IMPROVING PUBLIC SECTOR PERFORMANCE

THROUGH INNOVATION AND INTER-AGENCY COORDINATION

SUMMARY OF THE GLOBAL REPORT

WORLD BANK GROUP
Global Knowledge & Research Hub
in Malaysia

This is a summary of the October 2018 World Bank report on public sector performance. A product of the Governance Global Practice and WBG Global Knowledge and Research Hub in Malaysia, 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.

The full report is available for download at

http://documents.worldbank.org/curated/en/833041539871513644/

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

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.

1. 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.

2. 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.

3. 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.

4. 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.

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.

B Civil Service Management

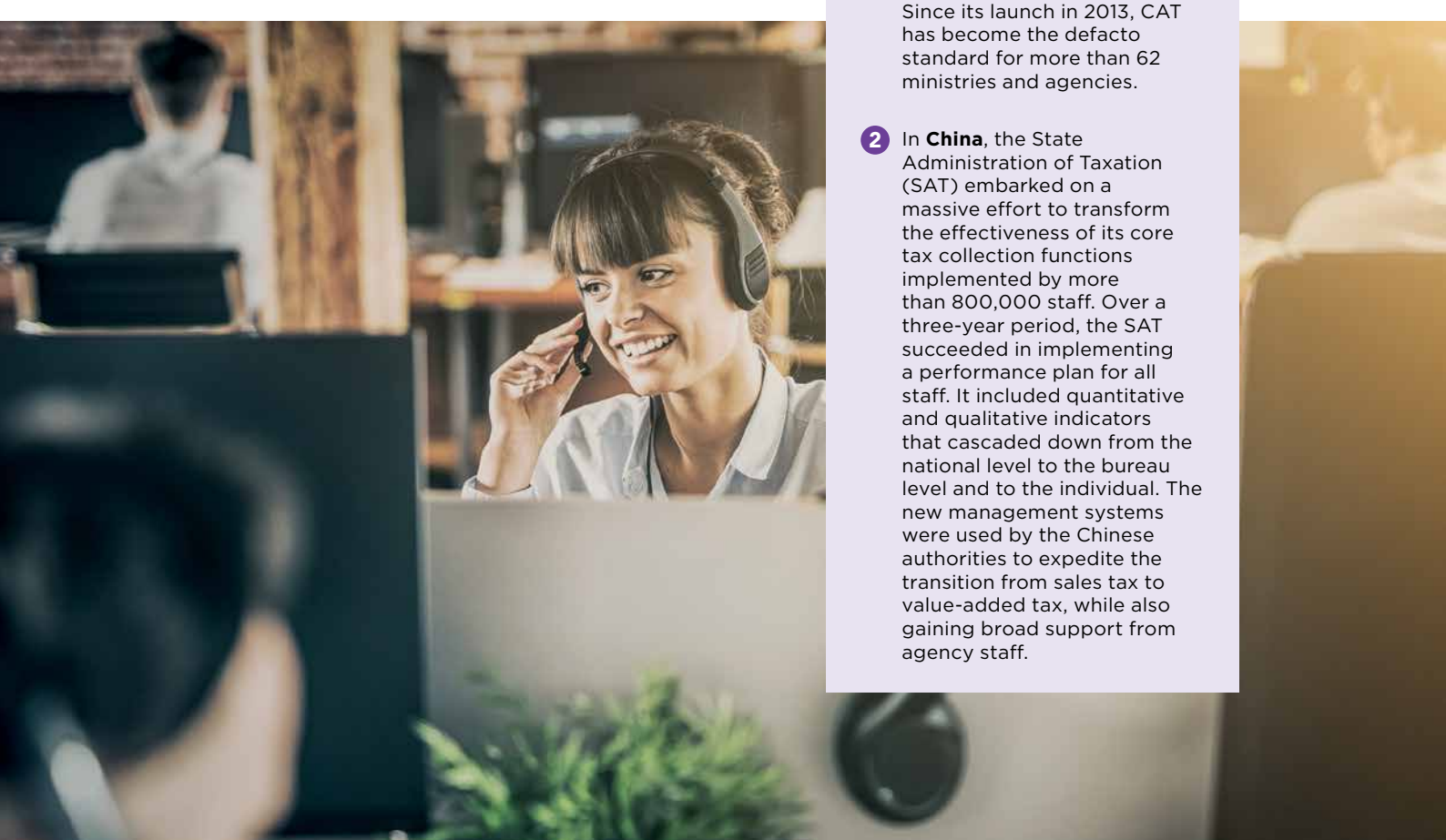
Effective management of the public sector workforce is another critical element to improving the overall effectiveness and efficiency of the public sector.

