



**UNIVERSITÀ DEGLI STUDI DI ROMA  
"TOR VERGATA"**

FACOLTA' DI ECONOMIA

DOTTORATO DI RICERCA IN ECONOMIA E GESTIONE DELLE  
AZIENDE E DELLE PUBBLICHE AMMINISTRAZIONI

XXII CICLO

**Towards Performance Governance in the Public Sector and  
Administrations at International level: Three Essays**

Dottoranda

Germana Di Domenico

A.A. 2009/2010

Docente Guida/Tutor: Prof. Marco Meneguzzo

Coordinatore: Prof. Francesco Ranalli

**« SOCIETY HAS THE RIGHT TO ASK  
A PUBLIC OFFICIAL FOR  
AN ACCOUNTING OF HIS ADMINISTRATION »**

(art 15, *Declaration of the Rights of Man and  
of the Citizen*, 26 August 1789)

<b>ACKNOWLEDGMENTS.....</b>	<b>4</b>
<b>SECTION I – OVERVIEW AND DESIGN.....</b>	<b>5</b>
<b>1.1. Introduction: general context and problem statement .....</b>	<b>5</b>
<b>1.2. Methodological approach and underlying logical framework.....</b>	<b>14</b>
References .....	19
<b>SECTION II – ESSAYS .....</b>	<b>22</b>
<b>CHAPTER 1 .....</b>	<b>22</b>
<b>PERFORMANCE MANAGEMENT AND MEASUREMENT TECHNIQUES AS NEW</b>	
<b>CHALLENGES FOR EMPLOYMENT SERVICES IN EUROPE .....</b>	<b>22</b>
<b>REFERENCES .....</b>	<b>38</b>
<b>CHAPTER 2 .....</b>	<b>40</b>
<b>MEASURING RESULTS TO IMPROVE ORGANIZATIONAL PERFORMANCE AT THE UNITED</b>	
<b>NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO). A</b>	
<b>BUDGETARY ANALYSIS OF THE RESULTS ACHIEVED IN THE 2008-09 BIENNIUM FOR THE</b>	
<b>MAJOR PROGRAMME “CULTURE” .....</b>	<b>40</b>
<b>REFERENCES .....</b>	<b>72</b>
<b>CHAPTER 3 .....</b>	<b>73</b>
<b>PERFORMANCE MANAGEMENT AND ACCOUNTABILITY IN INTERNATIONAL PUBLIC</b>	
<b>ADMINISTRATIONS. RESULTS-BASED BUDGETING IN THE UNITED NATIONS SYSTEM AS</b>	
<b>A CASE-STUDY.....</b>	<b>73</b>
<b>REFERENCES .....</b>	<b>97</b>
<b>SECTION III - SUMMARY CONCLUSIONS AND PROSPECTS. GUIDELINES FOR A</b>	
<b>BETTER GOVERNANCE IN A MULTILATERAL AND UNIVERSAL ENVIRONMENT.....</b>	<b>98</b>
Appendix I.....	105
Appendix II.....	106
Appendix III.....	107
Annex I – Certification .....	108

## **ACKNOWLEDGMENTS**

My dissertation has always been a priority but unfortunately, due to life's challenges and several unforeseen events that have ensued, it was not always possible to make it Number One. In any case, I have now finished - but by no means alone...

I may not have got to where I am today without the invaluable support of those I'm about to mention.

To this select group, I'd like to give special thanks - beginning first and foremost with my Ph.D supervisor Prof. Marco Meneguzzo for his guidance, advice and...patience. Many thanks as well to Prof. Francesco Ranalli for his proactive co-ordination.

I'd also like to give a heartfelt "thank you" to my present "Ms Boss" in Rome (Ministry of Economy and Finance), Alessandra dal Verme, for making me feel worthy of her trust and for the professional opportunities I could not have captured without her support.

My gratitude is also extended to all officers in Brussels (European Commission), Paris (UNESCO) and New York (United Nations), whom I bothered with all kinds of potential doubts I had and who have known the answer to every question I've ever asked them. Thanks again and again.

No acknowledgments would be complete without giving the highest and most deserved thanks to my beautiful family: my parents who have both given me a good foundation from which to embrace life and all its challenges, by teaching me about hard work and self-respect, about persistence and hope, always. Mamma has been and still is a great role model of resilience, strength and character. Papà has always inspired me with the indispensable sense of humour you need to face life's challenges. And of course my "little", although older than me, brother Daniele who also went to visit his sister whenever he could and check everything was going fine.

To all these special people: GRAZIE MOLTE.

## SECTION I – OVERVIEW AND DESIGN

### 1.1. Introduction: general context and problem statement

Since the Nineties, the main theme characterizing the debate on public sector is the demand for **performance** which still remains the mainstream of international public management.

**Managing performance** has indeed become a growth area within public administration and it covers several aspects and concepts like, in particular, **measurement and evaluation of results**. A broad definition of **performance-based public management systems** is indeed taking/allocating responsibility for the performance of a system and being accountable for its **results** (Pollitt and Bouckaert 2004). By stating that “to manage for results, you start with measuring performance” (Kamensky and Morales 2005), there is a suggestion that performance is a tangible operationalisation of results.

Under the name of **New Public Management**, a set of changes was established. The central idea of this movement was to transfer to the public sector, the management techniques (more modern and efficient) used by private organizations, removing bureaucratic, inertial, expensive and little effective models. The reform wave also fostered competitiveness between organizations, emphasis on management autonomy, result contractualization, and power decentralization towards local spheres.

In this manner, the State has received a **new orientation**: to direct its efforts efficiently to get results by adopting a managerial approach, also in the **use of budgetary resources to delivery programmes and services** (i.e. to encourage technical efficiency). It is in this historical context, that the discussion of **integrating financial and performance management systems** arises (Pollitt 2001). **Program budgeting** represents a structural break as a consequence of three new functions that were associated to budgeting: i) based on the supply-product ratio, budget is seen as the expression of productive processes; ii) the use of resource allocation criteria earns relevance, to the extent that resources are scarce and needs are infinite; iii) the relation between targets, goals and policies suggest the use of mechanisms to assess performance achieved with relation to the intended one (Core 2001).

This seems to be confirmed by the US Office of Management and Budget (OMB) in describing a **performance budget** as consisting of “a performance-oriented framework in which strategic goals are paired with related long-term performance goals (outcomes) and annual performance goals (mainly outputs)” (OMB, 2003). Indeed most recent literature about **public budgeting** has been deeply exploring the potential benefits of **performance-oriented budgeting** (POB), which represents the main focus of the essays included in chapter 2 and 3. The studies aim to prove the (potentially) positive effects of the POB, not only on governments’ economic and financial performance, but

also on **public management** (Diamond 2005, Schick 2003, Robinson and Brumby 2005) and **governance** as a whole.

On the one hand, it has been argued that striving for performance tends to reduce the waste of resources, contributing to the favorable performance of public finances. In that case, POB is seen as an improving factor in public goods and services supply without the need to create additional financing instruments, such as the increase in tax paying levels, issue of public securities or external loan taking.

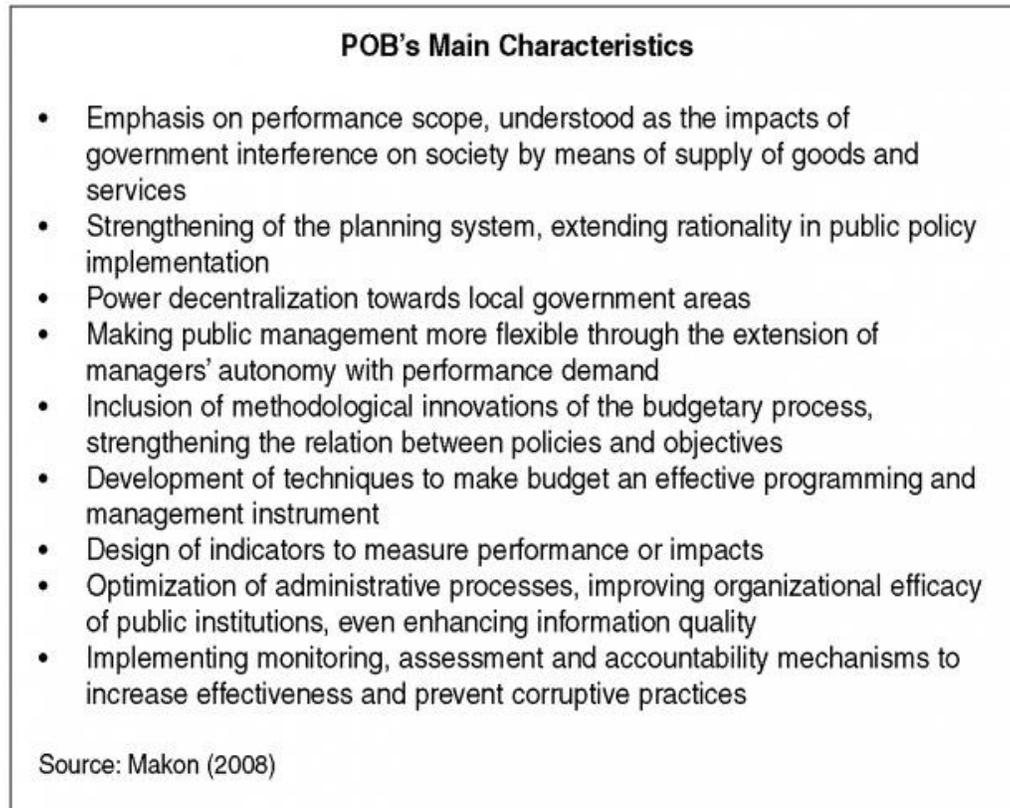
In addition to the **positive repercussion on government accounts**, POB also has a micro- and macro-economic dimension in that it increases government's **efficiency levels**. Society is benefited because **public policies become more effective**, offering quantity and quality closer to the citizens' preferences and needs/expectations. In the same manner, in virtue of incentives and punishments oriented to operative efficacy, public organizations tend to prove more efficient and less bureaucratic.

The arguments presented by the defenders of POB appear to be convincing, especially in a contemporary world, characterized by global citizenship aspirations, permanent efforts to reduce inequality, commitment to macroeconomic stability, effective public policies, as well as efficient, ethical and transparent public management.

A good synthesis of principles, directives and objectives of performance-oriented budgeting can be found in Makon (2008). For him, POB is something more than a new technique and represents a "substantive and integral" change of model that demands innovation in **three dimensions**: at an **organizational level**, it requires the implementation of certain administrative requirements; at an **institutional level**, it presupposes the revision of governmental organization roles, such as legislative and control institutions; at a **behavioral level**, it requires a modification in the social actors' behavior, including the civil society's (figure 1).

POB goes beyond traditional budget, which essentially consists of assigning financial information to the government's units, by means of spending target raters. With the need of rebuilding the economies devastated by world wars, and based on recommendations elaborated by the **United Nations**, national and International organizations of the UN system budgets turn to follow the scheduling principle. In this manner, in addition to rating public spending financially, **budget incorporates the function of promoting economic development through government policy planning**.

**Figure 1 – Main features of Performance-oriented budget**



In other words, outputs and outcomes are the substance of a performance-oriented framework that is demonstrating results. However, **outputs are never an end in themselves for the public sector, outcomes being the central focus and the related effectiveness ratio the ultimate purpose of public sector intervention.** That is why:

- public sector performance measurement systems should not just be organized at the individual organizational level but at the level of a policy field.
- The changing external environment is a key factor to take into account, since it affects by the level of outcomes. A feedback mechanism may therefore result in changing assessments of public sector performance and consequently re-orienting policy priorities.

One could say that even outcomes and effects are not an end in themselves in the public sector, the ultimate ambition being to guarantee a **functional level of trust by the society**. This involves the tension between two basic traditions: **rationality-based** (or objective, with focus on such values as controls, compliance and measurement) and **trust-based** (or subjective, with main focus on **integrity**), which leads to the debate of moving towards a more complex concept where all stakeholders play a key role and which involves the ultimate ambition, i.e. “**performance governance**”.

Bouckaert *et al.* (2008) in their book “Managing performance” use performance as the generic concept to define results and bottom lines. According to them, it is crucial to consider the **different dimensions of performance** (such as accountability, efficiency, effectiveness, resource allocation, results, public value) and to analyse performance alongside both its **span** (meant as the horizontal expansion of the results dimension, from input up to trust<sup>1</sup>) and **depth** (vertical dimension, from micro up to macro)<sup>2</sup>.

The latter includes different levels to be considered:

- **Micro performance** (level of a single public sector organization)
- **Meso performance** (level of a specific policy)
- **Macro performance** (government- or system- wide)

The same authors, in order to make meaning of the **diverse uses and combinations of** (measurement and management of) **performance** and to analyse the evolution of this concept and its components, they develop a framework according to **major ideal-types** (whose starting position is what they name “traditional/pre-performance”, i.e. pre-Weberian bureaucracy), illustrated as follows:

1. **Performance Administration:** simple form where a commitment to measurement and performance is expected, but the relationship may not be explicit or well developed. Information is used for internal reporting purposes and its ambition is to reach the standards of the operating procedures. A classical rule-based Weberian bureaucracy fits this type whose focus on results (as effects and outcomes) is rather low. By assuming a strong administrative but a low managerial authority, it is a static and micro organisational-based type with mechanistic nature and main focus on input-output measurement and therefore on productivity or technical efficiency and scientifically determined standards of performance (separation of administration and politics).
2. **Managements of Performances:** plurality of managements and related different types of performances for several purposes within a single organization, not necessarily linked in a hierarchical or logical way: the connections between management and performance are underdeveloped since concurrent systems operate (e.g. personnel management, financial management, strategic and operational management, customer management, communication management). Compared to the first ideal-type, here measurement is more systematic, has a broader span and deeper depth, pays attention to quality and possible dysfunctionalities. However, the use of performance information is limited and suboptimal because of the disconnected dynamics of the different management functions. There is

---

<sup>1</sup> It may focus on economy, efficiency or productivity (input/output), effectiveness (output-effect/outcome) or cost effectiveness (input-effect/outcome), even including the connection to “trust”.

<sup>2</sup> Each ideal type as designed by Bouckaert is successively broader than the previous one in covering the span and depth of performance. They are not necessarily meant to be in a chronological order

a “pressure for performance but managers have limited power to engineer change. The dispersed authority undermines the scope of performance improvement and potential for results-based accountability” (Moynihan, 2006).

3. **Performance Management:** systematization (coherence, integration, consistency, convergence and comprehensiveness) of result-focused activities. It includes a solid performance measurement system and an integration of performance information for the purpose of using it in a **management improvement strategy**. It may also comprise several systems but in this case they are hierarchically connected. It also requires an explicit policy on measurement for managing the different functions and their performances. Managers have clear goals and authority to achieve these goals, focusing on programme effectiveness, higher technical efficiency and **results-based accountability**. Since there is a focus on programme effectiveness, there is also a depth of measurement that includes the micro and meso level. Because of the focus on functionality – it is management *for* performance – there is an explicit concern for potential “pathologies”. There is also a better data processing (ICT-based) capacity and ability to interpret and set standards, an improved integration of management and policy cycles, as well as an explicit concern for matching demand and supply of **performance information between different stakeholders**, even for different purposes. A crucial question is related to how to handle complexity with sustainability, especially in a dynamic and unstable environment, i.e. within a governance context.
4. **Performance Governance:** conjunction of performance and governance whose possibilities and potential are still to be fully exploited. It covers the broadest span and depth of performance, by referring to **system-wide and societal coverage**. It suggests greater complexity and less direct control by governments, more participation/engagement of **stakeholders**, including community feedback and societal impacts, thus expanding the horizon of performance **from the macro to the meso level** and moving from improving processes and outputs to results and impacts (e.g. **intergovernmental activity and international benchmarking**).

In the fourth ideal type identified by Bouckaert, **governance replace management**. Indeed, two dominant trends of the last thirty years in public administration have emerged – the **management** revolution and the steady ascendancy of **performance** in the public sector. More recently, pressure for public services to move tasks out (outsourcing) and societal trends for government to engage other sectors/stakeholders (public-private partnerships, networking, etc) have generated a movement towards **governance**, where **the micro and meso levels are consolidated into a macro level**. From this point of view, system-wide performance becomes part of **societal performance**.

Traditional administrations are probably shifting from a Weberian to a neo-Weberian design, under the influence of a focus on performance and some internalized “**market-type mechanism**”.

**Governance** has a range of meanings and definitions such as an overarching theory of institutional relationships within society (Kooiman 1999) or self-organising inter-organisational networks (Kickert 1993). A society-centric conception sees governance in terms of networks of public and private interactions (Rhodes 1997). Bouckaert’s conception (2008) encompasses both in regarding governments as the responsible decision makers on public policy, which are **more responsive to external preferences and incorporating interactions with civil society**.

Indeed, while the concept of *government* refers to public functions, meaning the separation of players carrying out these functions in their own institutional spheres, the concept of *governance* **implies coordination and cooperation among institutions, territorial levels and different stakeholders, to support the efficacy of each others’ actions** (Bobbio, 2002; Kooiman, 2003). The debate on the rethinking of certain principles governing the functioning of public structures – at international, national and local levels – arises from the need to **increase the efficiency and transparency of relations between the various levels of government**. In fact the decision-making and managerial process – taking decisions and undertaking policy choices – and the evaluation process should be based on interactional mechanisms (*networks* and *mutual learning processes*) involving the various socio-economic actors (both public and private), NGOs, associations, and local communities, according to transparent and democratic rules, more than according to efficient rules in the strict sense (European Commission, 2001).

This model of decision-making emphasises **consensus** and claims to be **participatory**. The challenge is therefore represented by the transition from “regulating” institutional processes (*government*) to “interacting” in a cross-sectoral and complementary way (*governance*). Due to the presence and action of different governmental, institutional levels, both international, national and sub-national, this gives rise to **multi-level governance**.

Multi-level governance implies the diffusion of governance in a plurality of jurisdictions (Marks and Hooghe, 2004) and the assumption of a **higher degree of responsibility in administering public resources**. The White Paper published by the European Commission on Governance (2001) suggests, in order to apply the principles of **openness, participation, responsibility, efficacy and coherence**, the development of a wider communicative strategy in the creation/implementation of regulations and procedures, guaranteeing the necessary flexibility in decision-making processes. Thus the public administration is becoming increasingly ‘unbundled’, involving different public, non-government and private actors.

*Shifts in governance* can occur in two ways: vertically, through different levels of local, national and transnational government, and horizontally, moving from public to (semi-)private actors and agencies. “*Governance beyond the state*” and “*Governance without government*” give rise to significant questions about

the location of power, the sharing of responsibilities, the legitimacy of decisions and decision-makers, and accountability to the public and organisations in different national, sub-national and international settings. Such changes in the forms, mechanisms, location and cultures of governance have aroused interest in the concept of governance to stimulate comparisons between different national systems, thus inspiring conceptual and empirical work through **benchmarking** (the process of identifying, understanding, and adapting outstanding practices from the organisations of other countries to foster the implementation of our own performance) and **peer review** (mutual/collaborative learning).

For example, in the **employment and social policies** sector, which represents the main topic area of the first essay included in this study (**chapter 1**)<sup>3</sup>, common trends may be found at European Union (EU) level, such as:

- the introduction of benchmarking methods, quality assurance, and the involvement of users in the assessment of the effectiveness of the services delivered;
- the decentralisation of the organisation of services;
- the outsourcing of public-sector tasks to private stakeholders (contracting-out), with the public authorities becoming regulators, guardians of regulated competition and the effective organisation of local systems;
- the development of public-private partnerships<sup>4</sup>
- the use of forms of complementary funding.

In this connection, the cooperation, co-management and/or outsourcing of some initiatives are aspects of “**external governance**”, whereas in terms of the relations between public institutions it is possible to speak of models of “**inter-institutional governance**”. The combination of the two approaches (institutional relations and private providers) results in “**multilevel governance**” (D’Adamo, 2006)<sup>5</sup>. In this context public management will need to deal with the many stakeholders (social, political, profit and non-profit) involved (and a **stakeholders analysis** becomes crucial), while introducing different types of public-private partnership at the implementation level (**network governance**).

Governance makes **organisations more externally focused and encompasses the movement to engage citizens and/or extra-governmental actors in performance measurement** (Callahan 2007; Eipstein et al. 2006; Pollitt 2006a).

The **New Public Governance** as described by Osborne (2006) involves both:

- a. a *plural state*, where multiple inter-dependent actors contribute to the delivery of public services; and a

---

<sup>3</sup> *Performance Management and Measurement Techniques as New Challenges for Employment Services in Europe.*

<sup>4</sup> For a deeper insight on this issue: “*Job Creation and Lifelong Employment - Innovative Solutions from Public Private Partnerships in Europe*”, G.Di Domenico, M. Meneguzzo (2008).

<sup>5</sup> In the Italian public administration certain models of governance are being consolidated, with the outsourcing of public service management to private businesses and/or non-profit organisations (*contracting out*) and/or to other public authorities (*contracting in*) with the aim of improving the quality of services and reducing management costs.

b. *pluralist state*, where multiple processes inform the policy making system.

As a consequence of these new forms of plurality, its focus is very much upon **inter-organisational relationships** and the governance of processes, and it stresses **service effectiveness and outcomes**.

In other terms, Performance Governance covers a shift **from governing of performance to governing for performance** (Bouckaert *et al.* 2008), as a possible further stage to increase **public value** (Moore 1995).

A “Governing for performance” strategy is by definition an **intergovernmental exercise** which confirms the largest possible depth of performance. Indeed, “performance administration” is modest, ad hoc and not systematic; “management of performances” offers a specialised performance systems, but also variability and lack of integration; “performance management” provides a comprehensive and integrated performance focus but in practice may be under- or over-done; whereas “performance governance” is an ambitious set of options that reflect trends and potentials representing a more complete conception and including more relevant aspirations.

Against this background, in this study the observation and possible interpretation of the **move towards Performance Governance**, although there is no assumption that the only route would be via Performance Management, is grounded in the debates about the **functioning of public sector institutions and their societal impacts through improved policies and programs effectiveness across several levels: Employment Services at European level** (chapter 1 – *meso performance level*); **International Agencies – UNESCO** (chapter 2 – *micro performance level*); **World-wide Organisations - United Nation System** (chapter 3 – *macro performance level*).

The purpose is **of the study as a whole is** to answer critical questions in core areas of Public Management with **focus on “performance”** at both **policy and administrative level** through a **cross-cutting issues approach** (institutional-political, cultural and administrative) in the **international context**. **Performance in multi-entity settings** is particularly problematic. The straightforward emphasis on outcomes rather than inputs and outputs, or “**measuring results**” is not so simple when multiple stakeholders actually work on policy and program (Agranoff 2005). The multi-level issue indeed generates a special challenge for managing performance. Reporting on outputs and outcomes requires basic cooperation between each level of government in order to develop a consensus about the definition and measurement of objectives and results for spending policies/programs (Sevilla 2005). For this purpose there is a need for performance-related measurement techniques, negotiations and agreements between different levels of government and/or different governments. In this context, **the enhancement of budget systems is a pre-requisite to move to a Performance Governance system that includes all parties** (Bouckaert *et al.* 2008: 194)

Our main objective is indeed to explore the **connection between (complex and inter-related aspects of) governance and performance** and especially *if/how* the latter may be improved by “manipulating” the former within complex

environments, thus designing a possible **evolutionary path towards “performance management” and ideally “performance governance”** where “power-sharing” and dynamic interactions between the network members are based on defined rules and shared objectives

The value added of this work covers mainly a shift in the focus **from a traditional comparative/cross-countries analysis to a wider context** through the analysis of **International organizations and world-wide administrations**. Little has indeed been studied with reference to International organization and even about the performance-oriented budget’s impact in terms of achieving concrete objectives as part of a more complex strategy. We try and demonstrate that the social-political dimension of public budget cannot be discussed by restricting its action to a mere quantification instrument of public policies.

“Measuring performance” has therefore to be both internally and externally interactive, alongside the involvement and consultation - in the whole policy and program implementation cycle - of an increased range of stakeholders and their inter-dependence if part of the same system (member States in the case of International Organisations).

Trust in a particular service delivery (**micro level**), in a particular policy, e.g. employment policy (**meso level**) or in the quality of the intergovernmental – wide system, e.g. transparent and shared decision-making (**macro level**) is influenced, to a certain extent, by the way performance is governed (Bouckaert et al, 2008). Beyond outcomes, there is the growing importance of **measuring impact** and therefore to understand the causal relationships between the measured inputs, outputs and outcomes and the underlying phenomena leading to the observed results.

