get right. Annual budgeting processes generally preserve a silo culture because resources are appropriated to a specific entity and they alone are accountable for the use of those resources. It is also possible that, because entities have broad mandates, there may be only a few (but important) areas that overlap with others. Either way, the impact of blurred accountability is often not good for public policy. TVET enhancement in Malaysia, for example, has been more challenging because roles are divided among institutions, and each works within its particular area of competence. An important observation here is that while it is conceptually easy to define coordination mechanisms as either whole-of-government or sectoral, neither is categorically easier to achieve than the other. Some sectors are particularly challenging because of the range of external stakeholders involved, whether they are public and private entities or state and local entities.

Prior to introducing new institutions and innovations, any efforts to restructure central coordination mechanisms should involve a careful stocktaking of how the CoG functions are currently performed. More than a few failed reforms have attempted to "tack on" specific institutional fixes without holistically understanding how they will fit within the broader CoG ecosystem. As the example of Serbia illustrated, proliferation of new institutions within CoG was in fact weakening the center vis-à-vis powerful line ministries. It is usually better to build upon what is already there than to create new institutions from scratch. Questions that require careful consideration include: What is the underlying legislation and what are the roles and mandates of the relevant institutions? How are these functions actually discharged in practice? What is the nature of work that flows before the cabinet or prime minister's office during a given month? Is business typically transacted verbally or through formal documents? Are there informal coordination mechanisms that fill gaps in the formal process?

Institutional solutions that are uncritically transferred from one context to another have not worked well. There is a growing literature on the dangers of "isomorphic mimicry" within development, i.e., the uncritical adaptation of organizational forms and structures from one institutional context to another. Many CoG reforms have perfectly (though inadvertently) illustrated this broader point. Reforms that were essentially "rational-bureaucratic" in the Weberian sense have been grafted into systems that were largely patriarchal, with predictable consequences.

What Has Worked?

- High-level political backing is important for any reform to enhance coordination, as is the quality of leadership. The person at the helm of the reform should be technically skilled and politically savvy, as well as close to the chief executive.
- Flexible and adaptive coordination mechanisms work better than rigid and prescriptive ones, as they have a better chance to be sustained and become self-reinforcing even as leaders change.
- The reforms that anticipated resistance and invested in buy-in were most likely to succeed.
- Routine reporting procedures, combined with a careful assessment and monitoring of obstacles and measures to resolve them, are essential links in the accountability chain.
- Coordination of cross-sectoral priorities was most likely to succeed when there was an established link between these cross-institutional objectives and the budgetary resources allocated to them.
- Center of government functions best when it focuses on strategic coordination and leaves the granular upstream and downstream coordination tasks to the MDAs.

What Has Not Worked?

- Complex designs often lead to faltering reforms. Simple mechanisms often work best in low-income countries and FCV contexts.
- Overlapping functions and blurred accountability make coordination difficult. This is often as important in sectoral coordination as it is in government-wide coordination.
- Before introducing new institutional coordination mechanisms, it is important to take stock of what already exists. Building on the existing institutions tends to work better.
- Institutional solutions uncritically transferred from one context to another lead to isomorphic mimicry and rarely produce the desired outcome.

Drivers of Effective Policy Coordination

Successful efforts to improve coordination at the center of government described in Part II share some common dimensions with those identified in Part I:

- **Political leadership:** Political leadership manifests itself in the degree to which the chief executive – Prime Minister or President – can give focused attention and follow-up to making sure that coordination happens. As a result, a delivery unit or comparable body within the Cabinet Office or Chancellery that has the political backing and weight of the chief executive will see its requests and actions taken more seriously by the MDAs. DUs fail when they are technocratic only and detached from those with the political clout to reward, punish, and unblock. Political leadership and focus also require limiting the number of priorities that will be followed. India PMES's failure was in part due to its sheer breadth of scope. On the other hand, Malaysia's PEMANDU found success in having backing from the PM, an agency head with the status of a cabinet minister, and by limiting the scope of its mandate.