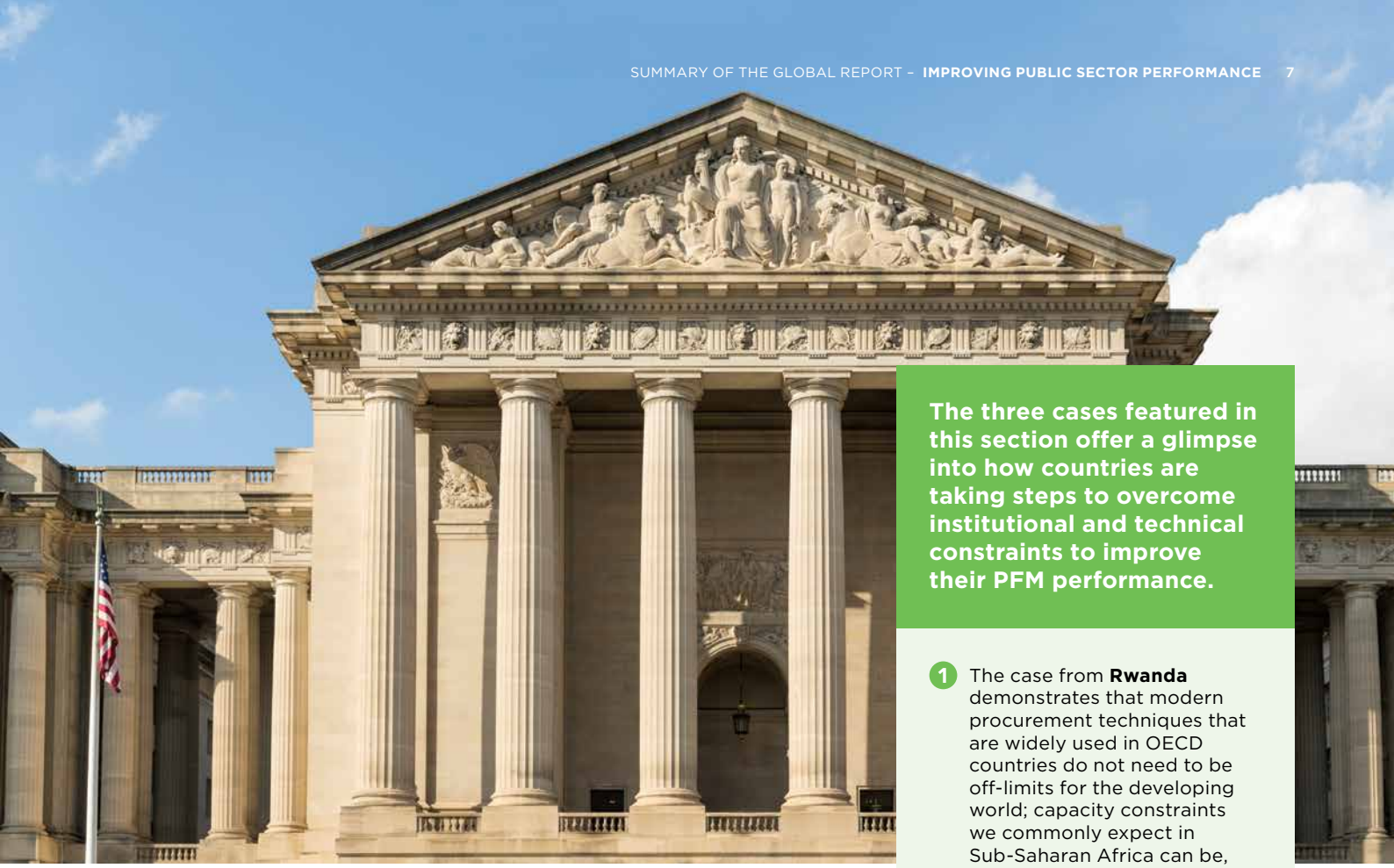
Personal emoluments often constitute one of the largest shares of the annual budget (between 24 and 27 percent), and civil servants represent an important voting constituency for many political leaders. The quality of civil service performance is affected by the policies and procedures that govern entrance 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.