Although the practice of performance measurement and POB budgeting still needs self-consolidation and management reforms are consequently to be strengthened (Makon 2008), our study gives evidence that there are possible measures that can be suggested to contribute to structural (and sustainable) change implementation, at the **technical-administrative level** (e.g, strengthening of the planning process, budgetary pluriannuality, performance indicators, improvement of financial management, and the creation of incentive systems) as well as at the **social-political level**.

The research question of our essays on this topic is therefore focused about **how** and **why** (potential and challenges):

- **performance-oriented techniques imply a radical, systemic change of behavior within the civil society, leaders and bureaucracy;**
- **results-based management and accountability** require to build a **framework that includes next to economy, efficiency and effectiveness, also equity, trust and participation.**

The **main conclusions** are reported separately for each of the three essays (singularly containing a **final paragraph** that summarizes “**final remarks and future challenges**”) but alongside the same **multi-criteria analysis** in a framework, covering the whole range of concepts as described above:

measurement of the **performance**; creation of **public value** in terms of value created in the socio-economic system within which the public administration and/or agency operates; **effectiveness and impact** of actions taken according to the public administration mission (**priorities, objectives and results**); development of knowledge networks with **stakeholders and end-users** (spending national authorities, civil servants and society at large); communication strategy and decision-making processes for achieving a **balance of interests** through finding consensus among all members of complex International organizations; **results-based management and budgeting** as tools for a radical change in **strategic management** and **accountability**.

Concerning specifically the UN system, the key findings of the two further essays included in our study (**chapters 2 and 3**) refer, as **main target population**, to those organizations which have been experimenting with the RBB techniques for at least a decade, thus getting a fair overview of RBB as used in the United Nations and consequently drawing a comprehensive assessment of ongoing developments on this issue and general conclusions on potential benefits as well as possible concerns to be addressed in order to overcome implied risks and disadvantages. What is crucial to remind is the peculiar nature of the UN and the related need for adaptation of such budget techniques to an environment with specificities in terms of multilateral and universal characteristics and with activities covering sensitive and complex political and socio-economic matters.

All this might be part of exploring the expanding horizons of performance as a focus and driver of public management and policy

## **1.2. Methodological approach and underlying logical framework**

The overall study is conceived as a **collection of three essays** addressing core issues and key questions of the “**public management**” area, as illustrated in the previous paragraph (1.1.) and as deepened for each paper in a first “**executive summary**” paragraph describing its specific “**scope and methodological outline**”.

The definition of the whole **research problem** and the **rationale** behind the relevance of its understanding to the **audience** (both academics and practitioners) is related to the general trend at all levels (public institutions/administrations/services, governments and International organisations) to embark on a journey **to integrate performance measurement into management and budgeting**, and the application of performance analysis is a topic of a considerable discourse in the public management community.

The **context of the analysis** is the **International level** and the **aim of the study** considered as a whole is to:

- analyze, learn and design guidelines for “next steps” in **managerial frameworks and budgeting approaches focusing on performance** alongside the latest round of reforms;

- identify key practices that can help enhance and sustain the path towards a more effective **impact of public interventions** on society and a greater **involvement of all concerned stakeholders**;
- establish some milestones that are sufficiently ambitious to deliver a certain view on the concept and implementation of “**performance Governance**” (ref 1.1) to make this perspective visible and achievable;
- foster **research** on the topic .

Indeed, the **conceptual framework**, based on the **literature review**, enables a reflection upon possible theoretical perspectives addressing the research problem as identified above, within which some **controversial issues** arise, as well as possible **further explorations** and “**next steps**”.

From the methodological viewpoint, a **case study design** with a **qualitative approach** has been chosen.

A case study design was employed to investigate the research questions. According to Eisenhardt (1989), case study research can be defined as “*a research strategy which focuses on understanding the dynamics present within single settings.*” (p. 534). Following this definition, case study research is often said to be mainly suitable for research seeking to answer “how” and “why” questions (Yin 2003<sup>6</sup>). Case study research is often of a qualitative nature: a limited number of cases -be it organizations, business units, teams, or others- is investigated in depths often by means of observation or interviews, in order to draw a detailed picture of qualitative particularities.

According to Yin (2003) several types of case study research can be differentiated: exploratory, explanatory, and descriptive case studies. **Exploratory case studies** are often conducted to define research questions and hypotheses. **Explanatory case studies** seek to link an event with its effects and are suitable for investigating causality. **Descriptive case studies** are often used to illustrate events and their specific context.

Each of these types can either study single or multiple cases, and cases can either be investigated in a longitudinal setting – to discover and explain changes within cases over time- or in a comparative setting – to discover and explain differences between cases.

The **reasons** for choosing a case study design for the study at hand are the following:

- Nature of research questions:** According to Yin (2003), case studies are favorable when “how” or “why” questions are being asked. As described in section 1.1, this work tries to explain under which circumstances (how) public administrations can improve their performance and the reasons (why) underlying the move towards performance management and governance
- Nature of event:** Yin (2003) suggests that case studies are favorable when contemporary events are investigated and when behavior cannot be controlled. A different research strategy to investigate past or contemporary events is the use of history. However, an advantage of

---

<sup>6</sup> “Case studies are the preferred strategy when “**how**” and “**why**” questions are being posed, when the investigator has little control over events, and when the focus is on contemporary phenomenon within some real-life context “ (Yin 2003:1).

case studies above history is that a **broader range of data collection instruments** can be applied, such as observation or interviews with people currently involved in the event. Experiments are a favorable research strategy if the researcher can control the behavior of the investigated events/people. When conducting the study at hand, however, there was no possibility to control over the behavior of management. What is more, the **available material is very suitable for the case study strategy** and promises to be enriched by conducting **interviews and observations**.

- c. **Nature of phenomenon:** According to Yin (2003), case studies allow for a holistic study of a phenomenon. In this research, not all of the potentially important variables were known in advance. We hence needed a research design that allowed for an open mind within a given research range.
- d. **Nature of context:** The study and its subject cannot be separated from its context; case specific conditions need to be taken into account.

The completeness of the picture drawn is not just a question of the nature of the data, but also relates to the use of data collection methods: case study research suggests the use of **multiple methods** (Yin 2003; Eisenhardt 1989). Parallel use of **several research methods and sources** enables what is often called *data triangulation*, and thereby contributes to enhanced internal validity of the study. **Internal validity** is especially important for **explanatory case studies** like ours, as it establishes **causal relationships between conditions**. The data collection was indeed designed in a way that the picture drawn on each case was as complete as possible.

Case study research is often criticized for the limited number of investigated cases which is said to limit the generalization of the findings (**external validity**). To explain the difference of possibly expectable generalization between case studies and, for instance, survey research, Yin (2003) puts forward a difference between *statistical* generalization and *analytical* generalization. While survey research tries to generalize findings based on a sample that generalizes to a larger universe, case study research aims at **generalizing a particular set of results to some broader theory**. In order to enhance the external validity and to “*establish the domain to which a study’s findings can be generalized*” (Yin 2003, p. 34), he describes a number of actions which we tried to pursue.

Explanations about the **case selection strategy** specifically addressed in our study follow.

In **chapter 1 (Performance Management and Measurement Techniques as New Challenges for Employment Services in Europe)**, the path recommended by e.g. Yin (2003), Eisenhardt (1989), and George and McKeown (1985) was followed. We tried to take possible **cross-countries** differences into account by selecting cases in Northern and Southern Europe. We therefore conducted a comparative case study design, which comprises the comparison of cases that develop on certain crucial characteristics as illustrated in par 1.1. (measurement of the **performance**; creation of **public value**, etc.). The comparative analysis could benefit from a 2-year period

(2007-2008) during which the doctoral student has worked as National Expert (seconded by the public research institute ISFOL) in the **Directorate-general “Employment and Social Affairs” of the European Commission in Brussels.**

As far as **chapters 2 and 3** are concerned (*Measuring results to improve organizational performance at the United Nations Educational, Scientific and Cultural Organization (UNESCO). A budgetary analysis of the results achieved in the 2008-09 biennium for the Major Programme “Culture”; Performance Management and Accountability in International Public Administrations. Results-based budgeting in the United Nations System as a case-study*), we chose to analyze, mainly through a desk review, the most relevant literature, official documents and records in the field of RBB at International level and, for the case studies on **United Nations and UNESCO**, proceeding and statements of the Agency/Organization/convening of experts on the subject, but above all, in order to guarantee validity and reliability of data, the survey reports made available during the meetings of the **UN Committee for Programme and Coordination (CPC)** and of the **UN and UNESCO Committees on Administration and Budget**, of which the author is a member, in representation of the Ministry of Economy and Finance within the Italian delegation, at **UNESCO headquarters in Paris and UN headquarters in New York**, since 2009.

After examining the various approaches, frameworks and models that have been used to describe practices, we derived from that material a set of principles and practices that are consistent with results-oriented performance management and budgeting in a multidimensional environment. In order to be able to generalize findings, we also consulted the UN and UNESCO management<sup>7</sup> about the representativeness of the respondents' characteristics.

To illustrate and to also refine/select/screen these basic operational principles, we selected a specific Agency of the UN System, i.e. **UNESCO, as a case-study**, since:

- its long-lasting effort in developing RBM approach and recent investments focused on RBB
- its broad mission, ranging from Education to Science in a broad sense. The Major Programme “Culture” was chosen as the main representatives within such wide range of intervention areas.
- the expert views – we judgmentally selected and interview the managers of the mainly involved Departments<sup>8</sup>.
- our prior work as member within the Committee for administrative and financial issues in the Italian delegation at UNESCO headquarters (Paris) .

---

<sup>7</sup> We conducted our work from March 2009 through June 2010 at UN headquarters (New York – March, June and November 2009; June 2010) and UNESCO (Paris – April and October 2009; April 2010).

<sup>8</sup> In particular for **UNESCO**: Ms. Yolande Valle (Director of the Bureau of the Budget); for the **United Nations**: Mr. Movses Abelian (Administrative and Budgetary (Fifth) Committee Secretary); Mr. Mario Baez, Chief Policy and Oversight Coordination Service (Office of the Under Secretary general – Department of Management).

Meetings have indeed been hold on a regular basis over the biennium 2008-2009 involved in our research

We do not however consider our categorization of the analysed practices to be definitive and rather recognize that further ones – additional or alternative, given the wide range of situations and circumstances –may be developed and included.

## References

Abell D. F., *Defining the business: the starting point of strategic planning*, Englewood Cliffs, Prentice-Hall, 1980; trad. Ital., *Business e scelte aziendali*, Milano, IPSOA, 1986

Agranoff R., *Managing Collaborative Performance: Changing the boundaries of the State?*, *Public Performance and management Review*, 2005

Bobbio L., *I governi locali nelle democrazie contemporanee*, Bari-Rome, Laterza, 2002

Bonoma T.V., *Case research in marketing: opportunities, problems and a process*, *Journal of Marketing Research*, maggio 1985, vol. XXII.

Bonoma T.V., *Il marketing vincente*, Milano, Sperling & Kupfer Editori S.p.A., 1987

Bouckaert G., Halligan J., *Managing performance: International comparisons*, Routledge, ;London and New York, 2008

Callahan K., *Elements of Effective Governance: measurement, Accountability and Participation*, 2007

Cafferata R., Gatti C., *I casi di economia e gestione delle imprese*, Padova, Cedam, 2004

Chandler A.D. Jr., *Strategy and structure: chapters in the history of the american industrial enterprise*, Cambridge, The MIT Press, 1962; trad. it. *Strategia e struttura: storia della grande impresa americana*, 2° ed., Milano, F. Angeli, 1980.

Core, F.G. *Reformas orçamentárias no Brasil: uma trajetória de tradição e formalismo na alocação dos recursos públicos*. *Revista ABOP*, v. 23, n. 47, 2005.

D'Adamo A., *La governance nei processi di innovazione della Pubblica Amministrazione*, 1 Nittinrete, 2006.

Diamond, J. *Establishing a Performance Management Framework for Government*. Article for the International Monetary Fund, 2005

Di Domenico G, Spattini S., *New European Approaches to Long-term Unemployment . What Role for Public Employment Services and What Market for Private Stakeholders*, Kluwer Law International Ed., 2008

Di Domenico G, Meneguzzo M. *Job Creation and Lifelong Employment - Innovative Solutions from Public Private Partnerships in Europe*, in

“Unternehmertum und Public Private Partnership – Wissenschaftliche Konzepte und praktische Erfahrungen”, 2009

Eipstein et al., *Results that matter: Improving Communities by Engaging Citizens, Measuring Performance and Getting Things Done*, 2006

Eisenhardt K.M., *Building Theories from Case Study Research*, Stanford University 1989.

European Commission, *White Paper on European governance*, COM(2001)428.

Kamensky J.M. and Morales A., *From “Useful Measures” to “measures Used”, in “Managing for results”*, 2005

Friedman M., *The methodology of positive economics*, in *Essays in positive economics*, Chicago, IL: University of Chicago Press, 1953.

Kickert , *Complexity, Governance, and Dynamics, Explorations of Public Network Management*, in “Modern Governance”, 1993

Kooiman J., *Social Political Governance: Overview, Reflections and Design*, in *Public Management Review*, 1999

Kooiman J., *Governing as Governance*, London, Sage, 2003.

Makón, M.P. *La gestión por resultados es sinónimo de presupuesto por resultados? (Is Performance Management a Synonym of Performance Budget?)* *Revista Internacional de Presupuesto Público*, Year 36, Issue No. 66, 2008

Mari C., *Metodi qualitativi di ricerca: i casi aziendali*, Torino, Giappichelli, 1994.

Moynihan, *Managing for Results in State Government: Evaluating a Decade of Reform*, in *Public Administration Review*, 2006

Moore, *Creating Public Value: Strategic Management in Government*, Cambridge 1995

Garcia M., Cardesa A.S. and Pradel M., *The European Employment Strategy: An Example of European Multi-level Governanc’*. SEI Working Paper No 77, University of Barcelona, 2004.

Osborne, *The New Public Governance?*, in *Public Management Review*, 2006

Pollitt C., *Integrating Financial Management and Performance Management*, OECD, 2001

Pollitt C. and Bouckaert, *Public Management Reform: A comparative Analysis*, Oxford University Press, 2004

Pollitt C., *Performance information for Democracy – The Missing Link?*, 2006

Ragin C.C., *The comparative method: moving beyond qualitative and quantitative strategies*, Berkeley, CA: University of California Press, 1987.

Ragin C.C., *Fuzzy-set social science*, Chicago, IL: University of Chicago Press, 2000.

Rhodes R., *Understanding Governance*, 1997

Robinson, M. and Brumby, J. *Does Performance Budgeting Work? An Analytical Review of the Empirical Literature*. Article for the International Monetary Fund, 2005

Schick, A., *The Performing State: Reflection on an idea whose time has come but whose implementation has not*. OECD Journal on Budgeting Volume No. 3, No. 2, 2003;

Sevilla J., *Accountability and Control of Public Spending in a Decentralised and Delegated Environment*, OECD Journal on Budgeting, 2005

Yin R.K., *Case study research. Design and methods*, Newbury Park, Sage, 1984

Yin R.K., *Applications of case study research*, Newbury Park, Sage, 1993

## SECTION II – ESSAYS

### CHAPTER 1

#### PERFORMANCE MANAGEMENT AND MEASUREMENT TECHNIQUES AS NEW CHALLENGES FOR EMPLOYMENT SERVICES IN EUROPE

##### 1. Executive summary: paper scope and methodological outline

This chapter focuses on **Public Employment Services** (PES) as national public or governmental bodies responsible for activities related to the **implementation of labour market policies**. Within the European Employment Strategy, PES have a central role in implementing the guidelines for the employment policies of the Member States. PES deliver services free of charge to jobseekers (both unemployed and job-changers) as well as to employers; they aim to bring jobseekers and vacancies together and also contribute to improved transparency in the labour market.

Although PES are structured differently in each country, they all faced over the last ten years a common process of modernisation that took place at European level; this process has been somehow “emblematic” of a new **labour market strategy** within the EU “Lisbon Agenda” for economic and social reform, which is due to end in 2010.

Indeed, the European “**Open Method of Coordination**” (OMC), which PES are part of, implies setting guidelines for the EU, establishing quantitative and qualitative indicators and benchmarks as a means of comparing good practices, transposing them into national and regional policies by setting specific targets, and periodic monitoring and peer review organised as a *mutual learning processes*.

As stressed by the European Commission on several occasions, Public Employment Services represent institutions able to work as “think tanks” promoting **cooperation between actors** (unemployed people and businesses) **and authorities** (assistance and insurance, training and guidance, outplacement), as well as **action synergies** (empowerment).

The **main challenge** is represented by the **transition** from structures that, in a rather static way, regulate institutional processes (**government**), to players that, interacting with other in a cross-sectoral and complementary way (**governance**), work as “development agencies”, by promoting interaction and cooperation between all stakeholders.

From this point of view, institutional differences between countries have provided us with the opportunity to analyse the **diverse participation models** featuring European Union Member States, partly inspired by previous research on this topic<sup>9</sup>.

More specifically, we conducted a comparative analysis focused on the following key aspects of **PES reform and modernisation processes in Europe**:

- developments in the legislative and regulatory framework of the labour market (changes in and conversion of structures and dynamics) and the legal-institutional status (with relative vocation/mission) of PES concerned, also in relation to the specific characteristics of the social, economic and labour context it works in;
- working, organisational and management structure of PES; main types of activities (traditional and innovative) with a focus on services considered strategic depending on policy approaches, divided according to “user category” and/or “market bracket”;
- level of liberalisation of labour intermediation and related markets and/or separate markets characterised by potential partnerships and possible alliances (training, guidance, and so on);
- types of interaction (co-management, complementarity, co-working, alliance, competition) with private operators (Private Employment Services, PRES) and networks with other actors (economic, institutional, non-profit) active in the country or region in question;
- current and/or forecast trends with regard to development in institutional (reform and/or modernisation of PES role/function) and strategic terms (management, organisation), aimed at improving services (quality, efficiency, effectiveness) and future competitiveness, by repositioning the public operator in relation to other actors and/or differentiating its positioning on the local market;
- cooperation schemes with PES in other countries (projects, partnerships, links to the EURES network).

Our cross-country study, whose main results are illustrated in the following paragraphs, has therefore been developed alongside the core features of **reform and modernisation processes involving PES** as just described.

---

<sup>9</sup>See in particular: *Joblessness as a major challenge for Public Employment Services. Country reports from Finland, Italy and Germany*. Arnkill R, Di Domenico G, Konle-Seidl R., in “*The Global Labour Market. From Globalisation to Flexicurity*”, Edited by R. Blanpain, The Hague u.a.: Kluwer Law International, S. 81-107. The paper has also been presented by the three authors at the 5th International Conference in commemoration of Marco Biagi “*The global Workplace. Learning from each other*” at the University of Modena, 17-23 March 2007, Modena, 33 p..

## 2. A comparative overview at European public employment services: main findings from an international analysis<sup>10</sup>

In order to cast light on key organisational aspects and activities of Public Employment Services in the European socio-economic scenario, this section focuses on the main findings of a study carried out when 10 New Member States were about to join the EU<sup>11</sup>; it therefore provides a series of comparative analytical information about employment services in each of the previous 15 EU Member States as well as the of the new entrants, by using the same kind of qualitative and quantitative indicators and parameters.

The development of services at an institutional and operational level, in accordance with the reform process involving employment services over the past 10 years, should be properly contextualised in the **global trend of public sector modernisation** (as examined below). An advanced implementation of the reforms involving national systems, more or less recently depending on the specific situation of each country, was recorded in the majority of cases. In particular, standardised assessment of traditional action and activities and relative targets at the EU25 level showed that there are no significant differences between the EU15 Member States and the EU10 in terms of the goals and priorities attributed to the Public Employment Services.

There is a **general trend among PES to move towards greater autonomy and flexibility** allowed by legislative and regulatory frameworks through a greater *differentiation of tailor-made services* (in relation to clients' needs) and *supply conditions*. The **progressive abolition of the public monopoly on labour intermediation** seems to be matched by a parallel trend of PES to expand their respective areas of activities. In particular this involves training, guidance, consultancy to enterprises, welfare measures and social services management, where new opportunities are emerging with the supply of high added-value services and partnerships exploiting economies of scale arising from the joint provision of a number of measures, both active and passive.

These changes are mostly the result of a process of adapting public strategies to fit new legal and socio-economic contexts. In many cases they encourage the labour market to move towards more dynamic, effective and competitive arrangements, while making it easier for new operators (private actors) to work and thus allowing for (potentially) more innovative/efficient services which clients (jobseekers and firms) may benefit from.

Furthermore, the **systematic use of performance indicators** in most of the Member States was reported and the following additional shared elements were observed:

---

10 From paragraph 2 to 5 the content is extracted from the article by Germana Di Domenico and Marco Meneguzzo published in: *New European Approaches to Long-term Unemployment. What Role for Public Employment Services and What Market for Private Stakeholders*, edited by Germana di Domenico and Silvia Spattini, Kluwer Law International April 2008

<sup>11</sup> See: Di Domenico (2004), from which all items of collected information and related data are taken. As far as Belgium is concerned, the public services of its four regions – Wallonia, Flanders, German-speaking and Brussels – were dealt with separately.

- **decentralisation and territorial planning, liberalisation of job-placement** (supply/demand of labour) **market**;
- **combination of active** (placement, training, guidance, support and consulting services) **and passive measures** (benefit management, allowances and other income support for the unemployed);
- **integration of policy measures** (social, economic and employment) **into a single structure (*one-stop shop*)**;
- a new role for the public service as a ***service provider*** (see next chapter) with differentiation/personalisation of activities and the introduction of specific occupational profiles and specialised operators for each service/product and relative target-user (***client segmentation***);
- the introduction of ***innovative management techniques and communications strategies***;
- the intensive use of **new information and communications technology** with the expansion of databases, and the online matching of jobseekers to job offers.

A wide range of services are provided, ranging from the more traditional gathering and dissemination of information about job vacancies, to more advanced vocational training and guidance, especially for the long-term unemployed, and personalised assistance/support and consulting services for businesses, also in the new Member States. More significant differences may be seen as regards the implementation and development of computerised services delivered online and/or aimed at self-management of information and the creation of telematic portals. Alongside a group of “**virtuous**” countries comprising Scandinavia and Flemish-speaking Europe, as well as some central and western states, there are some Member States (the Mediterranean and some continental European countries) where information systems for labour supply and demand are still not well developed, and where the use of network technologies to distribute information and supply services is inadequate.

The **general trend towards a gradual opening of the “job placement market (and related sub-markets) to private actors** – in the belief that a competitive environment has the potential to **enhance the efficiency and quality of services** – highlights significant differences between countries, concerning the co-existence of private and public sectors: from the Dutch “semi-market” system (where private agencies provide reintegration services through tenders and basically without needing authorisation from the state sector) to the Greek system. In Greece the public actor still holds a virtual monopoly, forcing private agencies to work under other denominations (e.g. agencies supplying “industrial services” or consulting firms that recruit managerial staff and recent graduates at the request of businesses).

There seems to be a widespread **shift in focus from “processes” to “products”**, i.e. to services delivered and user satisfaction (*customer-oriented approach*). This leads to an overall **rethinking of the organisational structure**, and entails the need to monitor *self-performance*. In this way well-known management techniques such as ***Management by Objectives*** are introduced, albeit at different levels/stages of implementation. This technique provides for the assessment of results with regard to a set of indicators

defined *a priori* and/or the adoption of **Quality Management systems** to measure and attain levels of certified quality (TQM, ISO and more recently EFQM).

Although it is difficult to summarise the key trends underlying the development of the regulatory framework and political and institutional context, the major expansion of the area of responsibility of public employment services seems to have been in such sectors as social assistance and the welfare system (mostly at local level<sup>12</sup>), especially as far as the **management of unemployment income support** and other kinds of benefits relating to protection policies is concerned, in a policy mix approach<sup>13</sup> and **activation strategies**. This approach means that measures to cushion the effects of unemployment are not considered only as an essential right of the individual, but as a *quid pro quo* for a real, personal commitment to make the transition to employment. At the same time efforts are being made to design a **mix of active and passive policies**, integrating labour market and social security measures. The welfare system must be closely linked to labour market policies in order to prevent benefit recipients from depending on measures to cushion the effects of unemployment, or to reduce the periods of dependency to a minimum through a return to work on the part of the unemployed.