- **Institutional capacity building:** Long-lasting coordination mechanisms are those that have established a set of work processes that contribute to the long-term capacity of CoG institutions and where the processes have intrinsic value in improving performance. Government-wide monitoring bodies are more likely to leave a legacy if they are not designed merely as an ad hoc effort to address a temporal (political) problem of performance. Effective coordination also needs to take into account the existing institutional relationships and inter-dynamics across ministries. Merging institutions rarely produces the benefits to coordination that their designers promise. Moreover, DUs and similar bodies have better prospects for success when they empower and enable the existing institutions, rather than appear to circumvent them or take credit for their accomplishments.

- **Incentives:** As policy-making inherently involves compromises and competing objectives, policy coordination around the Cabinet process has to speak to the incentives and motivations of political officials. In many central and east European countries, the prospect of EU accession has been a singular catalyst to facilitate collaboration and compromise. Fiscal crisis and post-conflict rebuilding have similarly provided that motivation in other parts of the world. In the Serbia and Latvia cases, there was also compelling evidence that technocratic solutions alone (built around work processes) do not necessarily produce results. In both cases there had to be room for political exchange to work as well. Incentives may be even more important downstream: there are abundant examples of where coordination at the point of implementation has been dramatically helped by the use of performance management dashboards accompanied by a set of formal and informal rewards for those who deliver on their agreed outputs or outcomes. Rewards and sanctions may be targeted to individuals or institutions. Incentives take diverse forms, and Malaysia's experience shows how institutions were motivated to accept support to break down silos between them to make services more efficient.

- **Transparency:** Successful policy coordination at the CoG contributes to enhanced transparency. Transparency may pertain to internal or external stakeholders or both. Well-functioning Cabinet processes will make new policy proposals and their potential impact transparent to others in Cabinet who might be affected. It does not mean that every new policy must be shared with every MDA; rather, those who most need to know receive visibility on the policies affecting their sector and have the opportunity to give feedback. Transparency – like good coordination mechanisms in general – needs to be fit for purpose. Effective administration should ensure that information flows do not overwhelm the capacity of CoG bodies to absorb the information or respond to it. This is especially critical with downstream coordination, where government-wide reporting on performance indicators is a two-edged sword. On the one hand, performance management systems have been used successfully to communicate to public officials and citizens the performance standards that need to be met by MDAs. Pernambuco (Brazil), Manaus (Brazil), Saudi Arabia's Adaa, South Africa's PME, and Rwanda's *Imihigo* are several examples of this. On the other hand, when there are too many indicators to monitor, important accountability relationships are undermined because critical information cannot be processed and acted on in a timely manner. This type of "system overload" contributes to the impotence of many government-wide monitoring systems imposed by the CoG, including those driven by ministries of finance in the context of annual budgeting.

- **Technology:** While technology has been instrumental in helping to improve service delivery in the cases presented in Part I, its importance to policy coordination at the CoG is less prominent. The role of technology can manifest itself in the enabling of one-stop shops by helping agencies share information more easily across service platforms and by making exchange of citizen information more seamless among agencies (e.g., Egypt's one-stop shops created by GAFI). Technology takes a more prominent role in facilitating intra-sectoral coordination to improve last-mile service delivery. In the Mozambique example, a small-scale investment in technology (specifically in software) helped the health sector improve coordination among multiple stakeholders to slash supply chain delays. Similarly, simple software helped the ministries of education and finance better coordinate on the allocation of school-based grants – to the benefit of school children. Also, monitoring of KPIs from the CoG often relies on electronic dashboards, as does the data collection that feeds into these dashboards (e.g., through smartphones or simple SMS messages). But technological change, particularly as new and disruptive technologies are transforming the way citizens and the private sector experience the world, can also exert palpable pressures for bureaucracies to get with the times.

Driving performance from the center is important in all countries, and political leaders will find new and innovative ways to strengthen accountability for outcomes when traditional institutions fail to do it adequately. One of the more encouraging findings of this review has been the willingness of governments to innovate and devise new solutions to address the challenges they are facing. Such innovation and adaptation will be the key to devising solutions that are "fit-for-purpose", as was emphasized above, which will in turn be key to enabling governments to manage these challenges effectively. Technology offers new tools to facilitate collaboration, but they must be applied judiciously so as not to create merely a façade of coordination. This global review has sought to capture and disseminate the lessons from the experience of many non-OECD countries so that others may find guidance and inspiration in designing their own solutions.