1. 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.

2. 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.

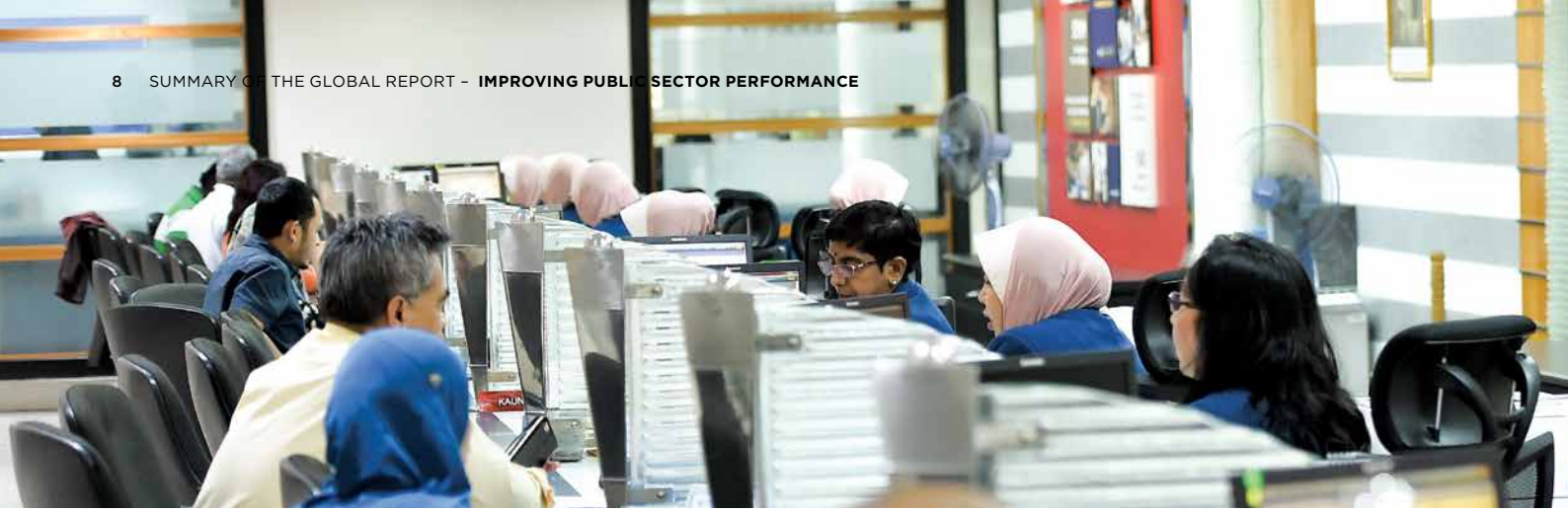
While the public may not observe these functions directly, they can experience problems with quality or access to public services when PFM is not working well. These are the functions for which civil servants themselves are both the agents and the customers. These internal clients require operating systems 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.

1. 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.

2. 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.

3. 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.

1. 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.

2. 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.

3. 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.