Various kinds of interventions designed to ensure continued effective job search are of prime importance as part of activation strategies. These include an emphasis on options for returning to work from the very first contact with a newly registered unemployed client, regular reporting and confirmation of unemployment status; monitoring of clients' job-search efforts, direct referrals to vacancies, back-to-work agreements and individual action plans, and short job-search training courses. In addition, increased attention is now being paid to applying activation principles, first developed for the unemployed, to recipients of welfare and other non-employment benefits. Third, **for activation strategies to work, the management framework for employment services (whether public or private) must be appropriate**. The introduction of **quasi-market mechanisms** in the field has been an innovative feature designed to increase the **effectiveness of employment services**, and to facilitate the reintegration of benefit recipients through more intensive contacts and interventions (Tergeist and Grubb, 2006).

To summarise the main findings and place them in a **cross-country framework**, we can try to group together systems of public employment services with similar characteristics in institutional/organisational terms as well as in terms of functions and services provided.

---

<sup>12</sup> A critical analysis of the reports made it possible to note a current trend, observed above all in northern European countries, towards close cooperation between municipalities, employment centres (with various names) and the central workers' insurance authority, each coordinating their respective duties.

<sup>13</sup> Public structures tend, for the most part, to be conceived as a sole access point, also from a logistic point of view. On the one hand they perform the traditional task of matching labour supply and demand, and on the other they are responsible for collecting and managing the data needed to process social security benefit applications (unemployment allowance and social benefits), thus carrying out important checks on the provision of allowances and other benefits.

The first group concerns **Southern European Countries** – namely Spain, Greece, France, Portugal<sup>14</sup> – whose public employment services are mostly characterised by partnership-style management which implies a leading role played by the social partners in planning employment policies as well as welfare and social assistance/protection measures. The main services provided, beyond traditional job placement, include vocational training and tailor-made workplace reintegration programmes. A good example is the introduction of individual action plans such as the *Plan d'aide au retour à l'emploi* managed by the ANPE in France since 2001. The French case is worth mentioning also with regard to recent reforms aimed at improving the quality of services, by making them more suitable for specific situations and increasing the autonomous management of local ANPE agencies.

In these countries, the decentralisation of employment services is still partial, though some management functions have been transferred to the regional level, except for vocational and reintegration programmes and welfare benefits, which generally remain at the State level (in Spain certain related responsibilities were transferred to the regions in 1991). The end of the State monopoly is leading towards the liberalisation of labour market intermediation, but competition with private operators is still not sufficiently well developed.

The second group, the largest, includes the **Scandinavian, Flemish-speaking, English-speaking and Baltic States** (Finland, Sweden, Belgium, the Netherlands, the United Kingdom, Ireland, Estonia, Latvia, Lithuania) where the public employment services, as part of the Ministry of Labour, manage welfare benefits relating to reintegration (*workfare* services), adopting labour policy reforms according to the *European Employment Strategy* guidelines. The significant expansion of network technologies and the implementation of national online information systems, as well as self-service facilities for labour supply and demand, also emerge as a major trend in these countries. Generally speaking, these organisational systems, though centralised in institutional terms, ensure extensive coverage through local offices. As far as the relationship with private operators is concerned, liberalisation may be said to be advanced; in some cases, an “outsourcing” process, shifting services from the public to the private system, may also be observed, as in provisions for training and reintegration services in the Netherlands.

The third group of countries consists mainly of **continental States** (Germany, Denmark, Luxembourg, Czech Republic, Poland, Slovakia, Slovenia), whose systems are similar to those listed above, though in these systems the public employment service is the leading provider of advanced vocational training and guidance services.

### 3. The trend towards modernisation and quality: basics for a public governance paradigm

In this section we discuss an alternative model to the traditional one to evaluate and measure the performance of public employment services. This model is closely linked to the “new public management” (or “public management” paradigm, that has characterised the process of institutional and managerial modernisation in the public administration in a number of countries starting from pilot projects at the beginning of the 1980s in Sweden, UK, and some Commonwealth countries (Australia, New Zealand).

As deeply illustrated in section I, paragraph 1.1., and with specific reference to PES in paragraph 1 of this paper, **New public management mechanisms** (Synthesis Forschung, 2004; Pollit Bouckaert, 2000; Barzelay, 2001; Johnson and Nunn, 2005) are meant to:

- facilitate **change in public employment services** and the definition of their mission and objectives, the **focus on distinctive activities**, the **development of management tools** (strategic planning and strategic control, SWOT<sup>15</sup> analysis, balanced scorecards), the **dissemination of Information and Communications Technologies and e-government**. Technological development in the public employment services in Scandinavia, the English-speaking countries and the Baltic states has facilitated the development of *prosumer* (enterprises and citizens/users) roles relating to the services delivered by public employment services based on a self-service model;
- assign a central role in the **management of public employment services** to the **relation between inputs** (financial resources, technology, human resources), **outputs** (services delivered to various segments: enterprises, employers, public agencies, single users) **and outcomes** (impact on the labour market dynamics);
- characterise the approach adopted by Jobcentre Plus in the UK, based on targets and performance standards, such as: *JOT (job outcome target)*, *employer outcome target*, *customer service target*, *business delivery target*<sup>16</sup> (Davern, 2006; Jobcentreplus, 2004), further to the evolution of the *JET* approach (*job entry target*).

The need to rethink **performance evaluation and performance management**, based on the public management paradigm, is linked to two trends in the **different strategies in public employment services at European level** (Arnkil, 2007). Mention should be made of the **Swedish dual strategy** (Sweden); *the Danish regional strategy*; *the UK work first - customer focus strategy*, and *the Dutch gateway strategy* (Arnkil, 2007). Various national strategies are to be seen in the cluster of northern European countries, characterised by the liberalisation of service delivery, the

---

<sup>15</sup> SWOT: Strengths, Weaknesses, Opportunities, Threats

<sup>16</sup> [www.jobcentreplus.gov.uk](http://www.jobcentreplus.gov.uk)

development of outsourcing and the adoption of the new public management approach mentioned above.

These trends, which will be analysed and discussed later in connection with different strategic approaches, include the **progressive consolidation of a public governance paradigm**, and a *business/government relationship* in transition towards “public/private partnerships” and “public/public partnerships”.

In order to understand better the **transition from new public management to public governance**, reference should be made to changes in the views of the PUMA Committee<sup>17</sup> of the OECD, the main promoter of new public management at international level (Box 1). PUMA has activated “soft” measures (comparative surveys, best practices) and has been an attentive observer of findings in 30 countries for over two decades.

### **Box 1: The modernisation of public administration in the OECD-PUMA recommendations**

#### **Governance in transition (1995)**

This report describes the fundamental principles guiding modernisation measures (end of the 1980s / beginning of the 1990s):

- the findings and performance approach;
- greater management autonomy;
- the customer-oriented approach;
- the introduction of competition and semi-market mechanisms;
- the development of strategic capacity and policy-making.

#### **Government of the future (2000)**

In the report on *Government of the future* PUMA highlighted the need to develop public leadership to guide change and make it sustainable over the time, based on a strategic view, and the capacity to adapt reform strategies to specific settings.

#### **Public sector modernisation: a new agenda (2002)**

The findings of two decades of change and innovation were analysed at an international level: failures and undesired effects were associated with a strategic approach that was insufficient. A systemic approach is needed, more suitable for a scenario characterised by uncertainty and high risks, with due consideration for governance mechanisms, system efficiency and institutional results.

Sources:

OECD/PUMA, *Governance in transition. Public Management Reforms in OECD countries*, OECD, Paris, 1995

OECD/PUMA, *Government of the future*, OECD, Paris, 2000

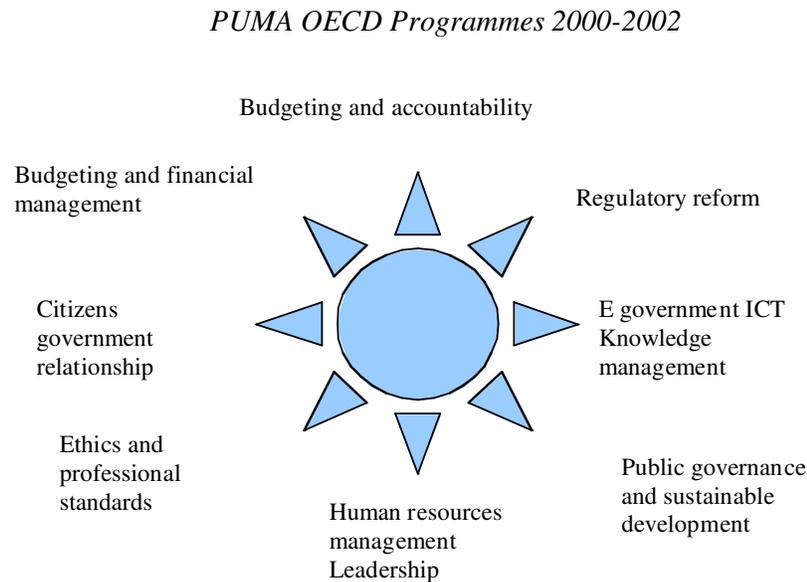
PECD/PGC, *Public Sector Modernisation: a New Agenda*, OECD Policy Brief, Paris, 2002.

[www.oecd.org/puma](http://www.oecd.org/puma)

<sup>17</sup> The strategic focus of the PUMA Committee is described clearly by the change in its name: from Public Management to Public Management and Governance, to Public Governance and Territorial Development.

Figure 1 shows the key factors, defined by PUMA for 2000/2002, based on the paradigm of *public governance*. Mention should be made in particular of human resources management, the development of leadership, and knowledge management, all of which have a direct impact on the functioning of public employment services.

**Figure 1: PUMA OECD Programmes 2000-2002**



Other relevant factors are **accountability** and the Government/citizens relationship, further to the implementation of *e-government (e-democracy, e-governance)*. Moreover, importance is given to the **impact of accountability in terms of measurement, evaluation and, above all, communication of the performance of public employment services to the stakeholders.**

Finally, should be made of the sustainability requirement of public policies and interventions, with a multicriteria approach to evaluating the performance of public employment services.

**Public governance mechanisms** have been developed and disseminated in labour market policies at European (EES) and national level (Garcia, Cardesa Salzmann and Pradel, 2005). Reference should also be made to **multilevel governance**, meaning the involvement of different levels of regional and local government in decision-making processes, from the definition of counselling standards to the drafting of rules and procedures. In addition to multilevel governance – reflecting cross-institutional cooperation, with the Danish model of *regional governance* as an important example (Arnkil, 2007) – **outside governance or horizontal governance** has also been developing. This type of governance involves many stakeholders in formulating and implementing

employment policies. Different government levels, enterprises and their associations, public agencies, organisations in the non-profit sector, and financial intermediaries are emerging as the main stakeholders.

#### **4. Public employment services as social network incubators and spin-offs.**

In this section we analyse different models of PES according to specific clusters that have been identified by observing the characteristics of labour markets and employment services featuring national contexts. We therefore try and design possible development trends of “governance mechanisms” alongside these clusters.

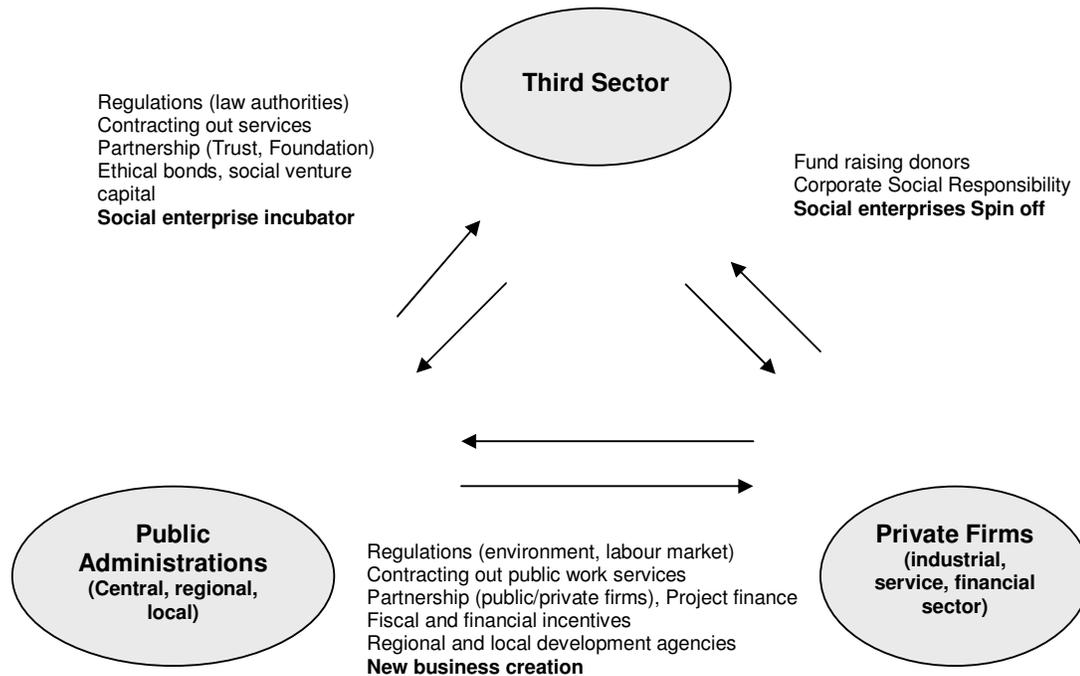
With regard to employment policies at national level, there are various forms of ***cross-institutional governance and horizontal governance***, from “concertation” and extended partnership models (Austria, Germany, Sweden) to “liberal” models (UK, Czech Republic). (Garcia, Cardesa Salzman and Pradel, 2005), reflecting the **three public employment service clusters in the EU**.

The various models differ as to the in which responsibilities and power are decentralised to local and regional administrations, and in the role played by employers’ associations and trade unions. Moreover, influence is exerted in horizontal governance by the **presence (or lack) of an inter-sectorial approach in developing public policies, connecting employment policies, local economic development policies and social inclusion programmes (see the “Meso performance level” as described in section I, paragraph 1.1.)**.

Among continental models of public employment services with strong *public governance*, mention should be made of the Danish model, the Dutch *Gateway* model, where public employment services purchase services supplied by outside actors, and the Finnish PES Network (Arnkil, 2007). There appears to be a degree of convergence, with public employment services as the strategic coordinator for a network of public, private and non-profit stakeholders (Kickert, Kljin, Koppenjan, 1997).

Another important trend is the **evolution of *business/government relationships*, meaning a system of relations between public agencies, private enterprises, and non-profit organisations** (Fig 2), which may design a **development path from the meso to the macro performance level** as illustrated in Bouckart categories (**section I, paragraph 1.1.**)

**Figure 2: Government, private sector and third sector relationships**



In relations between the public administration and private enterprises, reference should be made to financial incentives, with the involvement of financial institutions, fiscal incentives and, starting from the mid-1990s, the delivery of services. These services include training and retraining courses for staff, export promotion, marketing, legal, administrative and legal services and, above all, technology parks and enterprise incubators<sup>18</sup>. Mention should also be made of the increasingly important role of regulatory activities by the public administration, either directly or through its own agencies and authorities or regulators – in relation to the labour market, environmental protection and defence. Moreover, a key factor is the simplification of administrative procedures relating to business start-ups (**one-stop shop**).

Another significant development is the role of the public administration as a centre for the purchase of goods and services, giving rise to arrangements such as **contracting out, outsourcing, global service and facility management, and e-procurement**.

There is also a focus on **joint ventures/partnerships with public and private firms at local level** (water, waste, transport, energy), project financing and public/private partnerships. This entails the **evaluation of the performance of the public administration and private enterprise, and the strengthening of territorial competitiveness** (local, regional and national).

In this way, **performance management and performance evaluation are seen as part of an extended system, with public governance becoming**

<sup>18</sup> At present, there are 150 local development agencies in EURADA (European Association of Development Agencies, [www.eurada.org](http://www.eurada.org)).

**increasingly important, together with the relations between the public employment services, and activities carried out by other agencies and bodies** (Di Domenico, Spattini, 2008).

In recent years, interesting and innovative models relating to new relations between the public administration and the non-profit sector have also been developed.

Relations between the public administration and the non-profit sector can be divided into:

- regulatory activities carried out by the public sector through directives, guidelines, national laws relative to voluntary associations, charities, non-profit organisations and social enterprises;
- the transfer of financial resources to develop and implement projects;
- the outsourcing of services and activities in the social and healthcare sectors, and, more recently, in the cultural, educational and vocational training sectors;
- the setting up of joint foundations in the social, cultural and other sectors;
- cooperation with the ethical finance sector, funding investments and providing microcredit.

The relations between the public administration and the non-profit sector are expected to play a significant role in the future development of public employment services, not limited to outsourcing to private actors.

The public employment services can act as enterprise incubators, also for social enterprises, becoming a strategic coordination centre of a network of public/private stakeholders. A recent example of an advanced type of relationship between the public administration, private enterprise, and non-profit organisations is the *Autopromozione Sociale* project of the Rome City Council. In 2006, this project was selected among 400 candidates from 28 countries and won the European Enterprise Awards<sup>19</sup>, an award of the European Union for outstanding initiatives in support of entrepreneurship, employment creation and responsible entrepreneurship.

Funds were allocated to support the activities of 726 enterprises leading to the creation of 3,300 new jobs, also in the “alternative economy”, (“fair trade”, enterprises producing biological products, renewable energy sources, open source and free software). The funds were also used to activate five incubators, considered as “accumulators” of socio-economic projects.

This initiative combines economic development and social quality, in an interesting mix of strategic orientations based on network governance, regional governance and the Gateway model; this could be a useful role for public employment services in the field of social entrepreneurship.

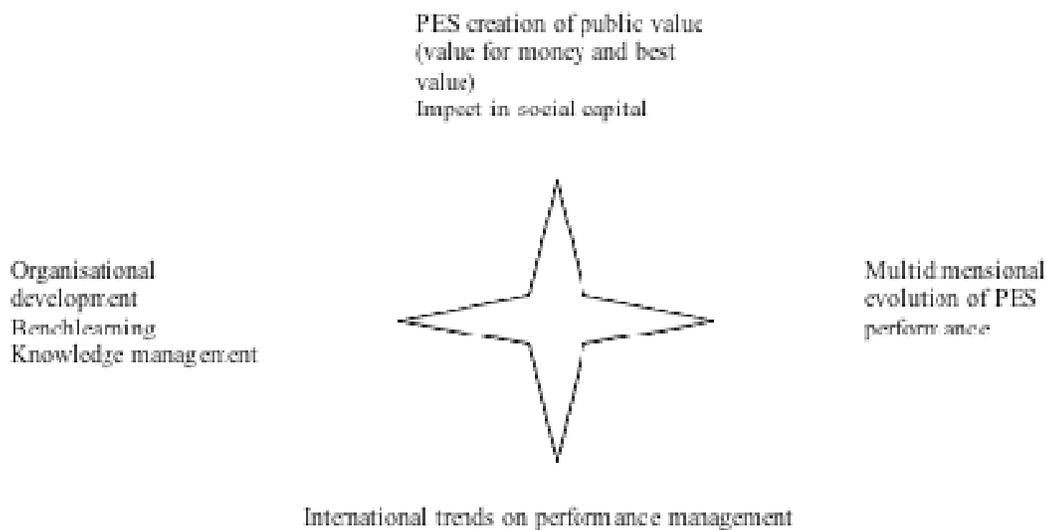
---

<sup>19</sup>The European Enterprise Award has five main categories: the Entrepreneurial Trailblazer Award, which recognises the actions promoting entrepreneurial mentality and culture; the Enterprise Support Award, which fosters innovative policies promoting enterprises and incentive investments; the Red Tape Reduction Award, which recognises methods devoted to simplify administrative procedures for enterprises; the Investment People Award, which highlights initiatives aiming at improving education and entrepreneurial training, through partnerships between enterprises and the education/training system; and the Responsible Entrepreneurship Award, which recognises initiatives of responsible entrepreneurship, promoting social responsibility and sustainable practices in the social and /or environmental field.

There is a need to examine the consequences of the public governance paradigm and the development of public/private partnerships, as shown in Figure 3, dealing with *performance evaluation* and *performance management*.

**Performance management** is based on the guidelines of the OECD 2005 document (OECD, 2005a) and is associated with management techniques such as *benchmarking, benchlearning and knowledge management*.

**Figure 3 - Future challenges for the performance management of public employment services**



### 5. Concluding remarks and future challenges

The first significant challenge is the measurement of the performance of public employment services in terms of creation of **public value**. Here mention should be made of two different approaches, developed in different periods and institutional settings. The first approach, known as **value for money**, was introduced in the public administration in the UK in the first half of the 1980s, in order to understand better the impact of outsourcing. A comparison was carried out between the value resulting from the measures directly managed by the public administration and from those outsourced to third parties. At present, value for money is used by Jobcentre Plus, together with other methodologies to measure the impact of JOT pilot projects (Davern, 2006).

A more interesting concept is that of **best value**, adopted by the public administration in the UK in order to develop outsourcing by measuring service delivery and performance.

The concept of best value focuses on the value created in the socio-economic system within which the public administration and/or public agency operates.

In this way, **performances relating to the services delivered by the public employment services can be evaluated** in terms of:

- the direct effects on the socio-economic employment system at local level;
- the direct effects on the local socio-economic employment system, resulting from actions activated by PES outsourcers;
- the ability to start up processes leading to the creation of new enterprises or *non-profit* organisations, which, in turn, have an indirect impact on the local socio-economic system.

The best value logic in strategies such as the Dutch Gateway, Finnish Network Governance and Danish Regional Governance is of particular interest.

Mention should also be made of the concept of *public value*, developed in the US (Moore, 1995) in relation to the value chain in private enterprises, 10 years after Porter's studies on competitive strategy. In recent years, research into enterprise strategic management has highlighted an important transition from the value chain to the "value constellation". This concept highlights the importance of achieving synergies, economies of scale and knowledge through the creation of networks between private firms, public agencies and public administrations.

The **key components of the public value "strategic triangle"** are as follows:

- support for public action, on behalf of customers/citizens/users and of the different stakeholders, both internal and external, who contribute financial resources, consensus and practical support;
- the operational ability of the public administration, in terms of the match between the resources allocated and the institutional objectives;
- the value relating to a particular socio-economic setting, that results in findings considered as valid and satisfying by stakeholders.

The "production of value for the socio-economic context" on behalf of the public employment services can be considered in several different ways according to their strategic perspectives and the stakeholders' expectations.

In order to **measure the performance of public employment services in the creation of public value**, there are two possible criteria:

- the impact of the public administration on the strengthening of territorial competitiveness (national, regional, territorial/local);
- the impact of the public administration on the creation and consolidation of social capital.

In the first case, performance is evaluated according to the enterprise system and to *performance management* mechanisms, associated with *business/government relationships*.

For this purpose, some international forums focusing on territorial competitiveness (World Economic Forum, IMD) provide indicators referring to employment (*economic performance*) or to labour market regulations (*government efficiency*), as shown in Box 2.

## Box 2. Indicators for territorial competitiveness

Economic performance	Government efficiency
<ul style="list-style-type: none"> <li>▪ Domestic economy (size, growth, wealth, forecasts, international trade)</li> <li>▪ International investment (investment, finance)</li> <li>▪ Employment</li> <li>▪ Prices</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public finance</li> <li>▪ Fiscal policy</li> <li>▪ Institutional framework (Central Bank, State efficiency)</li> <li>▪ Business legislation (openness, competition and regulation, labour regulations)</li> <li>▪ Societal framework</li> </ul>
<p>Employment (<i>employment, employment growth, employment by sector, employment in the public sector, unemployment rate, youth unemployment, long-term unemployment</i>)</p>	<p>Labour regulations (<i>labour regulations, unemployment legislation, immigration laws</i>)</p>

Source: www.imd.ch

Performance can be evaluated in relation to the **networks developed by public employment services with civil society and the non-profit sector**. A further important challenge is the introduction of a **multicriteria approach** in the evaluation of the performance of public employment services. Traditional criteria include technical/economic efficiency and efficacy with a model of input, output and outcomes. A significant example is represented by the six Jobcentre Plus targets for 2006/2007, reflecting the technical/economic efficiency dimension and the quality dimension, within which we could include the targets connected with employer/customer satisfaction and customer/user satisfaction, as well as impact efficacy (JOT). We could also add transparency and equity to these criteria, as they are particularly relevant for groups of users who have limited bargaining power. Other relevant criteria include the improvement and development of quality. In this perspective, we would take into account the EFQM and CAF (Common Assessment Framework) mechanisms in the public employment services of many European countries. Furthermore, greater importance is given to the **socio-economic and environmental sustainability** of active policies, as well as to **accountability in relation to internal and external interest groups**.