NOTES

1. This discussion draws upon Max Weber's work, "The Three Types of Legitimate Rule" (Die drei reinen Typen der legitimen Herrschaft). It was originally published in the journal Preussische Jahrbücher 187, 1- 2, 1922, and an English translation by Hans Gerth, was published in the journal Berkeley Publications in Society and Institutions 4(1): 1-11, 1958.
2. See Sarkari Yojana, "The Complete List of Schemes Launched by Prime Minister Narendra Modi." https://www.sarkariyojna.co.in/complete-list-schemes-launched-pm-narendra-modi/.
3. The formula for calculating inter-relationships is I=[N*(N-1)]/2, where n is the number of entities and I is the number of inter-relationships.
4. See Machiavelli, "Discourses on Livy", chapter IX.
5. For a study of the role of different styles of leadership in the making of American foreign policy, see Alexander George, Presidential Decisionmaking in Foreign Policy: the Effective Use of Information and Advice (New York: Routledge, 1980). See also Emily Stokes, "The Secret Behind Good Leadership," The Financial Times, May 25, 2009.
6. See Robert Putnam, Making Democracy Work: Civic Traditions in Modern Italy (Princeton: Princeton University Press, 1993).
7. See Robert Axelrod, The Evolution of Cooperation, Basic Books, 2006.
8. See Vietnam 2035 report, pages 58 and 350.
9. See Mariano Lafuente and Sebastian Gonzalez, Do Delivery Units Deliver? (Washington D.C.: Inter- American Development Bank, 2018).
10. Pernambuco authorities appeared to respond rapidly to the spike in infants born with microcephaly, which peaked in October 2015 shortly after it was detected. However, others have argued that chronic underinvestment in public water and sanitation has contributed to the outbreak.
11. See Sean Thorton, "Chicago's WindyGrid: Taking Situational Awareness to a New Level," https://datasmart.ash.harvard.edu/news/article/chicagos-windygrid-taking-situational-awareness-to-a- new-level-259
12. The topic is dealt with extensively in David Potter's classic treatise on the Indian civil service, "India's Political Administrators: From ICS to IAS."
13. An interesting example of a reorganizational effort targeted at improving policy and operational coordination is the creation of the Department of Homeland Security (DHS) within the United States. DHS was one of the largest reorganizations in U.S. government history, involving 22 different agencies, including the National Guard, the United States Coast Guard, the U.S. Customs and Border Protection, Immigration and Customs Enforcement and the Transportation Security Administration among others. A report by the Inspector General for Homeland Security in November 2017 – 15 years after the Department was created – argued that lack of progress in reinforcing improved integration and coordination "translates into a missed opportunity for greater effectiveness." The Inspector General's report went on to note that, in the face of overlapping missions, operations, redundancy, and inefficiencies, the Department's phrase "Unity of Effort" had yet to be fully operationalized. (Office of Inspector General DHS, 2017)
14. The study applies the Metcalfe scale and concludes that coordination capacity in Serbia is low, at level '2', or 'exchange of information among organization (communication)'.
15. PEMANDU is now a private sector consulting firm incorporated under the name PEMANDU Associates. Some of its previous functions have been transferred to a public sector entity called the Civil Service Delivery Unit.
16. Six NKRAs were identified when the GTP was first launched in 2010. An additional NKRA was included in 2011.
17. For a comparative discussion of Delivery Units, see Jen Gold, "Tracking Delivery: Global Trends and Warning Signs in Delivery Units," Institute for Governance (2017).

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ANNEXES

Annex 1. Methodology for Case Selection

In total, 54 nomination forms for cases to be featured in Part I of the Global Report were received by the core team, spanning all regions covered by the Bank's operations. The core team members were asked to review all nominations based on the common template shown below.

The core team was asked to complete an evaluation. This evaluation required them to identify the specific cases they thought ranked in the "top 10" and those cases that seemed to be "below the bar". Some team members chose to also identify "runner-up" cases which appeared worthy of consideration, though they were not in the top 10.