4. 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

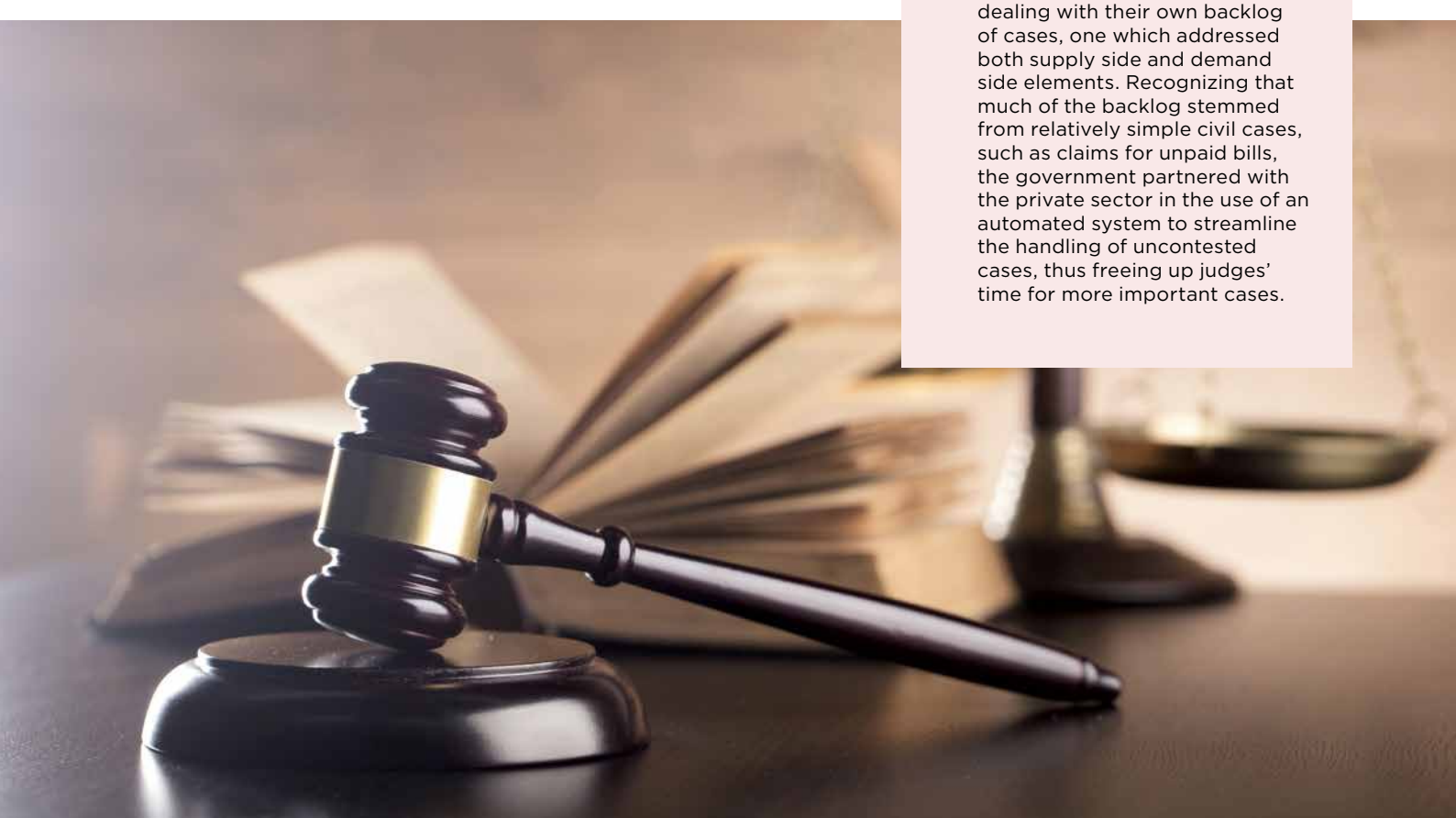
The administration of justice provides a window into how public sector innovations are impacting a unique sector.

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.

1. 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.

2. 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.