A further significant challenge is the **alignment of newly introduced performance management mechanisms with international trends in performance management**. In most OECD countries information linked to **performance budgeting** (see chapter 2 and 3 of section II) has been introduced: in a limited number of countries, resource allocation has been directly related to the findings on the basis of quasi-contracts, including performance indicators (OECD, 2005a).

**Performance evaluation and measurements** have also become a fundamental part of policies aimed at managing human resources in the public administrations of OECD countries (OECD, 2005b). Important consequences would be the introduction of **performance-related pay mechanisms** for managers and employment service operators, as well as the adoption of

**performance contracts and global budgets, by which national and/or regional governments could transfer funds to public employment services in accordance with the goal of reducing costs, developing new services and fostering high-quality services.**

The **development of management systems and approaches in close connection with performance management criteria** brings us to one final challenge: the need to maintain **coherence between PES strategic (re)orientation in different national frames and new organisational change processes**. It becomes necessary to introduce and develop new management tools, from systems to improve quality (ISO, EFQM, CAF), to management by objectives, and to managerial and strategic control systems. Furthermore, it is necessary to take action towards a **radical rethinking of the organisation of public employment services**, based on the necessary skills and knowledge through models such as the **Resource Based View**. Mapping competences is a preliminary requirement for the adoption of management policies and personnel management in public employment services, with the development of self-services facilities making full use of ICT.

## References

- Arnkil R., 'Finnish Public Employment Service Reform: The Network Model', chapter 10, this volume, 2007.
- Arnkil R., Di Domenico G, Konle-Seidl R., *Joblessness as a major challenge for Public Employment Services. Country reports from Finland, Italy and Germany.*, in "The Global Labour Market. From Globalisation to Flexicurity", Edited by R. Blanpain, The Hague u.a.: Kluwer Law International, S. 81-107.
- Barzelay M., *The New Public Management: Improving Research and Policy Dialogue*, Berkeley, University of California Press, 2001.
- Davern E., *Introduction and context for the UK agenda and Job outcome target*, 2006.
- Deakin S., *Renewing Labour Market Institutions*, Budapest, 2001
- Di Domenico G., *Comparative Atlas on Employment Services in the Enlarged European Union*, Monografie sul Mercato del lavoro e le politiche per l'impiego No. 11, Rome, ISFOL, 2004
- Di Domenico G; Spattini S. (edited by), *New European Approaches to Long-term Unemployment. What Role for Public Employment Services and What Market for Private Stakeholders*, Kluwer Law International, The Hague, April 2008
- Garcia M., Cardesa Salzmann A. and Pradel M., 'La strategia europea per l'occupazione: un esempio di governance multilivello' 2 *La Rivista delle Politiche Sociali*, 2006.
- Kickert W., Klijn E.H., Koppenjan J.F.M., (eds.) *Managing Complex Networks, Strategies for the Public Sector*, London, SAGE, 1997.
- Jobcentre Plus, *Communicating our future, our purpose and vision*, 2004.
- Johnson S., Nunn A. *Evaluation of Job Outcome Target Pilots: findings from the qualitative study*, London, Department for Work and Pensions, 2005.
- Synthesis Forschung OSB Consulting GmbH, *Performance indicators for public employment services*, EU Green Paper Series, 2004.
- European Commission, *The service model of public employment services (PES) to support the fight against long-term unemployment*, Brussels, 2000.
- Moore M., *Creating public value*, Harvard University Press, 1995.
- OECD, *Modernising government. The way forward*, Paris, 2005a.
- OECD, *Performance-related pay policies for government employees*, Paris, 2005b.

Pollitt C., Bouckaert G., *Public management reform. A comparative analysis*, Oxford University Press, 2000.

Tergeist P., Grubb D., *Activation Strategies and the Performance of Employment Services in Germany, the Netherlands and the United Kingdom*, in OECD Social, Employment and Migration Working Papers No. 42, Paris, 2006.

## CHAPTER 2

### MEASURING RESULTS TO IMPROVE ORGANIZATIONAL PERFORMANCE AT THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO). A BUDGETARY ANALYSIS OF THE RESULTS ACHIEVED IN THE 2008-09 BIENNIUM FOR THE MAJOR PROGRAMME “CULTURE”

#### 1. Executive summary: paper scope and methodological outline

By the late 1990s, many organizations of the United Nations system have embarked on a process of introducing performance management systems named **Results-based Management** (RBM), as a tool for improving performance. Generally speaking, RBM is perceived as an innovative management approach focused on achieving results. It has been defined as a broad management strategy aimed at achieving improved performance and demonstrable results. Underpinning the entire RBM effort has been a renaissance in the use of the **logical-framework** as an instrument for capturing the *raison d'être* of a project or activity. Results-based management and performance assessment have also strengthened the function of evaluation in many of the organizations of the UN system, with the main aim **to frame and measure the effectiveness of a development intervention or the efficiency of a process-based management activity.**

Indeed, RBM aims to **improve management effectiveness and accountability** by defining realistic **expected results**, monitoring progress toward the achievement of expected results, integrating **lessons learned** into management decisions and reporting on **performance**. Overall, RBM also seeks to **balance expected results with the resources available**. In doing so, it represents a tool for planning, monitoring progress regularly and adjusting the activities as needed to ensure that the desired results are achieved. Results-based management, therefore, is an approach that integrates the management of strategies, resources, activities and information about performance, with a view to improving effectiveness and accountability, and achieving results.

A chief impetus driving the adoption of RBM strategies has been the need to be able to present results that are backed by **measurable indicators** and **evidence of achievement**.

More importantly, at the level of **International organizations**, member states have been more forceful in asking for feedback on their contributions and donations to be sure that their funds are well spent. In a time of crisis and reduced budgets, as we are living at present, the **United Nations** (UN) and its **Agencies** have been constrained to embark on **major reforms** by focusing more on results.

Alongside this trend, at the end of last decade, the **United Nations Educational, Scientific and Cultural Organization (UNESCO)** introduced RBM tools with the objective of **improving programme and management effectiveness, accountability, and achieving results.**

Against this background, the overarching **rationale behind this paper** is to try and assess the *pros* and *cons* of this new managerial approach associated to innovative budgetary techniques, with respect to management, quality, and impact on organizational behavior and effectiveness of UNESCO actions and interventions as a specialized Agency within the UN system.

By analyzing a **specific section of the 2008-09 budget (the first biennium the RBB approach was implemented)**, i.e. the **Major Programme (MP) “Culture”** - which may benefit of the biggest share of the **appropriation of the regular budget** expenses as well as of the voluntary funds - the paper has the main following **objectives**:

- Analyse the policy and management structure of UNESCO associated with the RBM approach, with specific reference to the “accountability chain”
- Study the relation between RBM and the introduction of RBB
- Assess the possible impact of the introduction of RBB on quality and effectiveness of UNESCO programme implementation, by referring to the “achieved results” for the MP “Culture” in the 2008-09 biennium
- Draw some conclusions and provide possible recommendations to further develop and improve the implementation of the new managerial and budgetary techniques.

The analysis basically employs the following **methodological tools**:

- 1) an extensive **desk review** of UNESCO documentation on RBM and RBB, included self-reports by staff on the RBM survey conducted by Internal control Units;
- 2) an **analysis of data** provided to the **Finance and Administrative (FA) Commission**<sup>20</sup> of which the author is a member in representation of the Ministry of Economy and Finance within the Italian delegation at the UNESCO headquarters in Paris.
- 3) Furthermore, findings from **key-informants interviews** have been added in drafting the final considerations about possible further developments and opportunities for improvement of RBM and RBB implementation at UNESCO (see **section I, paragraph 1.2**).

## **2. Introducing Results-Based Budgeting (RBB) as an extension of the Results-based Management (RBM) mindset: theoretical framework**

This section explains how RBB, alongside the RBM approach, is being implemented at UNESCO by enlightening the involved organizational/managerial issues and relevant actors involved, in the context of an overall reform of the Organization as a Specialized Agency within the UN system.

The **Results-Based Management** approach, introduced in the United Nations (UN) system as part of the “Programme for Reform” presented to the General

---

<sup>20</sup> See appendix I.

Assembly in 1997 by the Secretary-General “with the aim of shifting the United Nations programme budget from a system of input accounting to results-based accountability,<sup>21</sup>” aims at placing greater emphasis on results when programming, budgeting, managing, monitoring, reporting and evaluating, by replacing the focus from *how* things are done to *what* is accomplished.

In line with the **UN reform** (which will be described in **chapter 3** of **section II**), UNESCO has shifted from a Budget-Based Management approach, focused mainly on how the funds were programmed and spent, to Project-Based Management, pointing on how it will and has been done, and finally to a Results-Based Management approach with main **focus on programming and attainment of results**.

As requested by the Executive Board<sup>22</sup>, **Results-Based Budgeting** (RBB) was integrated to the Results-Based Management approach in the 2008-2009 Programme and Budget<sup>23</sup>, as a basis for **linking resources and programmes to results**, by identifying inputs required to achieve planned results: while inputs are used, **the controlled level is the result**.

The introduction of Results-based Budgeting raises the fundamental question of *how* an Organization is managed. RBB is indeed more than a mechanical budgetary process, since it requires notably:

- The ability to define the appropriate level of results
- Quantified performance indicators to link strategic objectives and actual results
- A shift at all levels in decision-making processes that should be based on results
- Information technology (IT) systems with performance assessment and analysis capabilities

RBB covers the full scope of activities of the Organization, whatever:

- The funding source (regular and extra-budgetary)
- The structure (programme sectors and support functions)
- The location (field offices and headquarters)
- The type of activity (for example normative *versus* operational)

---

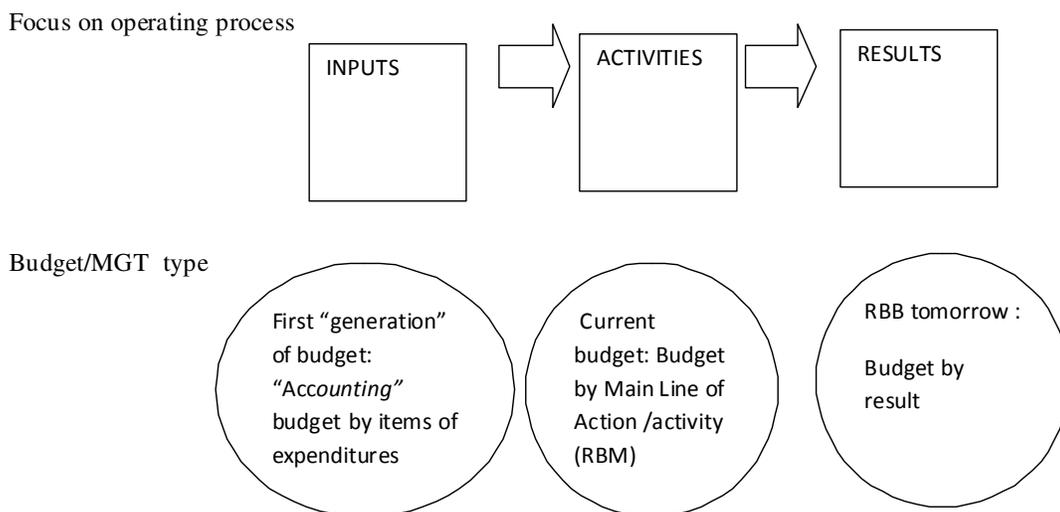
<sup>21</sup> *Under this new approach [...] the General Assembly, through its relevant Committees, would specify the results they expect the Organisation to achieve within the relevant budgetary constraints. The secretariat would be held responsible for, and judged by, the extent to which the specified results are achieved.*”

<sup>22</sup> The Executive Board is one of the three constitutional organs of UNESCO (the others being the General Conference and the Secretariat). It is elected by the General Conference and it examines the work of the Organisation and corresponding budget estimates submitted by the Director General. It consists of 58 Member States, each with a 4-year term of office. For its **organic structure**, see appendix I.

<sup>23</sup> Executive Board 182nd session Finance and Administrative Commission (FA), Paris 16 September 2009. A report on RBB for UNESCO has been requested by the Executive Board - Source: EX 180 / Decision 21: “Requests the Director-General to undertake a study of the needs and challenges involved in achieving results-based budgeting in the Organization, and present the findings to the Executive Board at its 182nd session”.

As a consequence, **UNESCO's current budgetary approach**, meant as an evolutionary process according to managerial aspects (figure 1), **is strictly linked to RBM**, covering both "Programmes Sectors" and "Support Areas".

**Figure 1 - Evolutionary budgetary process according to managerial aspects**



**UNESCO's official key programming documents** are prepared in line with the Results-Based Management approach, the principles of the delegated Authority and Accountability and the decentralisation policy<sup>24</sup>.

More specifically, there are two central programming documents of the Organization: the **Medium-Term Strategy** and the **Programme and Budget**, which display and apply throughout a **strict results orientation**.

1. The **Medium-Term Strategy**<sup>25</sup>, the 34 C/4 document (**2008-2013**) – see ANNEX II, represents the programmatic pillar of UNESCO. It sets out the strategic vision and programmatic framework for UNESCO's actions and

<sup>24</sup> The **delegated authority and accountability** clarifies the line of authority. Each level of the hierarchy is given the means to fully exercise its responsibilities through a delegation of authority; it is closely linked to the **transparency of information and to reporting requirements**. Each professional is now accountable for programming, implementation and expenditure systems which have greatly increased the transparency of all operations. The **decentralization policy**, meant as the grouping, or clustering, of Member States, through a network of Antennas, National Offices, Cluster Offices, Regional Bureaus and Liaison Offices, is a tool to ensure that UNESCO designs and implements programmes that, although global in scope, are **adapted to the needs and specific circumstances of Member States**. The Decentralization strategy is anyway currently being reviewed in light of the UN reform in particular, to facilitate UNESCO's full participation in the **"One United Nations" approach** at the country-level.

<sup>25</sup> Both the Medium Term Strategy and the Biennial Programme and Budget, prepared by the Secretariat, are approved by the General Conference, composed of UNESCO's Member States.

interventions over the next six years. It is built around the following mission statement which captures the strategic orientation of UNESCO (**mission statement**): “As a specialized agency of the United Nations, UNESCO contributes to the **building of peace, the eradication of poverty, sustainable development and intercultural dialogue through education, the sciences, culture, communication and information**”.

In this respect the programme segment of the 34 C/4 document is structured around five **Overarching Objectives** (OO) of relevance for the entire Organization. These OO respond to the most important global challenges in UNESCO’s domains and delineate areas for which UNESCO has a unique profile and core competency in the UN system, indeed areas where internationally the Organization enjoys a comparative advantage:

- Attaining quality Education for All;
- Mobilizing scientific knowledge and science policy for sustainable development;
- Addressing emerging ethical challenges;
- Promoting cultural diversity and intercultural dialogue;
- Building inclusive knowledge societies through information and communication.

In fulfilling its mission, UNESCO carries out for the international community five established **functions**:

- i)** laboratory of ideas, including foresight;
- ii)** standard-setter;
- iii)** clearing house;
- iv)** capacity-builder in Member States in UNESCO’s fields of competence;
- v)** catalyst for international cooperation.

Throughout the whole strategy, two **priorities** have been set: Africa and gender equality. Moreover, specific targeted action is envisaged for youth, the least developed countries and small island developing states.

A limited number of **Strategic Programme Objectives** (SPO) – 14 for the entire Programme of UNESCO - then translates the Overarching Objectives in programme-relevant and thematic terms, combining both intersectoral and sectoral responses to the identified global challenge. The roadmap laid out in the Medium-Term Strategy must be translated into three consecutive programme and budget documents (C/5), beginning with the **Programme and Budget for 2008-2009** (document 34 C/5) which will be the subject of the **case-study analysis** in paragraph 4.

2. The **Biennial Programme and Budget** (C/5 document) is prepared by the Secretariat **on the basis of the Medium-Term Strategy**. It indicates **sectoral priorities** for all main Organization’s programme fields (e.g. **Culture**). C/5 serves as a framework for planning, coordination, execution and evaluation of activities implemented during the biennium. In accordance with the **results-based approach**, the C/5 includes the following details for each main line of action:

- (i) background information
- (ii) strategy
- (iii) expected results at the end of the biennium
- (iv) performance indicators

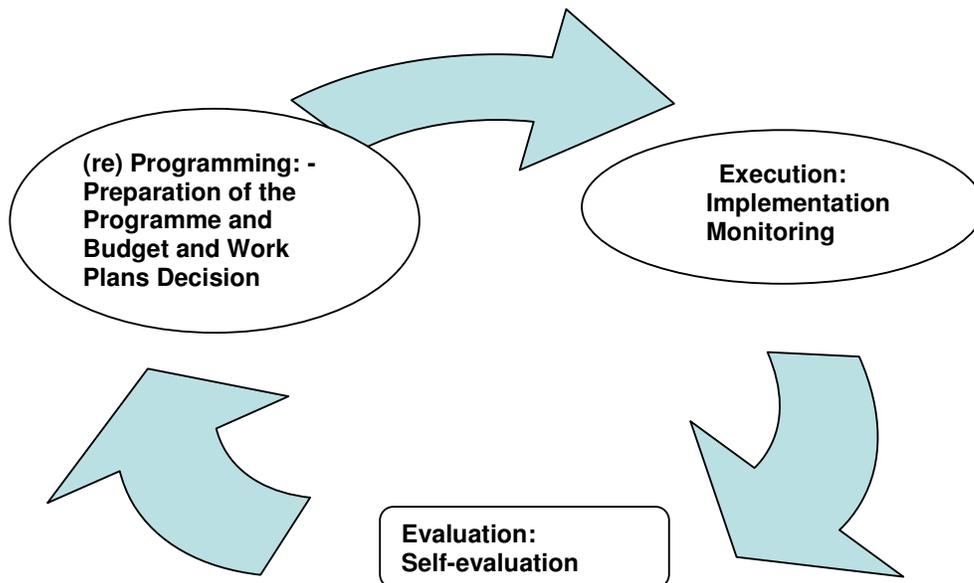
The **link between the Medium-Term Strategy (34 C/4) and the Programme and Budget (35 C/5 and 36 C/5)**, during the 2008-2013 period, is established by translating the SPOs of the previous Programme and Budget (34 C/4 – 2008-09) into a limited set of **Biennial Sectoral Priorities (BSP)** determining the programmatic profile for each **Major Programme (MP)**.

In the case of the **2008-09 biennium budget (34 C/4)**, measurable expected outcomes have been formulated for each OO and SPO. These are then linked to measurable expected results, performance indicators and benchmarks at the **Main Line of Actions (MLA)** level in the 34 C/5, **informed and adjusted by evaluations of results**.

The EX/4 is a **report on the implementation of the programme** produced **every 6 month** submitted to the Executive Board. The last of the four EX/4 documents is produced along with the C/3, constituting the joint EX/4-C/3 report. The latter represents the **Report of the Director-General on the Activities of the Organization**; it is a **results-based report on the performance of UNESCO** prepared **at the end of each biennium** for the General Conference. The report highlights **achievements, challenges and lessons learned, sustainability and cost-effectiveness**. These can therefore be taken into account when formulating the next Programme and Budget.

The **Programme Cycle Milestones of UNESCO** can be divided in 4 phases as illustrated in figure 2<sup>26</sup>:

**Figure 2 - Programme Cycle Milestones of UNESCO**



<sup>26</sup> The basic references for the “Programming Phase” are: UNESCO Constitution and basic texts (rules of procedure, financial regulations, etc); Millenium Development Goals (MDGs).



**At all levels, the Responsible Officers are requested to proceed with the assessment(s) and lessons learned.** This information will need to be reviewed by the Responsible Officer at the level above to prepare her/his own assessments.

The aim is to have **a full account of the key results attained in the involved biennium as well as the challenges and how to overcome them, lessons learned and how to take them into account in the future, cost-effectiveness and sustainability aspects.**

**Implementation and Monitoring** of activities are **contemporary, parallel, and interrelated processes.**

During the execution phase, the persons responsible for the programming elements must enter into **SISTER** updated information concerning:

- progress in achieving the expected results;
- effective staff input;
- impact on territories;
- integration into activities of the urgent needs of particular groups/regions;
- progress made towards achieving MDGs;
- breakdown by expenditure codes.

When, owing to the conditions of implementation, execution no longer corresponds to programming, **reprogramming** may be necessary. Reprogramming is required whenever the basic aspects of an element (background, activities, results, budget allocation, etc.) are to be modified in such a way as to change its nature.

**Evaluation** is performed by means of two main instruments: **self-Evaluation** (conducted by same officers responsible for execution) and **impact Evaluation** (conducted by external consultants)

**Self-Evaluation**<sup>27</sup> is developed along the following steps:

#### **1. Formulation of annual expected results**

Self-evaluation is conducted with reference to PEPs. For this purpose, PEPs must indicate **annual expected results** for their actions, formulated in the light of the broader targets and expected results of the respective sub-programme in the C/5.

They represent a further breakdown of the latter into more precise and concrete results to be achieved by the corresponding group of activities by the end of the year of reference.

Special attention is paid to the incorporation of the anticipated **outputs** of activities – quantitative as well as qualitative - as a basis for the formulation of indicators of success.

---

<sup>27</sup> Self-evaluation is of a continuing nature, thus implying a continuous action of information-gathering along with the implementation of activities.

## 2. Evaluation Statements

On the basis of the relevant information collected during the execution phase, Programme specialists formulate **assessments** about the implementation of individual activities for which they are responsible. The primary purpose of this step is to enable the specialists to evaluate the **relevance and efficiency** of execution modalities. Such assessments must be available at the different levels of decision-making. In fact, assessments may serve to identify general trends of programme execution, and to draw attention to the **difficulties** or **shortfalls** which may hinder the future implementation of activities. In so doing, they may serve to identify better **approaches for future action**.

## 3. Aggregation of evaluation statements

The purpose of the third step, to be carried out at the Division level, is to aggregate evaluation of single activities composing a broader programme action. Joint reflection serves to analyse whether or not the most appropriate and effective modalities of implementation are being used to achieve **programme targets** and if not, to seek alternative approaches. If appropriate, PEP amendments will be drafted and a record kept of suggestions to be taken into account in future PEPs.

## 4. Final overall self-evaluation report

After finalization, all sector-wide reports are analysed at central level, looking in particular for cross-cutting issues or patterns which may emerge. An **overall self-evaluation report** is then prepared for the Director General, including recommendations for improving action. This report forms one of the main inputs to the general evaluation statements by the Secretariat to UNESCO governing bodies.

All in all, Self-evaluation statements and reports are focused on the following main points:

- measuring the **efficiency** with which the task has been carried out;
- determining the **effectiveness** of the support given to the programme activities;
- reflecting on the **relevance** of the task with regard to its presupposed supportive role, or the objective set.

Besides Self-Evaluation, **Impact Evaluation** studies of specific programme components may be carried out by external consultants. Such studies are composed of **four steps**:

### 1. Evaluation Planning

Evaluation studies should be undertaken in a disciplined, objective and cost effective manner. For this reason, the planning phase is of crucial importance. Experience shows that without a systematic planning process, studies very often do not answer the "right" questions. The planning process should therefore identify what is needed, what can be done, what should be done and by whom.

The main step of the planning process consists of gathering all the background information that will be required as a base for the subsequent

evaluation. It aims at establishing the profile of the programme component to be evaluated, using reference material, documentation, reports, etc.

## **2. Implementation**

The methods used in impact evaluation can vary, as they relate to the type of programme and the target groups concerned. They include: searches of files for reference to impact, questionnaires, interviews, investigatory missions, etc.

## **3. Final report**

The principal consultant/evaluator is fully responsible for writing the final report concerning the impact evaluation (upon a basic format provided by the Organisation)

## **4. Submission of the final report and follow-up action**

The Sectors collaborate for the production of the general report on impact evaluation. Reports are submitted to the DG along with observations on the major findings, conclusions, recommendations and follow-up action proposed. The DG then submits the final report to the Executive Board, together with his comments. Follow-up actions are then taken at the level of the sectors concerned.