The team was asked to use the criteria below to assess each case and to score it against a simple scale of High, Medium, or Low. The scoring was embedded in the excel file that summarized all the cases that had been received. The scoring itself was not for the final selection; rather, it was intended to be an input to the decision-making by core team members in their final ranking.

Selection Criteria

1. **Clarity, significance, and persistence of the problem to be addressed:** Can we clearly and succinctly identify the public sector performance problem that was being addressed? Is it a problem that could be relatable to other countries? Is it substantial, and has it been a persistent problem?

2. **Innovative in its approach:** Is the intervention itself clearly and succinctly identifiable? Can we credibly say that the intervention was innovative in its approach? (Other countries may have addressed similar problems – e.g., passport delays – but is the approach at least innovative for the country context?) By innovative, we mean a new way of addressing an old problem. Is the role of the government – rather than the Bank or a consulting firm – clearly evident?

3. **Evidence of impact:** To what extent can we clearly identify the benefits of the intervention? Are the benefits significant and widely recognized by key stakeholders? Are the beneficiaries identifiable? (This doesn't require the existence of a formal impact evaluation, but there should be some evidence that there is a demonstrable improvement in performance.)

4. **Replicability:** Does the intervention provide useful lessons that other countries may benefit from? Could it conceivably be replicated in other countries? Are the cost and scale of the intervention within the reach of other countries, at least those of a similar socioeconomic level?

A summary of the "scoring" was compiled based on the "top 10" and "below the bar" lists submitted by the eight core team members who completed the evaluation in time. In total, 27 proposals were deemed to be of sufficient quality to merit consideration for the report. The remaining cases are those that received insufficient votes to be considered.

A final selection of the 15 cases featured in the Global Report was made from within the 27 cases, based on further due diligence conducted by the team. As a next step, the team followed up with project teams and lead specialists (in collaboration with a case writer), to develop the cases in more detail for inclusion in the report.

The Template

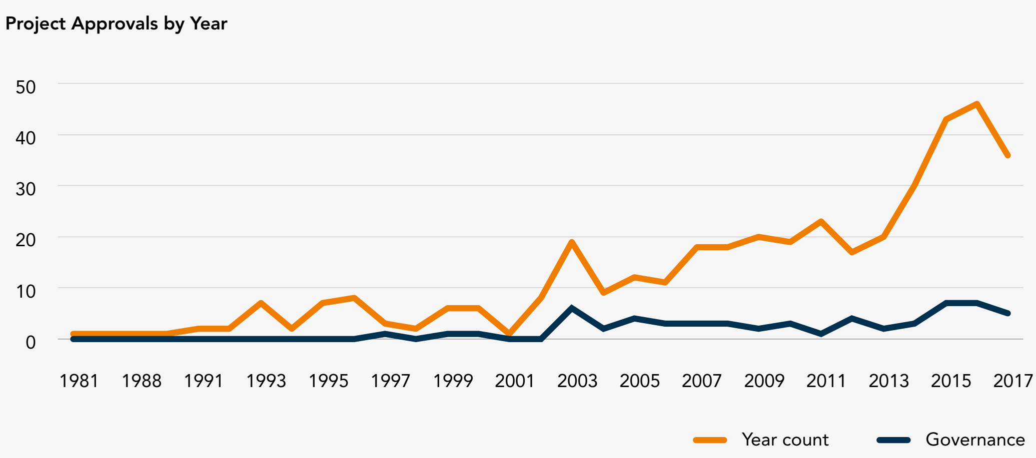
Title of Submission:		
Country:		
Contact Person (Prepared By):		
1	**Please describe the innovative intervention that you wish to nominate:**	
a	What was it?	
b	What was significant?	
c	Why is the underlying performance problem a key challenge for this country?	
d	How easy or difficult was it and why?	
2	**What was the lead implementation ministry or agency? Please add other important stakeholders as necessary**	
3	**Year(s)**	
4	**(Approximate) cost**	
5	**What was the role of the Bank? Was this intervention Bank-supported? If yes, was this lending or ASA? Please provide the relevant P-number(s)**	
6	**Who are the beneficiaries of the improvements in public sector performance resulting from this intervention? (e.g., general population, civil servants, urban/rural population, poor, vulnerable, etc.)**	
7	**How are those benefits realized? Please address the following:**	
a	Usefulness	
b	Replicability	
c	Scalability	
d	Value for money	
8	**What are the indications of impact? Has some of it already been realized and measured? If not, what is the expected impact and when?**	