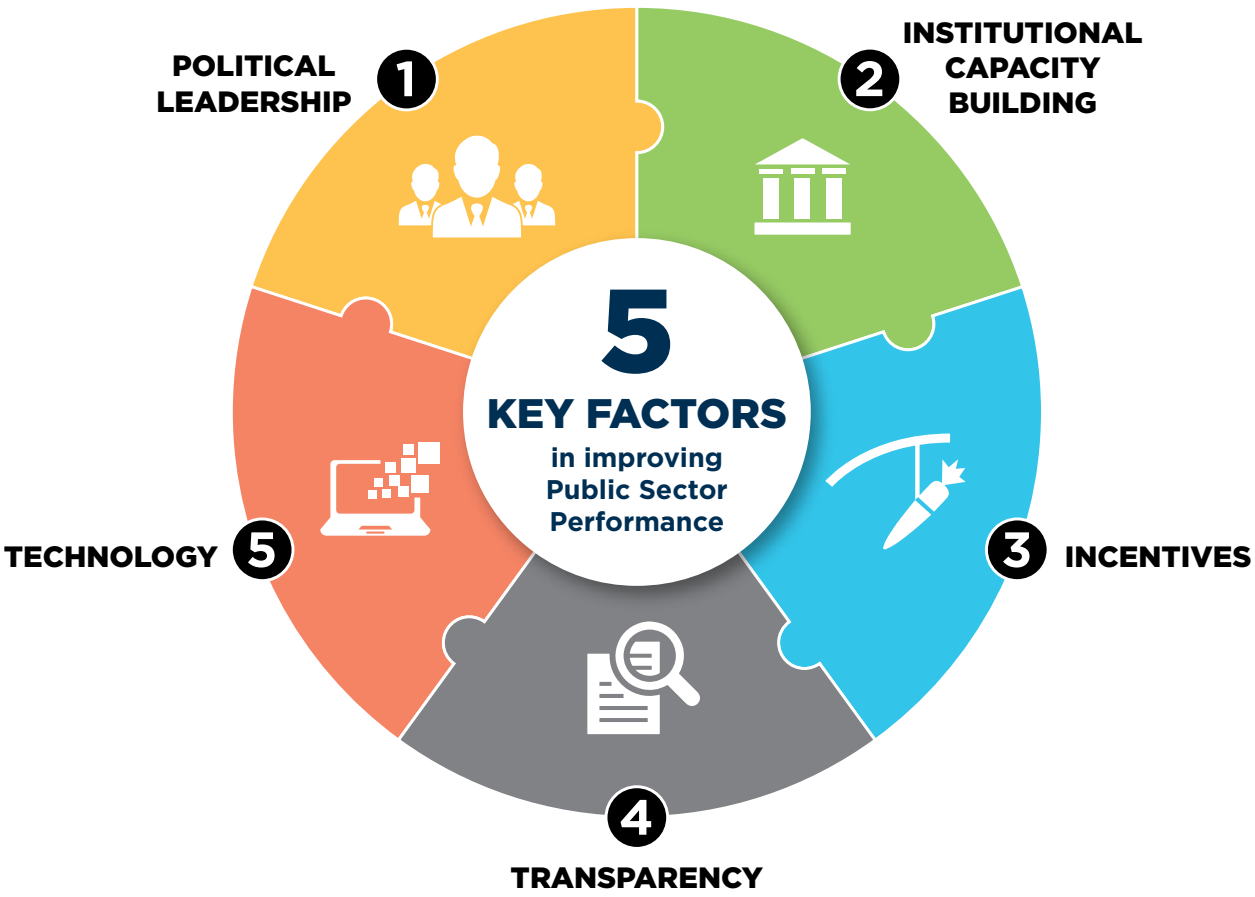
- **Institutional capacity building** of existing bodies is a common element across many of the cases, especially in driving results from the CoG and in managing public finances. Officials often used a mix of technology, new management approaches, and staff training to strengthen institutional capacity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

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