It must finally be emphasized how the Results-Based Management approach also induced significant changes in the **Information technology master plan** of the organization, whose main ones are described in box 1.

## Box 1 - UNESCO IT management tools to support decision-making

**SISTER, System of Information on Strategies, Tasks and the Evaluation of Results** is in line with the **Results-Based Management approach**, thus demonstrating how theory (**Results-Based Management approach and other reforms**) is put into practice (**the SISTER application**).

Launched in 1999, it covers the preparation of the Programme and Budget, of the work plans and their implementation. It is UNESCO's programming, budgeting, management, monitoring, reporting and evaluation tool in line with RBM and RBB approaches. SISTER is one of the Organization's management tools designed to support the **transition towards Results-Based Management (RBM)**. It plays a key role in the programme reform process by helping to place **clear emphasis on results and outcomes**, thus emphasizing programme implementation and monitoring of progress attained. The premise of the system lies in the definition of expected results - and the strategy to attain them - by the person responsible of each programming element at the various programming levels. This process is meant to be interactive, in the sense that the proposals from each level answer to the direction of the higher level and provide for a process of a programming and budgetary negotiation.

These agreements are the essence of a **co-operative strategy**, as they determine how and under which conditions the respective results will be reached and combined in achieving the higher-level results. **This Results chain allows a seamless linkage from the policy level to the work plans as well as from UNESCO's results to the UN (via among others the UNDAF or One UN Programme Result Matrix)**.

SISTER is also a communication tool for all **including Member States, which have access to the policy levels**. It is **only once the decision is taken in SISTER that the financial information is transferred to FABS (Finance And Budget System)**: operational since 2002, it is used to record financial transactions, maintain accounts and provide data for budgetary and financial reporting.

**STEPS, System To Enhance Personnel Services**, covers human resources management and payroll. Training sessions have been launched since October 2006.

The Results-Based Management approach implies that decisions are based on **substantial as well as financial information**. Approval of work plans (Programming phase) or approval of transfer of funds (implementation phase) are examples of the **decision-making process**. Thus **decision makers are provided the overall view, thereby ensuring that decisions are based on the complete set of minimum required information** (i.e. latest update of both substantial and financial information).

### 3. Measuring results and evaluating the impact of single activities: situation analysis and its implications

This section explains how to practically conduct the analysis of the situation prevailing before the intervention, whose impact is meant to be evaluated, in order to identify the issues to be addressed and to enable better management by using lessons from experience and incorporating them into future planning and programming.

To further respond to the United Nations System reform process, the **programmatic structure of UNESCO** has been simplified over time. One of the major changes concerns the **policy levels** which have been reduced from six<sup>28</sup> to the five key ones as illustrated in table A.

Table A - **Programmatic structure of UNESCO**

<b>Steps over time</b>	<b>Policy level</b>
Level 1	<b>Major Programme</b>
Level 2	<b>Biennial Sectoral Priority</b>
Level 3	<b>Main line of Action</b>
Level 4	<b>Grouping</b>
Level 5	<b>Activity</b>

“Grouping” (an administrative grouping level which is managed by the programme sectors according to their specific needs) and “Activity” (table 1) constitute the **operational levels**, i.e. the **work plans** of UNESCO, and are prepared on the basis of the Programme and Budget, have been reduced to 1 programming level.

Once the **Draft Programme and Budget (C/5)** is approved at the spring session of the Executive Board, the policy levels (the Major Programme, the Biennial Sectoral Priority, the Main line of Action) are integrated in SISTER (see box 1) by the Responsible Officers. The operational levels, after the approval of the Draft C/5 by the General Conference, are to be finalized by the end of December.

**Following the Results-Based Management approach, substantial and financial information are used as the basis for the decision making.** As an example, the **Responsible Officer of an activity** is able to request validation to the **Responsible Officer at the Grouping level**, only when all mandatory substantial and financial information has been defined; only if the

<sup>28</sup> The Major Programme (level 1); The Programme (Level 2); The Sub-Programme (Level 3); The Main line of Action (level4) and the two work plans: Action (Level 5) and Activity (Level 6).

Responsible Officer at the level above agrees with the information defined, the activity is validated (for decentralized elements they first need to be visad by **Field Office/Institute Director**).

This cycle induces **co-responsibility**: when the Responsible Officer of an activity requests validation s/he takes on responsibility for the activity. In the same manner, the Responsible Officer of the Grouping above takes on co-responsibility of the activity if she/he validates it. Validation, implies that the element is comprehensive in itself and is in line with the Programme. A Responsible Officer (for levels 1-4) cannot request validation before all attached elements have been validated.

The finalization of the validation cycle takes place once the overall agreement reached by Responsible Officers has been validated by the relevant Sector. The Bureau of Strategic Planning (BSP) and the Bureau of Budget (BB) analyze and transmit their recommendations on the work plans to the Director-General for his approval.

The **programming framework** practically consists of the following steps:

1. Identifying the 34 C/4 outcomes and 34 C/5 expected results to which the activity or project will contribute. This allows to ensure that you place the activity in a logical relationship so as to adequately contribute to the attainment of the results defined at the higher levels (**Why?**).
2. Indicating the specific issues to be addressed by your intervention via a needs assessment (**Why?**).
3. Formulating expected results in clear and measurable terms (**What for?**).
4. Defining performance indicators and benchmarks per expected results, specifying what is to be measured (**What for?**).
5. Identifying the key stakeholders involved and concerned such as the target/beneficiary groups and partners. (**How?**).
6. Estimating the Resources available such as staff (all types of contracts including consultants and interns) and budget (**How?**).
7. Developing strategy for implementation and the attainment of results indicating how you will proceed to go from the current situation to the expected one (**How?**).

The quality of the element does not only depend on its internal logic but first and foremost on its contribution to the expected result of the level above. This link established between the expected results of the C/5 levels and operational levels (work plans) and the expected outcomes of the C/4 levels forms a **results chain**, ensuring that the Organization focuses its resources on attaining the results defined at the highest levels.

The identification of the expected results of the level above (and how to contribute to it as the starting point for programming) is a **top-down process**. For example, the expected results of the Main line of Action (MLA) are the starting point for the identification and formulation of Activities. Therefore the expected results of the Activity level are to contribute to the attainment of the expected result of the Main line of Action (MLA) level.

The aggregation of the results at the Activity level under a specific expected result of a MLA should make it possible to achieve it. If a programming

element cannot find its place in UNESCO's results chain, it should be dropped even if it answers to concrete needs in the Field.

It is essential to document **the situation prevailing before the intervention** takes place, in order to be able to identify the best activity among the numerous ones that could be implemented in this area. A **situation analysis** helps identify the issues to be addressed and define the needs; the population who could benefit from the intervention; the partners on the ground, from the regional and international arena to work with; the obstacles that might be encountered **thus allowing to formulate the expected result(s)**.

If the beneficiaries and partners are involved right from the early stage, it will favour **ownership**. When defining an intervention, first of all the beneficiary groups need to be identified. The **target groups**, refer to the groups or organizations who, will benefit directly or indirectly from the intervention (e.g. Disadvantaged and excluded groups, Most vulnerable segments of society including Indigenous populations). Direct beneficiaries represent those for which the element is primarily organized. Indirect beneficiaries refer to those who are affected by the element. When identifying the target groups, you need take into account UNESCO's Priorities: Priority Africa, Priority Gender Equality, Specific Interventions in favour of priority groups and groups of countries (i.e. Youth, LDCs, SIDS). An element needs to be programmed for and with the targeted populations. Beneficiaries need to be active players throughout the process from programming to evaluation to ensure ownership and thus actual success. They need to understand what are the interventions scheduled and their purpose. A beneficiary group can also be at the same time a partner.

It is also essential to identify the **strategic partners** (civil society, private sector, academia, etc.) with whom you will work and define how they will contribute to the implementation of your element. Partnerships can take the form of an intellectual cooperation, to get in-depth knowledge on the ground. It can also take the form of a financial cooperation. Other UN agencies working in the same field of competence or the private sector can provide to UNESCO additional funds (e.g. extra-budgetary funds). UNESCO can also provide funds, such as to National Commissions, for the implementation of part of an activity or a project.

The **implementation strategy** defines the scheme designed to attain a specific expected result. It explains how to go from the current situation to the one described in the expected result statement, including modalities of action, foreseen during the implementation phase.

An implementation strategy should be **action-oriented**, specifying the rationale of the interventions to be undertaken, the major stakeholders and the outputs to be produced. As a part of the implementation strategy, **sunset clauses** (i.e. those provisions that can repeal the law or parts of it at a specified time period) **and/or exit/transition strategies** need to be formulated.

An intervention is always planned on the basis of **assumptions**. Certain conditions need to be in place for the implementation of the element. According to the risks foreseen, you may need to review the implementation strategy. An implementation strategy should be action-oriented, specifying the

rationale of the interventions to be undertaken, the major stakeholders, the outputs and when relevant sunset clauses and exit/transition strategies.

In addition to the **human resources**, the **overall budget** is to be defined: what is needed to be evaluated is the financial contribution expected to be received from the **Regular Programme** and what will be the appropriate amount to be raised from **extrabudgetary funds**.

The Director-General's Action Plan for **improved management of Extrabudgetary activities** is intended to ensure that extrabudgetary activities are programmed and implemented in full coherence and alignment with the Regular Programme.

Consequently, UNESCO's Results chain is applied for Regular Programme and Extrabudgetary activities alike, to be included in the "**Additional programme of targeted/projected extrabudgetary activities**" which is finalised during the work plans phase.

**The "Additional programme" identifies the objectives and priorities, for which extrabudgetary resources are needed indirect reinforcement of the Regular Programme.** It also serves as the basis for the resource mobilization strategic plan. Consequently Regular Programme activities and Extrabudgetary projects must be aligned and consistent with the Outcomes of the Medium-Term Strategy, as well as the Results of the Regular Programme and Budget. The "Additional Programme" of projected Extrabudgetary activities feeds the planning process: the Sector Strategic Frameworks (SSFs), and the corresponding Resource Allocation Matrixes (RAMs), covering both Regular Programme and projected Extrabudgetary activities. Upon its approval, the extended SSFs is translated into Extrabudgetary programme/project outlines to be included in the "Additional Programme". The definition of the SSFs, and the subsequent discussions to establish project/programme outlines, must reflect UNESCO's overall strategies and visions, and identify the objectives and priorities for which extrabudgetary resources are needed in direct reinforcement of the Regular Programme.

The programming of UNESCO's projected Extrabudgetary activities, and the associated resource mobilization will therefore increasingly reflect the policy advice, advocacy, capacity-building and monitoring that UNESCO is providing for the Governments and its partner countries. UNESCO's enhanced participation in country-level programming exercises and documents such as UNDAFs and PRs and the preparation of an increasing number of UNESCO Country Programming Documents are important factors in this process.

In line with the unified extrabudgetary resource mobilization strategy and the unified approach to funding sources, UNESCO equally has a **unified approach to project implementation**, including substantive and financial monitoring and reporting, as well as systematic evaluation of the activities, notably final evaluations of all major (or innovative) Extrabudgetary activities. In addition, regular updates of the "Additional programme of targeted/projected extrabudgetary activities" of the projected Extrabudgetary activities takes place throughout the biennium.

Substantive monitoring and narrative reporting regarding Extrabudgetary activities are given high priority, both as a response to the expectations of the Donors and the beneficiaries, but also as UNESCO's own tool to **monitor**

**developments**, and take **remedial action as necessary**. Insufficient disbursements under a given Extrabudgetary activity normally give indications of problems, however quantitative indicators alone do *not* ensure effective implementation of Extrabudgetary activities. Furthermore, mid-term and final evaluations are prepared and provided to Donors. Evaluations need to show how the project has enhanced UNESCO's capability to deliver the Medium-Term Strategy and Regular Programme.

#### **4. An operational approach to managing resources according to the RBB approach: implementation and results achieved for the Major Programme "Culture" within the Programme and Budget of the biennium 2008-09**

This paragraph, which analyses the 2008-09 Programme and Budget in the framework of the results-based management, is built upon the debate occurred on the occasion of the 184<sup>th</sup> session of the UNESCO Executive Board, with specific reference to the issues dealt with by the Committee of Finance and Administrative matters. It gives an overview of how the RBB approach is put into practice and operatively used to evaluate the Organisation's activities and their overall impact, by specifically referring to the Major Programme "Culture".

As already explained in detail (paragraph I), the Programme and Budget of UNESCO (document C/5), approved every two years by the General Conference, translates the policy directions and focus provided by the Medium-Term Strategy for 2008-2013 into concrete thematic and policy-style approaches for the five Programme Sectors of UNESCO (Education, Natural Sciences, Social and Human Sciences, Culture, Communication and Information).

The focus of this chapter is on the **IV Major Programme "Culture"** which provides leadership in pursuing **overarching objective 4: "Fostering cultural diversity, intercultural dialogue and a culture of peace"** of document 34 C/4 and the related strategic programme objectives (SPO):

- **SPO 9:** Strengthening the contribution of culture to sustainable development;
- **SPO 10:** Demonstrating the importance of exchange and dialogue among cultures to social cohesion and reconciliation in order to develop a culture of npeace;
- **SPO 11:** Sustainably protecting and enhancing cultural heritage

In the framework of the RBM approach as illustrated in the first two sections of the paper, an analysis of then results achieved in the **2008-09 biennium** is meant to verify the operational aspects of the managerial and budgetary logic behind the whole process and its concrete implications in terms of reprogramming as the step following evaluation (ref. figure 2).

With this purpose, the main references for our analysis are the following key documents<sup>29</sup>:

---

<sup>29</sup> <http://www.unesco.org/new/en/executive-board/documentation/documents-and-decisions/>

- **Report by the Director-General on the implementation of the Programme and Budget (34 C/5) and on results achieved in the previous biennium (2008-2009)**, which features the main developments in delivering Major Programmes (MP) during the biennium covered by document 34 C/5, i.e. 2008-2009, with highlights of key achievements and challenges across all MPs<sup>30</sup>.
- **Report by the Director-General on the budgetary situation of the Organisation for the 2008-09 regular budget (34 C/5) at the closure of accounts as at 31 December 2009**, which includes also the list of donations and special contributions received.

Within UNESCO budget structure (table B), regular and extra-budgetary<sup>31</sup> resources have been allocated for the biennium 2008-09 as showed in figures 4 and 5.

**TABLE B – UNESCO Budget structure**

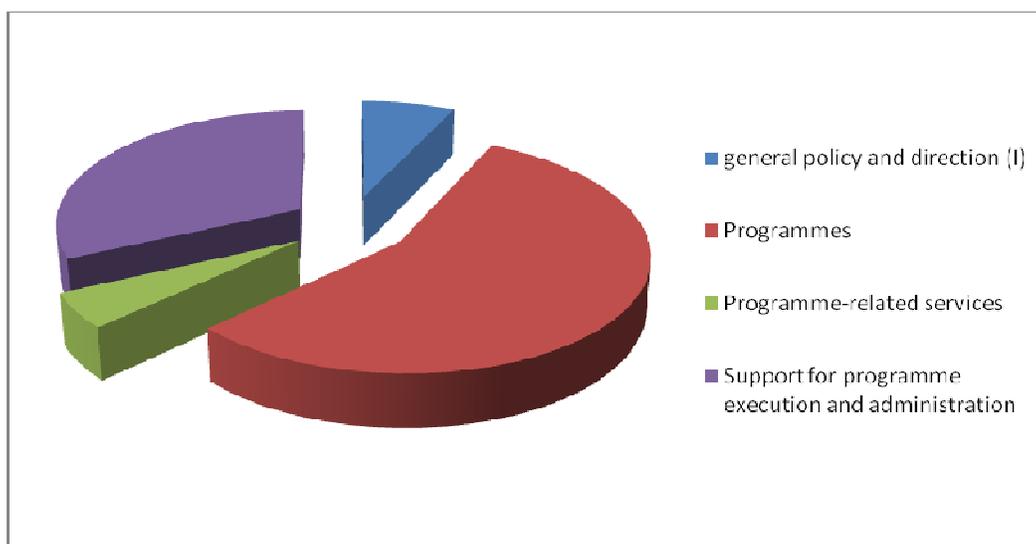
<b>Part I – General Policy and Direction</b>
<p><b>A. Governing Bodies</b></p> <p>1. General Conference</p> <p>2. Executive Board</p> <p><b>B. Direction</b> (<i>Including: Directorate; Office of the Director-General; Internal Oversight; International Standards and Legal Affairs; Ethics Programme</i>)</p>
<b>Part II – Programmes and Programme-related Services</b>
<p><b>A. Programmes</b></p> <p><b>Major Programme I – Education</b></p> <p><b>Major Programme II - Natural Sciences</b></p> <p><b>Major Programme III - Social and Human Sciences</b></p> <p><b>Major Programme IV - Culture</b></p>

<sup>30</sup> For the first time in 2010, detailed information concerning results obtained at the MLA level and under all other chapters of document 34 C/5, as well as a detailed account of progress achieved in implementing the intersectoral platforms, can be obtained from the UNESCO website at: [www.unesco.org/en/mlaunitassessment](http://www.unesco.org/en/mlaunitassessment).

<sup>31</sup> The UNESCO budget is divided between the Approved budget funded from the assessed contributions of the member nations, and the extra-budgetary resources which are voluntary contributions made to specific projects and units of the organization. More than one-third of the expected funding is extra-budgetary. On the one hand, this allows the donors to direct the funding to efforts that they feel are especially valuable; on the other hand, the Organization's focus is heavily dependent on the contributions it can obtain as donations.



**Figure 5 - Regular programme resources by parts of budget (2008-09)**



Source: Approved 34 C/5

In order to analyze the results achieved by UNESCO in the considered biennium within the Major Programme “CULTURE” in the light of RBM/RBB, first of all it should be looked at **the priorities and main line of actions**, each of which with specific **expected results** and **performance indicators**, fixed by the Programme Budget 2008-09, as follows:

**Priority 1** – Promoting cultural diversity through the safeguarding of the heritage in its various dimensions and the enhancement of cultural expressions

**Priority 2** – Promoting social cohesion by fostering pluralism, intercultural dialogue, and a culture of peace as well as the central role of culture in sustainable development

The **Main Lines of Actions** are described as follows:

1. Protecting and conserving immovable cultural and natural properties, in particular through the effective implementation of the World Heritage Convention
2. Safeguarding living heritage, particularly through the promotion and implementation of the intangible heritage convention
3. Enhancing the protection of cultural objects, the fight against illicit trafficking in them, and the development of museums particularly in developing countries
4. Protecting and promoting the diversity of cultural expressions through the implementation of the 2005 Convention and development of cultural and creative industries
5. Promoting the understanding and development of intercultural dialogue and peace
6. mainstreaming within national policies the links between cultural diversity, intercultural dialogue and sustainable development

The analysis then goes through the **programme implementation by main line of action**, in the view of the **resources used in the considered biennium** (table C).

**TABLE C – Main Programme “Culture” : 2008-09 regular budget resources**

<b>MP IV CULTURE</b>	<b>2008-09 Resources (US \$)</b>
<b>Regular programme budget</b>	<b>\$56,478,000</b>
Activity costs	\$20,964,000
Staff costs	\$35,514,000
<b>Extrabudgetary funds</b>	<b>\$78,752,000</b>
Self-benefiting extrabudgetary resources:	\$12,968,000
Other extrabudgetary resources:	\$65,784,000

Source: Approved 34 C/5

A cross-sectional analysis and comparison between targets set and results achieved enabled to clarify the key attainments and critical areas, whose main examples can be summarized as in Table D.

**TABLE D: MP IV CULTURE – Examples of major achievements and challenges in carrying out each of UNESCO’s five functions**

<b>Laboratory of ideas</b>	<b>Achievements</b>	<ul style="list-style-type: none"> <li>• A reflection process has been launched on the future of the World Heritage Convention in the context of its coming fortieth anniversary in 2012.</li> <li>• The international debate about the nature and value of intangible cultural heritage has expanded substantially and alternative means of dispute resolution for conflicts linked to cultural property are emerging.</li> <li>• UNESCO developed a new “Cultural Policy Framework” to provide guidance in translating cultural diversity and intercultural dialogue principles into policies for development processes.</li> </ul>
	<b>Challenges</b>	<ul style="list-style-type: none"> <li>• The evolving nature of the concepts related to the protection and conservation of World Heritage.</li> <li>• The development of convincing evidence in support of mainstreaming ICH in development strategies.</li> <li>• Broadening cultural policies so that they embrace not only the culture sector per se, but also the integration</li> </ul>

		of culture in other policy and development areas.
<b>Standard-setter</b>	<b>Achievements</b>	<ul style="list-style-type: none"> <li>• Recommendation concerning the conservation of Historic Urban Landscapes under development.</li> <li>• Parties to the 2005 Convention increased from 77 to 104 and the operational guidelines for nearly all of its articles were approved</li> </ul>
	<b>Challenges</b>	<ul style="list-style-type: none"> <li>• Development of an instrument, which allows investment in World Heritage cities without compromising their Outstanding Universal Value</li> <li>• Rapprochement between the 2005 Convention and other complementary international mechanisms</li> </ul>
<b>Clearing house</b>	<b>Achievements</b>	<ul style="list-style-type: none"> <li>• Development of a global database containing all statutory documents, World Heritage processes and publications.</li> <li>• Inclusion of a further 200,000 entries in the <i>Index Translationum</i> and expansion of the pool of State contributors.</li> <li>• Preparation by UNESCO of an inter-agency paper on the theme "Development with Culture and Identity in Light of the Declaration on the Rights of Indigenous Peoples" (ninth session of UNPFII).</li> </ul>
	<b>Challenges</b>	<ul style="list-style-type: none"> <li>• Proper maintenance of the information management system, strengthening of its functionality and expansion of its scope.</li> <li>• Articulation of the United Nations Declaration on the Rights of Indigenous Peoples with UNESCO international standard-setting instruments in the field of culture</li> </ul>
<b>Capacity-builder in Member States</b>	<b>Achievements</b>	<ul style="list-style-type: none"> <li>• A network of category 2 centres dedicated to World Heritage activities has been created in order to build regional capacities</li> <li>• Improved conditions in support of Member States' strategies, owing to the revision of UNESCO's framework for cultural statistics.</li> <li>• Building capacities of UN staff, government officials and social actors through the development and use of training tools</li> </ul>
	<b>Challenges</b>	<ul style="list-style-type: none"> <li>• Capacity-building is a long-term investment and its benefits are often realized in ways that may not be directly identifiable within a given intervention.</li> <li>• An interdisciplinary approach will be required so as to identify and acquire the skills needed in these new fields of action, in particular with the assistance of the Cultural Diversity Programming Lens" tool.</li> </ul>
<b>Catalyst for International cooperation</b>	<b>Achievements</b>	<ul style="list-style-type: none"> <li>• UNESCO's position at the centre of an international network of international, national and nongovernmental actors dedicated to the fight against illicit trafficking</li> </ul>

		<p>of cultural property and problems of its restitution has enabled fruitful inter-State collaboration.</p> <ul style="list-style-type: none"> <li>• US \$1 million has been pledged for the future <i>International Fund for Cultural Diversity</i> and for partnerships with research centres and organizations in the concerned area</li> <li>• International cooperation has advanced with regard to the management of multicultural societies, in particular concerning the memory related to the slave trade and slavery.</li> </ul>
	<b>Challenges</b>	<ul style="list-style-type: none"> <li>• The growing demand for new cooperation agreements and new UNESCO Chairs on dialogue among cultures raises conceptual, logistical and financial problems.</li> </ul>

More specifically, the Culture Sector faced **two main challenges** during the considered biennium.

The first concerned the significant **imbalance between its regular programme resources and those linked to extrabudgetary funding**. The latter have increased considerably, in particular for action in support of the integration of culture into national development strategies and into United Nations joint programming.

The Culture Sector's considerable standard-setting machinery, which is one of UNESCO's unique functions in terms of setting international cultural standards, is not provided with sufficient extrabudgetary resources to discharge the Conventions' statutory operational workload and still relies largely on the good will of the States Parties.

The second challenge concerned action to **raise awareness and integrate the cultural dimension as an essential component to sustainable development** at the national level in the context of United Nations joint programming exercises. Great efforts were made in the last biennium, in particular by providing additional financial and human resources to several field offices involved in joint programming exercises, and the development of operational tools to that end.