Annex 2. World Bank: Strengthening Inter-Agency Coordination at the Sectoral Level

While the work of the World Bank and other donors at the center of government has been growing and becoming more diverse over the past few years, the Bank's work on coordination mechanisms that focus only on a specific sector is much more extensive. The Governance Global Practice recently conducted a detailed review of the World Bank's portfolio based upon a key-word search of over 20 selected phrases, such as "policy coordination," "inter-agency coordination" and "inter-ministerial committees." One of the more interesting findings to emerge from this analysis is the extent to which inter-agency coordination at the sectoral level is an important area for Bank engagement. Over the past 30 years, the Bank has engaged in over 440 interventions that sought, in whole or in part, to improve the quality of coordination within a specific sector.[1] Sectoral coordination efforts out-number the Bank's center of government interventions by a ratio of nearly 10 to 1.

As is true with center of government engagements, sectoral coordination efforts are also increasing rapidly. Figure 13 below lays out the number of project approvals by year with a focus on sectoral coordination. The vast majority of these interventions have taken place since 2000. The reasons for this expansion are not entirely clear, but it may reflect the shift to a more programmatic approach in Bank lending. As the Bank has moved away from its traditional focus upon infrastructure and investment-based lending and has sought to tackle more difficult and pernicious sector-wide problems, this transition may have placed a premium upon addressing issues of inter-sectoral coordination. A closer examination of the past five years shows that an average of 2.3 percent of Bank projects per year have had a focus on sectoral coordination in whole or in part. This percentage has increased steadily from 1.2 percent of all IBRD projects in 2012 to 3.3 percent in 2016.

FIGURE 13 Sectoral Coordination Efforts within World Bank Projects



1 The actual number of Bank sectoral operations with a coordination component may have been higher, as it is likely that a number of interventions sought to improve the quality of coordination between various agencies without explicitly identifying this as a project objective.

Regionally, sectoral coordination work has been concentrated most heavily in Sub-Saharan Africa, with 119 projects over that period. An example is the Shire River Basin Management Program in Malawi, a US$268 million project to advance sustainable development in the Shire river catchment area that was approved in 2012. As noted in Box 15 below, among other objectives (primarily investments in infrastructure and improving rural livelihoods), the 12–15-year project seeks to support an integrated approach to planning and to strengthen the institutions involved in coordination, planning, and monitoring. Efforts to strengthen inter-government coordination at the agency level have been particularly pronounced in sectors such as the environment and natural resources; social, urban, rural and resilience; and finance and markets.

BOX 15 Improved Coordination in River Basin Management

The overall objective of the Shire River Basin Management Program (SRBMP) is to generate sustainable social, economic, and environmental benefits by effectively and collaboratively planning, developing, and managing the Shire River Basin's natural resources.

The first phase of the SRBMP will establish coordinated inter-sectoral development planning and coordination mechanisms, undertake the most urgent water-related infrastructure investments, prepare additional infrastructure investments, and develop up-scalable systems and methods to rehabilitate sub-catchments and protect existing natural forests, wetlands, and biodiversity.

Future phases will consolidate Basin planning and development mechanisms and institutions, undertake further infrastructure investments, and up-scale catchment rehabilitation for sustainable natural resource management and livelihoods.

The Project Development Objective (PDO) of the SRBMP is to develop a Shire River Basin planning framework and improve land and water management for ecosystem and livelihood benefits in target areas. The project will: (a) strengthen the institutional capacities and mechanisms for Shire Basin monitoring, planning, management, and decision support systems; (b) invest in water-related infrastructure that sustainably improves water resources management and development; (c) reduce erosion in priority catchments and sedimentation and flooding downstream, while enhancing environmental services, agricultural productivity, and livelihoods; (d) improve flood management in the Lower Shire and provide community level adaptation and mitigation support; and (e) protect and enhance ecological services in the Basin.