More generally, by looking at the **findings of the verification exercise undertaken by the Internal Oversight Service (IOS<sup>32</sup>)**, some key issues emerge concerning the implementation of the programme and budget and the results achieved during 2008-2009 (34 C/5).

The main purpose of the **verification process** is indeed to **determine whether the expected results of document 34 C/5 were achieved**. The methods employed during the verification process included a **desk review** of the submissions made by sectors and services, **discussions with staff** involved in producing the submissions, and a review of relevant empirical evidence from **external evaluations** completed during the biennium. The

---

<sup>32</sup> The IOS was established in 2001 to provide a consolidated oversight mechanism which covers internal audit, evaluation, investigation and other management support to strengthen the functioning of the Organization.

verification was undertaken on the basis of a **random sample** selected from all MLAs contained in document 34 C/5 with a view to ensuring that the sample included **at least one MLA for each Major Programme, one Category 1 institute, one Central Service and one Intersectoral Platform**. Under two Major Programmes, activities addressing UNESCO's two global priorities, Africa and gender equality, were also selected for verification.

One of the main findings shows that **Results-based orientation of the C/5 document continues to improve**. With each successive C/5 document, overall RBM practice has been improving as demonstrated by more clearly articulated expected results, performance indicators and benchmarks. The C/5 document (Programmes and programme-related services) contains **25 Main Lines of Action, 313 expected results and 461 performance indicators**. These figures include Priority Africa, Intersectoral Platforms and all category 1 institutes. Ninety-three percent of all expected results have performance indicators and 40% of the performance indicators have benchmarks. A few sectors in particular have been successful in developing benchmark targets, e.g. **more than 75% of the indicators have benchmarks** in Communication and Information, **Culture** and Natural Sciences. In comparison, document 33 C/5 contained 80 MLAs, 585 expected results, with only approximately 50% of the expected results having performance indicators.

An **example of a matrix of “performance indicators/benchmarks”** for the examined programme “Culture” (Main line of action 1) referred to a specific expected result (*“Implementation of the World Heritage Convention strengthened through the effective functioning of its governing bodies”*) is illustrated in table E.

**Table E - Matrix of “performance indicators/benchmarks” (Progr. V - MLA I)**

**Expected result 1:** “Implementation of the World Heritage Convention strengthened through the effective functioning of its governing bodies”.

<b>Performance indicators</b>	<b>Benchmarks</b>
Effective support provided to the World Heritage Committee and General Assembly of States Parties	2 ordinary Committee sessions, one General Assembly session; production and dispatch of documents within statutory deadlines; timely follow-up actions taken on decisions
World Heritage Convention ratified by the remaining UNESCO Member States (7)	2 countries
Increase in the number of nominations from under-represented countries, regions or categories	5 successful nominations from under-represented countries, regions or categories
Increase in the number of new or revised Tentative Lists	10 States Parties prepare and submit first Tentative

Source: Approved 34 C/5

As part of the ongoing improvements in RBM practice, **the expected results seem to be a good reflection of UNESCO core functions**. The verification found ample examples of results related to capacity-building, policy development and clearing-house function.

Concerning the **achievement of results**, the verification examined the extent to which the 56 expected results in the **sample** were achieved. The verification found, in nearly all cases, achievements that were contributing to the attainment of the expected results. The achievements most easily verified were categories of outputs such as **policy guidelines and strategies developed, networks established to share research results, ministry officials and teachers trained**, etc. The achievements identified were important building blocks necessary to bring about the level of change called for in the expected results.

The answer to the question of whether the expected results have been *fully* achieved is more complex due to the **absence of baselines and proper benchmark targets for a number of expected results**. Moreover, prominent areas of UNESCO work such as capacity development, normative action, and shaping and influencing policy formulation, are **complex processes**.

Despite the progress made in the overall articulation of expected results in the C/5 document, **further progress in results-based reporting is needed**. All elements in the verification sample include numerous examples of activity and output based reporting. The **output-based reporting** is explained to some extent by the large number of output indicators against which the sectors are reporting. The content analysis of the sampled elements shows that **approximately 44% of the performance indicators relate to outputs or processes, and are mostly quantitative**.

Very few examples were found to demonstrate that monitoring data is collected through the use of data collection tools such as interviews, surveys, questionnaires, or observation (the means of verification), from pre-identified target beneficiary groups (the sources of verification), and at an agreed-upon frequency. There is a strong tendency for the monitoring data to come from UNESCO programme specialists, not the beneficiaries, hence the **strong emphasis on activity and output-level monitoring and reporting**. Introducing the concept of obtaining monitoring data from beneficiaries (users) more widely into monitoring systems at the field office and Headquarters level would provide programme specialists and managers with more reliable data on the quality and usefulness of UNESCO's work.

Although there has been marked improvement over time by including performance indicators and benchmarks into successive C/5 documents, a key challenge is the identification of baselines which describe the situation at or before implementation. Furthermore, the programming information needs to clearly identify the benchmarks i.e. the target that is expected to be achieved.

As mentioned above, an important share of the C/5 performance indicators are focused at the output level. The verification showed that **greater efforts will be required at the time of programming to identify appropriate indicators for monitoring capacity- and policy development-related expected results**. In doing so, attention should be given to the feasibility and potential costs involved in gathering such indicators.

There are several **challenges** to which the Organization will need to pay particular attention in order to enhance the value of reporting in the future.

- (i) Greater efforts are needed to describe the baseline situation, especially with respect to capacity-development-related results. In their absence, it is very challenging to monitor progress towards meeting expected results.
- (ii) Although improving, efforts will need to be increased to provide guidance and tools for the monitoring and analysis of cost-effectiveness.
- (iii) There are few details relating the achievements of the C/5 to the achievement of the expected outcomes of the C/4. A more systematic approach is needed for monitoring and reporting achievements on the expected outcomes of the C/4.

Most importantly, a **more systematic approach to monitoring progress at the outcome level is needed**. Addressing these challenges will further improve the quality of the information contained in future C/3 reports, thereby strengthening its usefulness as a decision-making tool and strengthening the practice of results-based management in the Organization.

All this taken into account, it should be recalled that the preparation of the **Draft Programme and Budget for 2010-2011** (35 C/5), guided by the strategic vision and the programmatic framework of the Medium-Term Strategy 2008-2013 (34 C/4), has been built **upon the results achieved and lessons learned during the implementation of the Programme and Budget for 2008-2009** (Approved 34 C/5). Both documents – document 34 C/4 and document 35 C/5 – indeed need to be closely linked, in line with the directives of UNESCO’s governing bodies and provide for a sharper focus in planning and programming of the Organization’s activities so as to increase the prospects for tangible impact and measurable results on the ground. The rolling character of document 34 C/4 allows every two years **for adjustments to cope with new challenges and evolving priorities**. The roadmap and timetable for the preparation of the Draft Programme and Budget for 2010-2011 are illustrated in annex 1.

With specific reference to **MP IV – Culture**, the “main line of actions” and related expected results for the **biennium 2010-2011** have been defined as in box 2.

**Box 2 – Major Programme CULTURE - Main Line of Actions 2010-11**

<p><b>Major Programme CULTURE – Main Line of Actions 2010-2011 ( 35 C/5)</b></p> <p><b>Main line of action 1: Protecting and conserving immovable, cultural and natural properties, in particular through the effective implementation of the World Heritage Convention</b></p> <p><i>Expected results at the end of the biennium</i></p> <ul style="list-style-type: none"> <li>▪ Implementation of the World Heritage Convention strengthened through the effective functioning of its governing bodies;</li> <li>▪ World Heritage properties more effectively protected against new global challenges and threats;</li> <li>▪ Conservation for sustainable development strengthened, notably through capacity-building and training activities;</li> <li>▪ World Heritage education, communication and knowledge management tools developed and network of partners expanded.</li> </ul> <p><b>Main line of action 2: Safeguarding living heritage, particularly through the promotion and implementation of the 2003 Convention</b></p> <p><i>Expected results at the end of the biennium</i></p> <ul style="list-style-type: none"> <li>▪ Implementation of the Convention ensured through the effective functioning of its governing bodies;</li> <li>▪ Member States’ capacities to safeguard intangible cultural heritage for the development of the concerned communities strengthened;</li> <li>▪ Awareness of the importance of safeguarding intangible cultural heritage increased.</li> </ul>
--

**Main line of action 3: Enhancing the protection of cultural objects and the fight against their illicit traffic, notably through the promotion and the implementation of the 1970 and 2001 Conventions, as well as the development of museums**

*Expected results at the end of the biennium*

- Reconciliation, social cohesion and international cooperation promoted through the effective implementation of the 1954 Hague Convention and its two Protocols, and of the 1970 Convention;
- Implementation of the 2001 Convention and international cooperation for the preservation of underwater cultural heritage strengthened;
- Capacities of LDCs for the protection and conservation of movable cultural property enhanced as an integral part of national development efforts.

**Main line of action 4: Protecting and promoting the diversity of cultural expressions through the implementation of the 2005 Convention and the development of cultural and creative industries**

*Expected results at the end of the biennium*

- 2005 Convention and the Copyright Convention implemented and related operational mechanisms strengthened;
- Contribution of cultural and creative industries to development strengthened and highlighted;
- Linguistic diversity promoted through publishing and translation;
- Creative, productive and managerial capacities of craftspeople and designers strengthened.

**Main line of action 5: Integrating intercultural dialogue and cultural diversity into national policies**

*Expected results at the end of the biennium*

1. Culture mainstreamed in national development policy frameworks and common country programming exercises in the context of UNCTs;
2. Knowledge of African history and of the tragedy of the slave trade reinforced and disseminated;
3. Conditions, capacities and modalities of intercultural dialogue and interreligious dialogue strengthened at local, national and regional levels.

Source: Approved 34 C/5

In the context of the **debate occurred between UNESCO Management and the Member States** during the last sessions (183rd - October 2009 and 184th - April 2010) of the Administrative and Finance Committee and within the Commission for Culture, the need to clearly demonstrate that culture is an indispensable factor for sustainable development and the importance of integrating culture into national development frameworks were strongly emphasized. Several speakers underlined the **importance of a systematic collection of cultural statistics and other tools for measuring culture** as a resource for development; the strengthening of cultural and creative industries (including cultural tourism) was seen as a crucial element for sustainable development in contemporary societies.

With regard to the Programme and Budget for 2010-2011, several delegates emphasized the need to ensure the strongest possible **linkage between the Medium- Term Strategy and the Programme and Budget**, continued application of a **results-based programming approach**, a stronger and more visible **link between regular programme and extrabudgetary resources**, and a broader **multistakeholder involvement**.

More importantly, as we have seen UNESCO' s currently budgetary management linked to RBB methodology covers both Programme sectors and Support areas Programmes are designed on the basis of strategies and priorities with expected results, performance indicators and benchmarks. However, the related budget is built independently for Programmes and Supports, and monitored on the basis of inputs (for example, staff travel). This approach may lead to a disconnection between Programme and budget ("**vertical integration**") as well as to an unclear link between Support and Programme activities ("**horizontal linkage**").

It should finally be noted that, in ten current year (2010) for the first time detailed information concerning results achieved under all other chapters (including central services) can be obtained from the **UNESCO website**, which also give access to detailed information on the budget<sup>33</sup>, as well as complementary information on the results achieved with regard to UNESCO field offices' participation in UN common country programming processes.

#### **4. Concluding remarks and future challenges**

Making use of a Results-based budgeting approach can support the whole range of actions aimed at enhancing the effectiveness of the United Nations interventions. A **SWOT analysis**<sup>34</sup> on the potential **benefits** as well as possible **limitations and challenges of using RBB** is illustrated in box 3.

---

<sup>33</sup> <http://connect.unesco.org>

<sup>34</sup> In general, identifying an organization's "strengths" and "weaknesses" reveals its competitive advantages; responding to "opportunities" and "threats" involves reviewing organizational boundaries to maintain efficiency and effectiveness. In our case, the SWOT analysis is mainly intended to give a synthetic overview of the opportunities and challenges brought about by implementing RBB at UNESCO within the UN system.

### BOX 3 – Benefits/Challenges of the Results-based budgeting approach

Benefits	Challenges
<ul style="list-style-type: none"> <li>- <b>Strengthened link</b> between:               <ol style="list-style-type: none"> <li>1. Costs and Results</li> <li>2. Support and Programme</li> <li>3. Programme and Budget</li> </ol> </li> <li>- <b>Increased consistency</b> in the assessment of required means to carry out Programmes regardless of funding = Increased integration and evaluation of regular and extra-budgetary resources</li> <li>- <b>Fostering of cross-sectoral activities</b></li> <li>- <b>Reinforcement of the results-focused mindset</b></li> <li>- <b>Empowerment of managers</b> in the decision-making process to achieve results delivery = Focus on the results instead of implementation modalities, which result from manager's decisions (<b>flexibility in inputs choice</b>)</li> <li>- <b>Stronger team involvement and empowerment</b> (bottom-up approach) = Motivating force and time shortening</li> <li>- <b>Faster budget implementation</b> (at the beginning of the biennium): anticipation of operational budget building before global budget approval</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Difficulty to define and develop results (instead of outputs):</b> <ol style="list-style-type: none"> <li>1. with the appropriate <b>time horizon in line with budget cycle</b>, which supports the long term objectives of UNESCO's mission, by taking into account intangible notions, such as quality of result obtained;</li> <li>2. at the <b>aggregation level</b> appropriately harmonized and comparable within UNESCO and the UN system as a whole</li> </ol> </li> <li>- Need for a <b>significant shift of mindset:</b> <ol style="list-style-type: none"> <li>1. Focus on costs in a non-profit environment</li> <li>2. Decision-making process based on results</li> <li>3. Bottom-up approach in an historically top-down environment</li> </ol> </li> <li>- Deep <b>change in management practices</b> of the Organization to be assessed</li> <li>- <b>Increased delegation</b> without rethinking of the appropriate level of central monitoring may result in <b>risk of:</b> <ol style="list-style-type: none"> <li>1. Unbalanced staff budget structure</li> <li>2. Inconsistency in implementation of policies</li> </ol> </li> <li>- Capacity to implement an RBB <b>permanent monitoring</b> environment, especially with the dimension of <b>quantified evaluation</b></li> <li>- <b>Potential double workload</b> if the traditional reporting on inputs is still required</li> <li>- Need for <b>tracking system at all levels</b></li> <li>- Capacity to <b>finance a potentially large investment</b></li> <li>- Required <b>skills, equipment, tools, training and staff time</b></li> </ul>

Upon the general review and analysis undertaken along this paper, some **conclusions and related possible recommendations** may be drawn.

First of all, it can be stated that RBM culture has been enhanced at UNESCO since the first years of its implementation. The Organisation has indeed been moving towards results-based management by introducing policy and programme changes to improve the quality and increase the impact of its programmes. It would anyway be recommendable to:

(1) Develop a conceptual framework for RBM to be applied throughout the organization so to promote a common understanding and concepts, and that clearly extends the vision for RBM beyond the formulation of results for the C/5. BSP is expected to release guiding principles for RBM at UNESCO which could make a valuable contribution in this regard.

(2) Recognize and reinforce use of RBM concepts throughout the organization by incorporating profiles of success/best practices.

With persistence and proper design, the RBM culture can indeed be successfully implemented. However, getting past the barriers of change is often difficult. The introduction of RBM is always challenging and it may cost a lot of money, senior managers finding it difficult to shift resources and systems in a radical way. Thus, it still appears difficult to adopt a bold RBM agenda over short period of time. Other reasons exist for not properly introducing RBM, including **lack of senior management support, poor communication between country offices, poor system planning and architecture, weak partnerships and governance**, etc.

**Managing technology** is also a key component for successfully introducing the RBM approach. With technologies, it is now possible to perform a greater number of experiments and monitoring in an economically viable way to accelerate the drive toward the reporting of results. However, technology cannot be seen as the only criteria of success. Leadership and human capital needs to be properly handled.

Most RBM implementations require the necessary impulse from the senior management at the highest level. At UNESCO, for instance, the culture was originally not oriented on rapid change but the training mechanism put in place by the Bureau of Strategic Planning has facilitated the process for being innovative and bringing RBM methodologies. Indeed, to achieve effective RBM innovation, an organization requires a number of critical role-players to collaborate in a formal or informal team relationship. These critical roles include the idea generator, the project manager, several types of information gatekeepers, and the project/team sponsor<sup>35</sup>.

Central to introduction of RBM is as well the **use of proper models, networking and reporting to management or member states**, that allow the UN “innovators” to reflect on and evaluate the many ideas that are proposed.

---

<sup>35</sup> Indeed, appreciation has been shown by Member States on the improvements resulting from ongoing training in the overall RBM practice identified by the Internal Oversight Service (IOS), in particular in the preparation of C/5 documents and the identification and achievement of expected results related to the core functions.

Moreover, successful implementation of a radical RBM culture calls for a process of **recruiting talents** and implementing **proper personnel development and training**, specifically on performance measurement, as well as designing particular **reward mechanisms** for implementing new and often complex frameworks.

The following key challenges that hamper programming, results-based monitoring and reporting, still need to be addressed:

- excessive output based programming and reporting (instead of outcome based);
- weak use of formal monitoring systems and data collection tools;
- scarcity of monitoring data from beneficiaries to assess quality and usefulness;
- insufficient presence of baselines and benchmarks for some expected results;
- need for more appropriate indicators for qualitative interventions such as capacity- and policy development-related expected results.

Member States have therefore requested the Secretariat to present in EX/4 and C/3 documents evidence-based analyses of the extent to which expected results have been achieved and have contributed towards the achievement of the Biennial sectoral priorities and the strategic objectives in the Medium-Term Strategy and how efficiently and effectively have financial and human resources been used.

To make it successful, a consensus exists that **RBM has to be introduced at all level of the organization**. The RBM approach must thus be applied in all organizational units and programs at regional and local levels. Indeed, stakeholders are often more interested in knowing *where* and *how* the money is spent in the various country offices rather than funding at headquarters. Still, all organizational units are expected to define results for their own work, which will also contribute to achieve the overall results defined for the organization.

These units would include:

- Program management
- Financial resource management
- Information management
- Human resources management
- Strategic management

Some crucial **pre-requisites** can be identified to set up RBB within UNESCO, namely:

- a. Clear priority objective of the project - Programme and Budget construction, monitoring, evaluation
- b. Scoping for RBB implementation - Programme sectors, support functions, support functions integrated into programmes
- c. Key rules for RBB framework: Rules on HR flexibility, rules on choices of inputs, rules on choices of external resources vs internal resources
- d. Performance appraisal framework

e. Estimate of the required investment

Once there is an agreement on all elements, there is still a s need for a strong sponsorship from main stakeholders (Member States, DG, ADGs) and a **long-term commitment with required resources** (from 6 to 10 years).

Successful implementation of RBB requires a change in paradigm, notably:

- a change in Member States approach to **governance and oversight**;
- firm agreement on non ambiguous quantified results to be achieved by the Organization;
- reinforcement of the DG's ability to choose strategic modalities to achieve these results;
- a comprehensive approach for UNESCO, as full benefits can only be achieved if implemented in all its dimensions.

Finally, it raises the fundamental question **whether the implementation of RBB would help UNESCO enhance the Organisation's capacity to deliver its core mandates**, such as Laboratory of ideas, Standard-setter, Clearing house, Capacity-builder in Member States in UNESCO's fields of competence and Catalyst for international cooperation (see paragraph 3).

In light of all elements set out, approaches other than a strict RBB methodology could be considered to respond to the objectives of Member States.

In any case, RBB, in terms of accountability for results and financial and administrative transparency and as a tool for the planning process of future programme cycles, is not an *end in itself* and the RBM approach, as a vital tool for evidence-based strategic decision making by the governing bodies, must be conceived as a **participatory and team-based approach to management designed to improve decision-making, transparency and accountability**, by making Responsible Officers fully acknowledged of the facts and the whole Organisation responsible for the fulfillment of its own mandates.

## References

UNESCO, *Review of Management and Administration in the United Nations Educational, Scientific and Cultural Organization* (JIU/REP/2000/4), 160 EX/41. Paris, 2000

UNESCO, *On the Training in Results-Based Programming, Budgeting, Management and Monitoring (RBM) - Focusing on Results in the Preparation of Work Plans*, Paris 2003.

UNESCO, *Medium-Term Strategy for 2008-2013*, 34 C/4, Paris 2008  
(<http://unesdoc.unesco.org/images/0014/001499/149999e.pdf>)

UNESCO, *Approved Programme and Budget 2008-09*, 34 C/5, Paris 2009  
(<http://unesdoc.unesco.org/images/0015/001586/158606e.pdf>)

UNESCO, *Approved Programme and Budget 2010-11*, 35 C/5, Paris 2010  
(<http://unesdoc.unesco.org/images/0018/001870/187028e.pdf>)

UNESCO, *Report by the Director-General on the implementation of the Programme and Budget (34 C/5) and on results achieved in the previous biennium (2008-2009)*, 184 EX/4 (Draft 36 C/3), Paris 19 March 2010

UNESCO, *Report by the Director-General on the budgetary situation of the Organisation for the 2008-09 regular budget (34 C/5) at the closure of accounts as at 31 December 2009*, 184 EX/26, Paris, 25 March 2010

OECD, *Results-Based Management in the Development Co-operation Agencies: A Review of Experience*, Background Report 2001, OECD  
(<http://www.oecd.org/dataoecd/17/1/1886527.pdf>)

Ortiz, Fontaine E., I. Gorita I., Kuyama S., Münch W., Tang G., Vislykh V., *Overview of the Series of Reports on Managing for Results in The United Nations System*, JIU/REP/2004/5. Geneva, 2004

United Nations, *Implementation of Results-Based Management in the United Nations Organizations*, Part I, Series on Managing for Results in the United Nations System, JIU/REP/2004/6. Geneva, 2004

World Bank, *2006 Annual Report on Operations Evaluation*, Independent Evaluation Group (IEG), Washington 2006  
(<http://siteresources.worldbank.org/EXTANNREPOPEEVA/Resources/AROE06full.pdf>)

## CHAPTER 3

### PERFORMANCE MANAGEMENT AND ACCOUNTABILITY IN INTERNATIONAL PUBLIC ADMINISTRATIONS. RESULTS-BASED BUDGETING IN THE UNITED NATIONS SYSTEM AS A CASE-STUDY.

#### 1 Executive summary: paper scope and methodological considerations

The 1990s witnessed a resurgence of efforts by the governments of OECD<sup>36</sup> and, to a larger extent, of United Nations (UN) Countries in order to improve decision making in budgeting by providing better quality and more concrete information on the performance of programmes and agencies. This shift in the focus from inputs (*how much money can I get?*) towards measurable results (*what can I achieve with this money?*) can be identified in what is generally known as “**performance budgeting**” whose introduction has been linked to larger reform efforts aimed at improving expenditure control and/or public sector efficiency and governance.

Performance budgeting initiatives tend to go hand in hand with performance management or “**managing for results**” since they are able to potentially generate such **benefits** as:

- sharper focus on results (to be) achieved;
- more and better information on goals and priorities;
- greater emphasis on planning and more transparent link with the related use of resources.

A number of **challenges** also need to be taken into due consideration when trying to integrate performance information into the budget process and more generally in budgetary decision making, since:

- meaningful and accountable performance information requires reliable data to be continuously updated;
- timely assessment of performance should be carried out independently;
- staff and resources capacity is critical;
- reform approaches need to be adapted to evolving (internal and external) circumstances;
- designing government/organization-wide systems that *automatically* link performance results to resource allocation may distort incentives;
- exogenous factors may affect the overall performance.

Provided that there is **no single model of performance budgeting and no single agreed standard definition of results-based budgeting** (OECD, 2007) whose implementation is *not* a one-time event but rather an incremental, iterative process, the **aim of this paper**<sup>37</sup> is to give an overview of the historical and institutional steps taken in the UN system towards the

---

<sup>36</sup> Organization for Economic Co-operation and Development ([www.oecd.org](http://www.oecd.org)).

<sup>37</sup> Paper by Germana Di Domenico presented at the “IV Workshop nazionale di azienda pubblica. Public Administrations as levers for a sustainable economic growth” (Rome, 25 March 2010)

introduction of the clearest possible linkage between targets/performance results and funding or resources allocation with the main goal of improving governance as a whole (in terms of: efficient use of resources, management of programmes, central resources allocation and expenditure prioritization decisions). The addressed **research question** is then *how to align and integrate results-based management/budgeting within the accountability framework of the United Nations for achieving better governance and performance*. The United Nations and similar international organizations have indeed adopted the traditional, Weberian bureaucracy: their Secretariat structures and their governance framework are organized in a top-down hierarchical way, with Member States and governing bodies having the formal highest prerogative to decide what the organizations should do. Hence, the fundamental open issue is to try and understand **to what extent RBB values could effectively be implemented within such governance framework**. What is also crucial to remind is the **peculiar nature of the UN** and the related need for adaptation of these budget techniques to an environment with specificities in terms of **multilateral and universal characteristics** and with **activities covering sensitive and complex political and socio-economic matters**.

From the **methodological viewpoint**, we chose to analyze, mainly through a desk review, the most relevant literature, official documents and records in the field of RBB at International level and, for the case-study on UN, proceeding and statements of the involved Agencies/Organizations/convening of experts on the subject; more relevantly, in order to guarantee validity and reliability of data, we based our analysis on the survey reports made available during the meetings of the **Committee for Programme and Coordination (CPC)** and of the **Fifth Committee (Administration and Budget) of the United Nations**, which the author is a member of, in representation of the Ministry of Economy and Finance within the Italian delegation at the UN headquarters in New York. The key findings of the above mentioned reports, publicly accessible, specifically refer, as main target population, to **those organizations of the UN system which have been experimenting RBB techniques for at least a decade**, thus getting a fair overview of RBB used in the United Nations and consequently drawing a comprehensive assessment of **ongoing developments on this issue and general conclusions on potential benefits as well as possible concerns to be addressed** in order to overcome implied risks and disadvantages.

## **2. Results-based Management (RBM) and budgeting (RBB) in International Organisations: background and context**

This section examines the development of conceptual management frameworks and budgetary systems at both national and international level, as a tool to link the budgetary process to the outputs and outcomes of government activity, by enlightening how the changing approach to budgeting is part of a more general move to improve public sector performance management.

Over the past two decades a wide range of new levers and approaches to public management and budgeting has been adopted in the International environment, at different stages and contexts but essentially with the same aim of enhancing **institutional performance** and **accountability**.

In the United Nations system, **accountability is the obligation of the Organization and its staff members to be answerable for delivering specific results that have been determined through a clear and transparent assignment of responsibility**, subject to the availability of resources and the constraints posed by external factors. Accountability includes achieving objectives and results in response to mandates, fair and accurate reporting on performance results, stewardship of funds, and all aspects of performance in accordance with regulations, rules and standards, including a clearly defined system of rewards and sanctions.

The **UN Charter** (see appendix II) indeed provides a specific framework for accountability within the whole system. While establishing the Secretary General (SG) as the Chief Administrative Officer of the UN, it entrusts him to implement the mandates promulgated by the principal organs of the UN, effectively making him **accountable to the Member States** for the implementation of those mandates. The linkage between **institutional accountability and individual/personal accountability** is established through the work plans contained in the annual performance compacts for senior managers and in the **Performance Appraisal System (PAS)** for staff at all levels below the SG. The work plans and the PAS is the way to hold staff **accountable for achievement of specific results**.

As largely described in **chapter 3**, the General Assembly (resolution 63/276) endorsed the proposal of a **results-based management** framework. In the SG's view substantive progress on the implementation of RBM in the Secretariat will depend largely on the strength of the **four critical links** in the RBM chain of cause-and-effect relationships: 1) Part One of the Strategic Framework; 2) The logical frameworks for each subprogramme in the Strategic Framework; 3) The connection between results and resource allocation; 4) Self-evaluation in the Secretariat. The SG has also proposed the establishment of a **Results Management Unit in the Office of Programme Planning, Budgets and Accounts of the Department of Management** to provide support for the effective implementation of the results-based management methodology throughout the Secretariat. The main information systems currently used in the planning, programming, monitoring and evaluation cycle of the Organisation – IMDIS (Integrated Monitoring and Documentation Information System) and IMIS (Integrated Management Information System) – do *not* establish a link between objectives, results and resources. This situation needs to be remedied by introducing a reliable information management system to support results-based budgeting, and eventually RBM. In this context the SG proposed an integrated management system, named **Enterprise Resources Platform**, that will provide means for transferring and sharing information across the many different functions of the Organisation. The overall purpose is to provide Member States with the tools

that will allow them to effectively oversee and hold the UN accountable for the delivery of mandated objectives and results and to serve as a guide for managers and staff at all levels.

The latest global round of reinvention is “performance-based budgeting” or “results based budgeting” (RBB) which consists of a broad set of initiatives to measure costs and results of government activities and to tie budgets to performance.

A key challenge to face on the road to RBB is to develop the ideal management and measurement framework for its proper implementation.

Along this view, in 1999 the OECD started developing the concept of **results-based management** (RBM), by defining “performance management” as the process of objectively measuring how well an organization was meeting its stated goals or objectives.

The basic elements of RBM include:

- (a) Identifying clear and measurable **objectives** (and related **results**), with the aid of conceptual frameworks;
- (b) Selecting **indicators** that would be used to measure progress towards each objective;
- (c) Setting explicit **targets** for each indicator, used to judge performance;
- (d) Developing performance **monitoring systems** to collect data on actual results on a regular basis;
- (e) Analysing and **reporting** actual results vis-à-vis the targets;
- (f) Integrating evaluations to provide complementary **performance information**;
- (g) Using performance information for internal **management learning** and **decision-making** and for external performance reporting to **stakeholders**.

From this viewpoint, **RBM** is believed to effectively address such crucial issues as **accountability, decentralization, client focus, participation, reformed policies and procedures, supportive mechanisms and cultural change**.

There is a similarity in the doctrinal stance between Results-based Management and the previously developed approach of **New Public Management** (NPM), namely with reference to such components as (Hood, 1991): explicit standards and measures of performance; greater emphasis on output (results) control; stress on private sector styles of management practice; focus on greater discipline and parsimony in resource use.

Based on the pioneering work by Osborne and Gaebeler, *Re-inventing Government* (1992), the aim of the latest public sector reform initiatives in this field has been to achieve a “*Results-Oriented Government*”, through the application and adaptation to the public administration of private sector strategies and techniques, which essentially implies concepts like entrepreneurial government and measurement of performance.

The shift from old public administration to NPM has indeed fundamental implications: traditional systems have focused on economy of inputs, financial

regularity according to budget lines and adherence to procedure, while NPM systems permit greater flexibility of inputs and processes in return for greater emphasis on outputs and performance.

**Results-based management and results-based budgeting are mutually supportive** and more specifically RBM may be considered as a precondition for RBB. Indeed, if properly implemented, **results-based management provides the basis for greater transparency, more effective budgetary decision-making and improved working practices**<sup>38</sup>.

More specifically, three different **approaches to management and budgeting** may be identified as follows (Kristensen et al., 2002).

- a. **Inputs focused management and budgeting** is the traditional approach that tends to meet the needs of bureaucratic control and demands for economy of inputs to the policy process and hence the control of budgets. Input-focused management and budgeting is oriented towards *how much* resources, staff, facilities, etc. are made available for a programme or body. The **amount of money being spent is often the main performance measure**.
- b. **Output-focus to management and budgeting:** this approach typically describes public functions in terms of goods or services and calculates *how many* services are being delivered, or products produced. An output focus is primarily oriented to indicators such as volume and timeliness, and to a varying degree, quality and beneficiary claims.
- c. **Outcome-based management and budgeting:** the government defines *what* a particular programme or function is to achieve in terms of the public good, welfare or security; an outcome system typically defines indicators, which helps assess *how well* it does in achieving these outcomes<sup>39</sup>.

OECD countries have generally taken steps to move **from input based budgeting to output based budgeting and on to outcome-based budgeting** (figure 1), in order to:

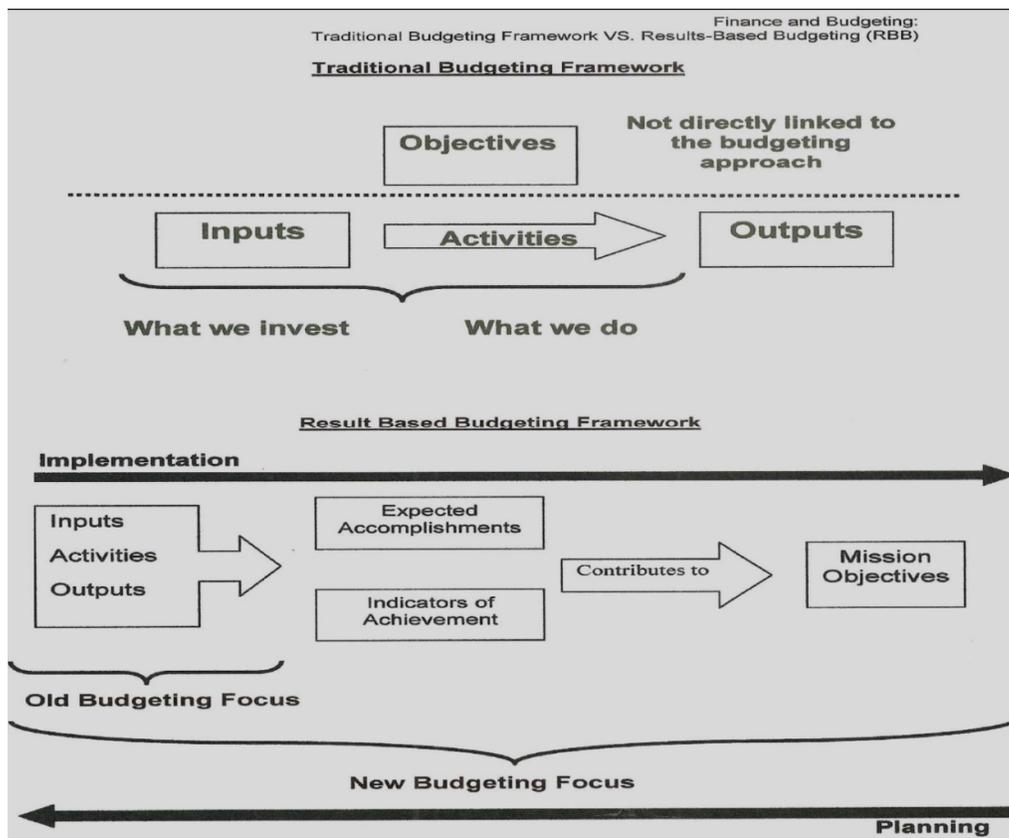
- increase public sector learning about how government policy can make impacts on society;
- make government managers more accountable for programme performance and their impacts on society;
- enable governments to prioritize the allocation of resources based on anticipated programme results;
- encourage cross-departmental working since achieving positive outcomes involves accomplishing common objectives.

---

<sup>38</sup> United Nations, GA: A/61/605 (December 2006)

<sup>39</sup> Two types of outcomes are identified: first, there are intended consequences of government action on society; second, there are actual impacts, whether intended or not.

Figure 1 - Traditional budgeting vs RBB framework



Despite different definitions of **Results-based budgeting**, all of them revolve around the concept of **aligning resources behind results**. In the United Nations' view<sup>40</sup>, RBB is a results-driven budgeting process in which:

- (a) programme formulation revolves around a set of **predefined objectives** and expected results;
- (b) **expected results** justify the resource requirements which are derived from and linked to **outputs** required to achieve such results;
- (c) actual performance in achieving results is measured by objective **performance indicators**.

If budgeting in general is about dividing up resources to do certain things, RBB refers to a budget process that directly connects resource allocation to specific measurable results. **Results-based budgeting combines strategic planning, budgeting and performance measurement** by enabling to **measure programmes** on a regular basis so as to:

- Clarify and confirm objectives, keep good records, set targets and meet deadlines

<sup>40</sup> United Nations, A/53/500 of 15 October 1998, Summary

- Determine the effectiveness and quality (rather than only quantity) of services
- Improve clarity and consistency of programmes/project designs
- Provide feedback for the future

In a departure from the previous approaches, RBB emphasizes more broadly involvement in **planning** efforts, the use of **performance measures** to make allocation decisions, a greater **management flexibility** in making spending decisions.

**At the UN level** this process should allow Member States to focus **attention on policy issues** as well as facilitate a **common understanding** and a **better communication** among all involved stakeholders.

### 3. RBB implementation in the United Nations System: principles and practices

Following the shift from input budgets to programme budgeting in 1974 and the 1997 UN overall reform, Results-based budgeting (RBB) approaches started being introduced in the United Nations system with an underlying intention to establish a versatile planning and management tool that would directly link resource allocation to the achievement of results. This section examines the rationale behind the adoption of such techniques, the still ongoing process and the main path for further development.

Traditionally, two types of budget have existed in United Nations system organizations. The first is the **object-of-expenditure budget** (in force since UN inception in 1945 up to 1974)<sup>41</sup>, which allocates resources to expenditures for items such as salaries, travel and equipment required to implement activities during a given period. This budget format had its limitations, one of which was the inability to know the cost of programmes of activities; it was also difficult to know what the programmes were. As a result, Member States demanded better planning and budgeting and consequently the first UN programme budget was prepared in 1973 for the biennium 1974-75.

The second type of budget is indeed the **programme budget** which allocates resources to specific programmes and sub-programmes, generally based on succinct work plans and an indication of priorities. Following the introduction of programme budgeting at the United Nations in 1974<sup>42</sup>, budget sections were defined in terms of programmes to be carried out by major organizational units; those programmes have been formulated within the framework of a **4-year medium-term plan** (MTP) which provides an underpinning programme framework for **biennial programme budgeting** by

<sup>41</sup> In 1974 the use of pure input budgets was replaced by programme budgeting.

<sup>42</sup> Some of the specialized agencies, such as the World Health Organization (WHO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the Food and Agriculture Organization of the United Nations (FAO), had already adopted the budgeting methodology by programme in the 1950s.

describing the programmes' components, their legislative basis and their objectives<sup>43</sup>.

The process of programme budgeting introduced in 1974, however, could not manage to resolve the fundamental issue of determining the *effectiveness* of the work of the Organisation. As a consequence, in 1997, the UN Secretary-General, Kofi Annan launched a comprehensive reform initiative aimed at transforming the Organization into a more effective, modernized and relevant instrument for the international community. In the management area, he proposed **shifting from programme budgeting to results-based budgeting** which was a turning point in budgeting techniques in the United Nations.

In the system of programme budgeting running at UN before the introduction of RBB, performance baseline data, e.g. programme objectives, were often not clear, nor time-based; some programmes were perpetuated in spite of their irrelevancy; performance was measured and reported in terms of expenditure against line items and quantitative assessment of output delivery. In sum, the quality of performance was not measured. The focus on results was therefore believed by Member States to lead to an improvement of the performance measurement system, in that the shift from ex ante budget review to ex post quality control, would have enabled the Organization to address the issue of qualitative performance measurement.

Following a 3-year discussion on RBB, on 23 December 2000 the UN General Assembly adopted a lengthy Resolution deciding the **introduction of full results-based budgeting in the United Nations System**, according to which:

- (a) Expected results and performance indicators should be directly and clearly linked to the objectives of the programme;
- (b) Expected results, performance indicators and objectives should be defined, bearing in mind the direct link between inputs (resources) and outputs (services and products to be delivered by the Secretariat);
- (c) Key concepts, such as objectives, expected results, performance indicators, external factors, measurement of performance, should be clearly defined;
- (d) Flexibility in managing resources for results should be accompanied by increased accountability;
- (e) Performance management systems and business intelligence systems should be reviewed with a view to establish systems which could properly handle soft and hard performance data.

However, the desired improvement of the monitoring system required not only a review and improvements of the whole performance management system, but also the establishment of **linkages between outputs and results (or impact) in programme planning and budgeting**.

---

<sup>43</sup> Subsequent refinements in the definition of programmes, activities and outputs were eventually formalized in 1987 in the *Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation* (ST/SGB/2000/8), with the main aim of guarantying a clearer link between programme and budget sections.

The performance management framework of the United Nations is indeed composed of: medium-term planning for a period of four years; biennial programme budgeting; monitoring of programme implementation with biennial reporting (“programme performance report”); various types of evaluations (self-evaluation, in-depth evaluation, internal/external evaluation). The programme performance report and the evaluation reports are mechanisms addressing the **accountability** of the Secretary-General in terms of output delivery and achievement of objectives respectively.

*The Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation* (footnote 8) are indeed meant to provide a performance management framework covering all activities undertaken by the United Nations, irrespective of their source of funding: it is unique in that it takes into account the environment of **intergovernmental and multilateral diplomacy**. These Regulations and rules also define in detail:

- (a) Key **performance management** terms, such as delivery, outputs, inputs, effectiveness, efficiency, evaluation, monitoring, external factors, priority, programme managers, programmes, monitoring and indicators;
- (b) **Roles and obligations** of legislative organs, subsidiary expert bodies on programmatic and financial matters, the Secretariat, in terms of priority setting, reporting requirements, performance reviews, feedback to planning;
- (c) **Links** among medium-term planning, biennial programme budgeting, monitoring and evaluation, as different phases in a single planning cycle;
- (d) **Formats** of the medium-term plans, the biennial programme budgets, programme performance reports (monitoring reports) and evaluation reports.

More specifically, **RBB in the UN budgetary process** requires that all the components are carefully defined, as illustrated in box 1.

## Box 1 – RBB key concepts in the UN context

**Objectives** (for the biennium) are the ultimate aims of an organisation – *What it is intended to be achieved*. should reflect the outcome that a programme hopes to achieve *by the end of the 2-year period* (thus serving as a component of the 4-year MTP) and therefore need to meet the so called **SMART requirements**<sup>44</sup>. Example of objective in the 2006-2007 Strategic Framework: the Public Information programme specifies an end-state where more people, in more regions (as implied by the term broaden) are able to understand the United Nations roles and work in specified priority thematic areas; by comparing levels of understanding now with those after the end of the period, it would be possible to determine whether the objective had been achieved

An **Expected result** (or an “expected accomplishment”) is a describable or measurable change resulting from a cause-and effect relationship; it identifies the benefits or changes that are expected to accrue to the end-users or beneficiaries of outputs - *What should happen in order to meet the objectives*. The key characteristic that distinguishes expected results from objectives is the level of abstraction: for example, if the objective is “to increase worldwide support for the work of the UN”, the related expected result could be “increased funding of UN programmes”. Expected accomplishments are *not* to be understood as irrevocable production targets, but they should rather measure the progress towards objectives and should be a signal whether the programme is or not on the right track so as to fine-tune or shift resources on activities to maximize the programme effectiveness.

**Outputs:** deliverables (= *final goods/services*, to be therefore distinguished from activities which are the processes transforming inputs into outputs) rendered to *end-users*. Outputs should meet the cause and effect requirement vis-à-vis the results, i.e. producing the selected outputs should lead to the achievement of the expected results of the programme. It is important to point out that the measurement of performance under RBB is *not* done on the basis of the number of outputs (neither inputs used), unless an increase in productivity is in itself one of the expected results (which is the RBB main focus). Nevertheless, the counting of outputs (and/or inputs) is relevant to Member States in ensuring transparency in the use of resources as well as for internal management purposes.

**Inputs:** RBB requires that all the **necessary resources** be identified in the programme design on the basis of the specified outputs and that a link be established between the two components; as a final test, **the connection between the required resources and the expected results needs to be verified** (i.e: *do these resources represent the optimal mix of what is required to accomplish the desired results?*)

An **Indicator** is a measure, for which data are available, that helps quantify the achievement of a desired result - *How to know if a result has been*

<sup>44</sup> SMART = Specific, Measurable, Attainable/Achievable, Realistic, Time-based

*achieved*

**Benchmarks** are target levels of performance expressed in measurable terms and specified time frames, against which actual achievement is measured. The most logical benchmark is against past or more recent performance. In case of a new programme, there are two possible benchmarks: one is a standard or ideal - for example, the ideal in conference servicing is that all meetings are serviced seamlessly and without complaint; another is a target that has been set - e.g. an equal proportion of women at senior management levels in the Secretariat.

A **Performance measure** is a measure of how well agencies and programs are working. Typical performance measures address matters of timeliness, cost-effectiveness, and compliance with standards - *What will show that the results have occurred*

Source: UN, 1999 and 2000

Each of these components needs to be related by a “**cause-and-effect**” (**causal**) **relationship**, thus meaning that each component constitutes a necessary condition for achieving the next level component, objectives being the “highest”, inputs the “lowest”.

It is also crucial to have a clear view of the significant **external factors**, basically meant as influences or forces beyond the control of the programme which can determine or condition its success/failure, depending on whether they are enabling factors or obstacles; planners should therefore map the relevant factors influencing the actual results and articulate assumptions about the **related conditions that need to be met** in order to increase the likelihood of success of the programme.

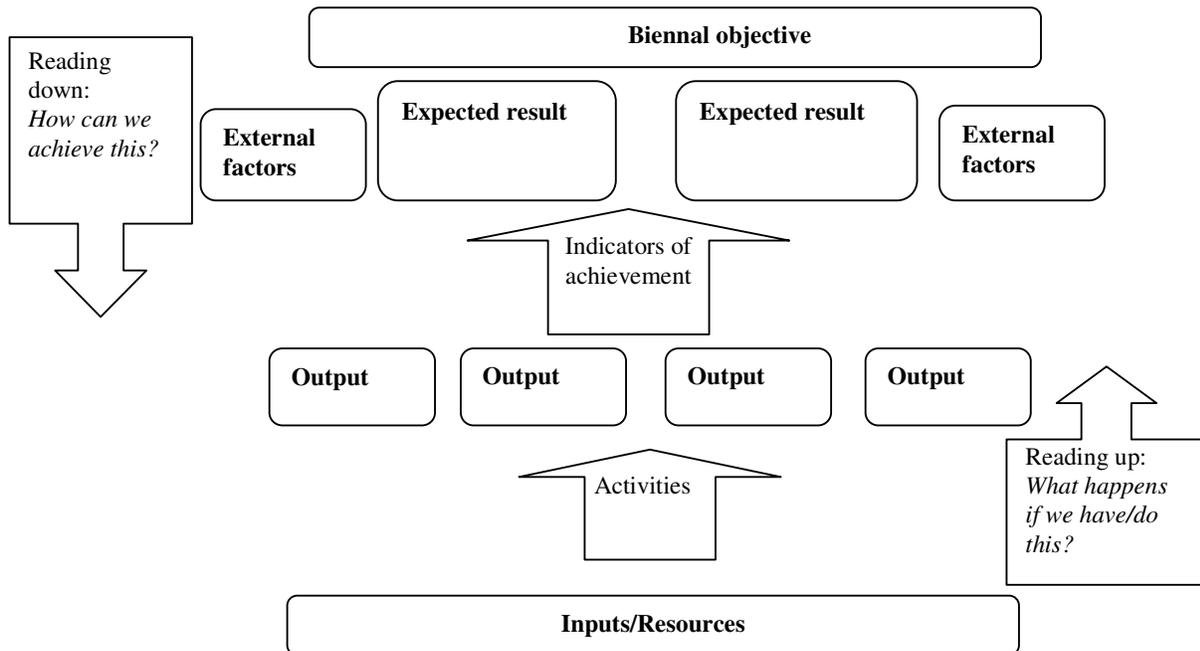
Results-based budgeting also requires the identification of values able to measure progress made (*if any and to what extent*) towards achieving expected results: **performance indicators** against expected results (table 1) must *not* allow subjective interpretations (so most of them are expressed in a *quantitative* way, i.e. as numerical targets, although *qualitative* aspects may also be included) and need to be **cost-effective**.

**Table 1 – A “result-indicator matrix” example**

<b>Result</b>	<b>Indicator</b>
<p><u>Expected accomplishment:</u></p> <p>By 2011, there is greater economic growth in 3 poorest provinces</p>	<ul style="list-style-type: none"> <li>- No growth data available</li> <li>Proxy: Unemployment rate decreased from X% to Y% in targeted areas</li> </ul>
<p><u>Outcome 1:</u></p> <p>New businesses and jobs are created in <u>targeted</u> provinces</p>	<ul style="list-style-type: none"> <li>- N° and type of new businesses registered</li> <li>- N° new jobs created</li> </ul>
<p><u>Outcome 2:</u></p> <p>Local public administrations operate in a more effective and transparent manner</p>	<ul style="list-style-type: none"> <li>- N° and type of new businesses registered</li> <li>- N° new jobs created</li> </ul>
<p><u>Outcome 3:</u></p> <p>Communities participate in local development planning, implementation and monitoring</p>	<ul style="list-style-type: none"> <li>- N° / quality of public consultations</li> <li>- N° of Communities reporting active participation in civic and municipal events</li> </ul>

All the programme components, except performance indicators, must fulfill a causal relationship within a **logical framework** (figure 2) which establishes a **top-down link and interrelationship among objectives and results and resource requirements**.

**Figure 2 – The RBB logical framework**



In the context of RBB, the performance measurement framework (table 2) links each expected results to performance indicators and covers both the source of information and the process of data collection.

**Table 2 – The performance measurement framework**

Expected results/accomplishments	Performance indicator/Indicator of achievement	Outputs	Method of measurement (source + process)
1.	1.1.	1.1.1	
		1.1.2	
	1.2	1.2.1	
2.	2.1	2.1.1	
<b>External factors</b>			

RBB performance measurement, if rigorously implemented, covers both the implementation of the programme budget against expected results (**monitoring**) as well as the **efficiency and effectiveness** of programmes (**evaluation** of relevance and impact), with a direct link to the budgetary process (box 2)

### **Box 2 – Measuring efficiency and effectiveness**

**Expected accomplishments** can be defined in terms of:

- The achievement of a more **efficient use of resources** (efficiency being the amount of inputs used to produce one unit of output)
- The increased **effectiveness of inputs** (i.e. the extent to which outputs lead to actual results)

*Note: both are expressed as an improvement in the relation between two lower-level programme components (between inputs and outputs or outputs and results)*

**Effectiveness indicators** are formulated as the ratio of outputs per unit of results

Example: in a programme aiming at improving the impact of staff training, the performance indicator would be “number of staff members using new skills/number of staff members who attended training”

**Efficiency indicators** are represented as the ratio of inputs used per unit of output produced

Example: assuming the same programme as above, the indicator would be “funds/number of courses given”

*Note: caution should always be exercised in the use of efficiency indicators as they may be misleading or may fail to be meaningful or valid. Using the preceding example, a reduction of funds used may not necessarily indicate an increase of efficiency.*

The process currently in force at the UN, as inspired by RBB logic, is described in box 3.

<b>Box 3 - UN budgetary process in the light of RBB</b>	
a.	In the UN the programming cycle begins with the establishment of a two-year <b>strategic framework</b> , as the basis for defining the <b>biennial programme budget</b> .
b.	<b>Budget preparation and the budget document.</b> Each budget section contains a statement of objectives, expected accomplishments and performance indicators, as well as significant external factors and the identification of end-users or beneficiaries of the outputs. These elements are presented in hierarchically structured way, with a focus on expected accomplishments
c.	<b>Review and approval process.</b> General Assembly resolution 41/213 of 19 applies. A focus of expected accomplishments would ideally lead to a change in the approach to reviewing programme budgets. The Committee for Programme and Coordination is expected to play a key role in the review of the programmatic aspects of the budget and in the assessment of the impact and quality of programmes
d.	<b>Implementation of the budget and budgetary control.</b> Programme managers are granted greater flexibility to implement programmes within resources allotted to them. This is anyway achieved strictly in accordance with the Financial Regulations and Rules of the United Nations.
e.	<b>Monitoring and evaluation. Oversight monitoring</b> is done internally at the 12- and 18- month stages as well as at the end of the biennium for reporting to Member States. Programme performance shows the extent to which expected accomplishments have been achieved, unlike the previous system in which the performance report concentrated on counting outputs. The separation between monitoring and <b>evaluation</b> decreases alongside the introduction of results-based performance measurement, since it covers both the implementation of the programme budget against expected accomplishments and the effectiveness and impact of programmes.

**RBB within the UN** is therefore meant to:

- Measure performance in order to show whether the activities of the Organisation actually **make a difference**
- Use the biennial programme budget as a **direct link between expected accomplishments and resource requirements**
- Become a **management and planning tool** by mapping the expected results for a biennium and continuously tracking them.

According to the Results-based Budgeting logic as described above, **results involve a change in knowledge, skills, attitude, behavior, conditions and policy**. RBB is therefore not just a continuation of programme budgeting with an emphasis on results, but rather a **far-reaching reform process which might fundamentally change the way of doing business in the United Nations**.

The RBB concept based on this definition represents a leap from the **programme-budgeting system to a much-more performance-oriented management philosophy** involving accountability of both the Secretariat and the Member States.

#### **4. Main findings from UN experience: gap analysis and lessons learned**

By examining the conclusions of the main report from the UN Joint Inspection Unit on the experience of those United Nations bodies implementing RBB, this section tries to offer a first assessment of related potential opportunities which the Organization may benefit from, provided that certain changes occur, as well as few considerations on some concerns that need to be given careful consideration when using RBB techniques in a multilateral and universal environment like the United Nations system.

Since the 1990s, the major Specialized Agencies of the United Nations system such as WHO, UNESCO, the World Intellectual Property Organization (WIPO), the United Nations Development Programme (UNDP) have adopted results-based or performance-based budgeting systems. This trend has been overwhelming since the 1998-1999 biennium budgetary period. Other organizations, such as the International Labour Organization (ILO), the Universal Postal Union (UPU) and the World Meteorological Organization (WMO), have now also adopted RBB.

As requested by the UN General Assembly<sup>45</sup>, the UN Joint Inspection Unit in 2000 issued a quite comprehensive report<sup>46</sup> on the applicability of Results-based Budgeting approach to the United Nations, by drawing possible lessons – *mutatis mutandis* - from some specialized Agencies' experience on RBB-like techniques, i.e. budgetary innovations focusing on a results framework and corporate goals.

Based on the main findings of the report, a **Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis**<sup>47</sup> on RBB implementation in the UN system follows hereby.

#### **Potential benefits/advantages/opportunities of RBB**

Most of the responses from the organizations pointed out how the RBB techniques help to meet the needs they now are facing, inter alia, to:

---

<sup>45</sup> United Nations GA resolution “*Results-based budgeting*”, 18 December 1998.

<sup>46</sup> Ten UN specialized Agencies (ILO, FAO, UNESCO, IAEA, ICAO, WHO, UPU, ITU, WMO, IMO, WIPO, UNIDO) were interviewed through a structured questionnaire on the use of RBB elements in their budget documents.

<sup>47</sup> In general, identifying an organization's “strengths” and “weaknesses” reveals its competitive advantages; responding to “opportunities” and “threats” involves reviewing organizational boundaries to maintain efficiency and effectiveness. In our case, the SWOT analysis is mainly intended to give a synthetic overview of the opportunities and challenges brought about by implementing RBB in the United Nations system as a whole.

- **put scarce resources in priority areas and guide resource allocation**, thus allowing greater flexibility of programme managers in managing inputs during budget implementation (e.g. redeployment of funds between certain objects of expenditure)
- support annual and **long-term planning**, identify best practices, provide direction for staff
- provide Member States with actual results and assure more **transparency** in the budget formulation, approval and implementation process;
- improve the **dialogue with Member States** on proposed programmes and activities of the Organization;
- ensure the competitive edge and relevance of their Organization.

Concerning the relationship between RBB and the Medium-Term Plan (MTP) as the principal policy directive for an organization, the Agencies reported that **the focus on results may help to improve the usefulness of the MTP** by providing for a clearer relationship between it and the programme budget. United Nations system experience indicates there is *no* reason to consider RBB in itself as a budget and/or staff reduction exercise. Rather, RBB is a management tool that can assist Executive Heads and Member States in **prioritizing activities and rationalizing the use of resources** to achieve more effectively *either increases or reductions* in budget and/or staff, according to what circumstances require.

As the organizations stressed in their responses, **the use of RBB techniques has enhanced the governance role of Member States** by allowing them to be better informed and thereby have more meaningful impact in programme budget decision-making and implementation.

A major purpose (with related potential advantages) of RBB techniques is indeed to **improve the involvement of Member States in all phases of the programme budget process**. Member States' participatory role should be taken into full consideration in the whole cycle: justifying resource requirements on the basis of results, quantitative or qualitative, potentially enhances this role. The use of results for justifying resource requirements is intended to provide Member States with a more objective basis for making their decisions on programme proposals and for evaluating programme performance, but their judgment is still required to evaluate and interpret the meaning and relevance of the results used.

### ***Limitations and controversial issues of RBB***

Concerning the critical areas related to the implementation of RBB, the experience of interviewed Agencies indicates that:

- The **application of basic RBB concepts to all sections of the programme budget can be difficult**.
- The **lack of agreement** among the organizations of the System **on definitions for the key RBB terms** suggests that this area still requires further consideration in a systematic manner.

- Quantitative results *cannot* be the sole basis for justification of resource requirements. **Qualitative as well as quantitative results are required for justifying resource requirements.**

Most organizations reported having to make **changes or adjustments in their internal administrative/budgetary and programming procedures** to allow for, inter alia, **financial authorization being decentralized** to programme managers with new accountability and monitoring arrangements to reflect this. Therefore **internal administrative budgetary and programming procedures should be adjusted** to reflect the new management culture of RBB; **management information systems must not be too focused on inputs** for supporting effectively the new RBB processes, including adequate reporting for the benefit of both senior management and Member States on resources being consumed and results being achieved; systematic **staff training** at all levels should also be consequently guaranteed.

A main concern is linked to **external factors, or uncontrollable circumstances**, and how to deal with them when using RBB techniques (par. 2). Since it is not always possible to anticipate external factors, the success of activities may be significantly affected by uncontrollable circumstances (e.g. the capacity of Member States to reorient their economy; domestic political developments obstructing decisions taken at the intergovernmental level; public opinion supportive or not extra-budgetary funds; stakeholders' behavior).

From this viewpoint outcome findings do not statistically prove *if* it was the programme that caused the outcome; they cannot explain, by themselves, *why* that level of outcome was achieved and *what* to change to improve the outcome.

In order to make RBB properly work, Member States may have to invest **significant resources** in developing not always available indicators of achievement.

In general, **the experience of the Specialized Agencies is somehow different from that of the United Nations**. In these organizations, the debate was less politicized, and a consensus on RBB was achieved with much less difficulty in favour of the policy stance of developed countries for improved management and enhanced technical efficiency. In general, **the higher the level (programme or policy), the more difficult the performance management become**, since the issue of accountability of the Government and of the executing and funding organizations as a whole is involved. While results-based programming and budgeting have been applied to development aid activities which were funded from voluntary contributions<sup>48</sup>, only recently RBB started being applied to activities funded by the regular budgets and assessed contributions.

---

<sup>48</sup> Over the past three decades, United Nations organizations providing development aid, such as UNDP, have elaborated sophisticated performance measurement and evaluation systems. These systems vary from monitoring and evaluation of a single project to larger performance measurement in scope (monitoring and evaluation of a programme containing several projects, thematic evaluation, and programme evaluation).

Unlike national governments which are regulated by a detailed administrative law, the UN shows a level of bureaucracy that seems to be much more flexible than the national one, precisely because of the lack of a detailed and strict nature of the legal framework of their administration. For example, **RBB has been introduced without a thorough review of the accountability mechanisms required for full implementation of the results-based approach.** The (apparent) coexistence of RBB-like techniques and the traditional Weberian bureaucratic nature of the United Nations seems to be due to the **flexible legal framework of the international administration:** this loose administrative nature, indeed, offers an **opportunity in which the international institutions can embark on a major reform of their governance framework.**

More generally, systems - like the UN one - that require agreement on objectives and results increase conflict and jeopardizes timely completion of budget work. It should also be reminded that **performance budgeting is dependent on performance management and commitment of public employees to produce good results.** Furthermore, basing allocations on outputs requires **better cost accounting**, including unit costs and distinctions between fixed and variable costs, and it is should also be stressed that measuring performance has received most attention in performance budgeting, but not enough consideration of how and whether the measurements are used.

Following the switch from object-of-expenditure budget to the programme budget, and progression towards results-based budgeting, it is clear that the focus should be on results and that the Executive Heads of United Nations system organizations should have the **flexibility** to adopt the most effective and efficient modalities of execution and corresponding objects-of-expenditure, particularly as the funds are appropriated by the governing organs at the level of programme. This may well involve **deviations from the indicative budget breakdown given in budget documents** (which are prepared more than one year in advance of the budget period), in respect of modalities and objects-of-expenditure. While the expenditure breakdown relating to inputs should be given to the Member States for information purposes, any constraints regarding strict adherence to the indicative breakdown given in budget documents may prove to be counter-productive and would not provide the **flexibility required in the rational execution of programmes and budgets under “Results- based budgeting”.**

**While some progress has been made in improving budgetary processes, further concrete measures are required to strengthen results-based management at all levels in the United Nations.** Some UN organizations are proving to be more effective and efficient in conducting this ongoing process than others. Generally, the group of United Nations Funds and Programmes (namely UNDP, UNFPA and WFP) are the most methodical and systematic in their implementation of RBM, undoubtedly because their shift to a results-based approach was founded on a clearly developed conceptual framework and guided, inter alia, by the experience of other agencies (footnote 12).

Despite the general trend for results-based programming and budgeting, the **application of the Results-based Management/Budgeting concept for the whole planning cycle** (the long-term or medium-term planning, biennial programming and budgeting, monitoring and evaluation cycle) **still needs to be properly developed in the context of the regular budget.**

What is unanimously recognized (OECD, UN, single Agencies) is the need for a close and **continuing dialogue between the Organisation and the relevant intergovernmental organs** (Member States), to be fully involved and committed in the whole process: results-based accountability systems and the strategic plans laying behind are not merely lists of goals, but rather **reflect the priorities of all involved stakeholders.**

## 5. Concluding remarks and future challenges

Modern public administrations, both at national and international level, face the basic set of management challenges vis-à-vis scarce budgetary resources, i.e. to improve: effectiveness – emphasizing outputs over inputs; efficiency – managing costs; accountability – tying budgets to performance (par. 1).

More specifically (IMF, 2007):

- A key focus of international budget reforms has been the **improvement of expenditure prioritization to deliver the government's policy priorities.**
- Better prioritization is important, but improved **program design and management** are equally relevant. A crucial element in the reform agenda for improving the efficiency and effectiveness of public spending has been the improvement of **performance information**, particularly through performance measures and evaluation.

In this context, **Results-based management and budgeting** are referred to as strategic planning tools, improving the clarity and consistency of project designs, facilitating a common understanding and better communication between all involved stakeholders of the desired results.

Initiatives in the concerned field have been introduced in International Organizations by the late 90s (par. 1) but so far the experience seems still to be limited due to results less likely to be easily measurable and to incomplete implementation (par. 3); it should be anyway recalled that the most successful experiences of RBB implementation at national level show that the **minimum time horizon has been from 6 to 10 years.**

The RBM approach in International Organizations and the United Nations system in particular still results “fragmented rather than coherent and holistic” and “focused mainly on budgeting and programming aspects”<sup>49</sup>.

---

<sup>49</sup> UN Joint Inspection Unit report (JIU/REP/2006/6).

When specifically analyzing the budgeting focus, it is crucial to point out that **RBB** has to be considered more as **an evolutionary rather than a revolutionary approach**.

All initiatives for budgetary reform taken in the United Nations over the past two decades have indeed been directed at improving the transparency of the programming and budgetary process as well as the **ability of Member States to provide direction for and to assess the implementation of the programme budget**. Emphasis is therefore on a dual focus: “work better” – shifting attention from inputs to outputs and the performance or effectiveness of outcomes (par. 1); “cost less” – minimizing costs – thereby releasing funds for other critical activities not necessarily cutting resources, but rather rationalizing budgets according to the priorities led by expected accomplishments vis-à-vis objectives (par. 2).

In this sense, RBB, by focusing on benefits to end-users and providing feedback throughout the whole programme cycle (planning, programming, budgeting, monitoring and evaluation), should allow the Organisation itself to attain a unified sense of purpose and it is meant also as a way to provide convincing justification for the UN’s existence and its activities.

Indeed, an overall point that emerges from the review of the experience of other United Nations system organizations with RBB or RBB-like techniques (par. 3) is the strong support that RBB, at least as a concept, has gained throughout the United Nations system as a tool to achieve **increased transparency and accountability for Member States through better linkage of programme performance to the budget**.

For instance, the setting up of a **logical framework** (par 2, fig. 2) in the context of the preparation of a programme budget submission support its performance measurement process by clarifying a programme’s design and making it transparent to Member States that can therefore raise critical questions and eventually recognize weaknesses before the programme is implemented.

The UN Secretary General itself asserts that, in order to improve results-based management in the United Nations, there is a requirement for a “detailed analysis and the development a plan for **continuous improvement with the endorsement and participation of Member States**” (A/60/883, par. 10). This is also needed because, while some UN agencies have taken significant steps in creating a clear linkage between strategic mandates and resources allocation, in many cases **the correlation with results or objectives remains weak**, since budgetary inputs are still largely correlated to outputs and activities (par. 4), and there are no sufficiently reliable means to determine the *quality* of UN services and to assess the performance and impact if its activities in order to evaluate the *effectiveness* of the Organization’s work and to measure its actual results.

In this context, it is worthy to remind that among the Recommendations for **improving Governance in the United Nations**<sup>50</sup>, the first one is related to

---

<sup>50</sup> The United Nations has considered “good” governance as an essential component of the *Millennium Development Goals* to be achieved by 2015, with specific reference to “*Develop a Global Partnership for Development*” (UN Millennium Summit, 2000).

“Strengthen results-based management in budgets and reporting” and the fifth to “Improve coordination of decisions on programmes and resources allocations”<sup>51</sup>. Among the core dimensions of Governance there are indeed **efficiency, transparency and participation** which as well constitute key aspects of RBM and RBB.

The whole process ideally fits into the overall UN strategy to improve its effectiveness, performance and accountability in delivering its mandate and responding to new and growing challenges. This is made clear in the proposals contained in the “**Delivering as One**”<sup>52</sup> report of the Secretary-General’s High Level Panel (UN, November 2006), aimed at building a framework for a unified and coherent UN structure having a **more consistent governance, funding and management arrangements** at the centre. With specific reference to the issue of funding, the report notes that unpredictable funding have contributed to policy incoherence, duplication and operational ineffectiveness across the UN system; therefore, one out of the 5 strategic directions designed in the report is related to “link the performance and results of UN organizations to funding” and “results-based funding, performance and accountability” are mentioned in that context, by also making explicit reference to “inclusiveness” among the related key principles<sup>53</sup>.

As already stated, performance-based budget initiatives shift the emphasis of budgeting and accounting systems from principally a control function to more a management function, or from tracking inputs to generating outputs and outcomes (par.1). However this involves a major challenge – **measuring performance**. Performance measurement, as part of a results-based accountability system, can help improve public confidence in government and community institutions. **Accountability systems** - whether results or performance - **are not ends in themselves, but means to more general objectives**, i.e. improved conditions of well-being for children, families, and communities: the end is finally not “better service” but “better results”.

The correct implementation of performance budgeting systems requires certain **pre-conditions to be met**. More specifically, sound budgetary processes need to be in place with effective policy processes, sound intra-government co-ordination and data gathering systems.

From this viewpoint, the United Nations have been often criticised for advocating the transfer of systems from mature democracies to developing

---

<sup>51</sup> “*Comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies*” (A/61/605, UN, ACABQ, 1 December 2006)

<sup>52</sup> In short, “UN agencies, funds and programmes at country level should work with one programme, one budget, one leader and one office” in order to reduce support costs and achieve efficiency gains and a better allocation of resources.

<sup>53</sup> The Panel believes that stronger and more effective mechanisms must be developed for governance and funding. These mechanism must incorporate clear lines of accountability and robust oversight of performance and results. To deliver lasting changes, they must be transparent, inclusive and decisive” (“*Delivering as One*” report of the Secretary-General’s High Level Panel UN, November 2006, p. 28). In the report (pp. 38-39) a specific concern is about extra-budgetary resources since over the past years donations have become increasingly important as compared to regular budget in terms of assessed (according to an agreed scale) contributions (for both single Agencies and UN as whole). Indeed, apart from the uncertainty of donations, there is a potential distortion if priorities result to be “donor-driven”, since donors may dictate most program initiatives.

countries that may not have the necessary pre-conditions in place, without effective piloting and evaluation prior to the policy transfer.

Results oriented budgeting also raises key questions about **centralization and decentralization**: RBB requires the setting up of system-wide budgeting, performance management systems and accountability arrangements within which agencies can operate with decentralized management systems and the necessary flexibility to work towards the delivery of targets. The setting up of these system-wide arrangements requires new arrangements at the centre.

The experience of Member States in implementing a results-oriented measurement system (par. 1) shows that much can be gained by involving staff and/or obtaining staff input from various levels when establishing a logical framework (figure 2) and formulating its components.

That is also why, at the level of ministries, agencies or organizations, **human resource management systems** need parallel adaptation for performance budgeting systems to be successful. For example, motivation and reward systems need to be able to recognize the achievement of results and deal with failure. Too often organizations have insufficient trained personnel to implement new systems. Bureaucratic resistance is a feature of mature political systems, while corruption and informality are features of developing systems.

As mentioned in paragraph 2, in the United Nations system RBB approaches are being implemented within a traditional, Weberian type bureaucracy. Although the process of change takes time, effective implementation of results-based management can be expedited through rigorous commitment and leadership of senior management in making necessary further improvements in structures, management practices and management tools. The current accountability framework for executive management (at the Under-Secretary-General and Assistant Secretary-General levels), including formal and transparent performance evaluations should even include concrete proposals for **specific sanctions to be applied in the case of under- or non-performance**<sup>54</sup>, **as well as recognitions for outstanding performance**.

In this context, it should also be taken into due consideration, before making a final determination about performance indicators, the **dimension of data collection and information sources**, since the efforts involved in measuring outputs and assessing the achievement of expected results may be inhibitive: performance measurement should always be seen as a tool in providing feedback and should *not* result in the establishment of elaborate measurement processes of bureaucracies.

Moreover, as performance measures *per se* rarely provide conclusive evidence of performance, **program evaluation** is also critical. Evaluations are analytic assessments typically addressing the cost-effectiveness or appropriateness of expenditure policies.

---

<sup>54</sup> It should be noted, from this viewpoint, that programme managers are accountable only for results that are within their control (for considerations about “external factors” see par. 2). Moreover, accountability under RBB does *not* imply that, if results have not been achieved as expected, resources should necessarily be cut in the light of the foregoing.

The current discussions on the results-based concepts, such as RBB and RBM, will undoubtedly help the United Nations system to further implement these approaches: the main **stakeholders** such as governing bodies, Member States and the Secretariats are learning performance management from their experience with the results-based approaches. The external auditors of these organizations who are typically national oversight bodies (e.g. the National Audit Office of UK), since having practical knowledge of implementing results-based reform initiatives, may also play a crucial role, by translating best practice on the national administration into the United Nations system.

A practical question that should be asked in this context is to what extent can national practices be benchmarked to the international organizations. There surely are certain considerations unique to United Nations that influence the ultimate effectiveness of RBB as a planning and management tool. **UN budget** is by its very nature **multidimensional and integrated**, and need to be viewed from different perspectives. The diversity across objectives extends to the budgeting process, implying different stages in each programme life cycle, differences in structure, as well as, differences in the scope and focus of allocated resources (par. 4, peacekeeping missions). That is why, although the process of developing a strategic plan as the essential first step in the development of a results-based accountability system appears systematic and rational, it is often iterative and evolves substantially over time. Further, it is subject to **political pressure** and modifiable accordingly.

The search for improved budgeting processes must therefore always reflect these fundamental characteristics. The RBB concept, with its methodology and definitions, **cannot be automatically transplanted to the environment of international organizations** in general, and United Nations system organizations in particular. United Nations system organizations, with their multilateral, universal character, cover broad mandates as well as areas of sensitive and complex political and socio-economic activities. Thus their decision-making processes seek to achieve a **balance of interests** through finding consensus among Member States which often have different views on priorities, objectives and results for the programmes of organizations.

The above issue would not only be relevant to the practice, but it is mainly of conceptual nature: importing such reform initiatives, which were first designed within the context of a national administration, into the international context requires a thorough review of the nature of international administrations which are different from those of national administrations. Budgeting, performance reporting, or outsourcing, for example, might have incomparable dimensions in the international context which could only be addressed once the *nature* of international administrations is better clarified. In this context, the **role of academia** seems to be as much critical as the **effort of national** (Member States') **administrations** in prioritizing investments in the concerned field.

## References

Friedman M., *A Guide to Developing and Using Performance Measures in Results-Based Budgeting*, Washington, D.C.:The Finance Project, 1997

Hood C., *A Public Management for All Seasons?*. In: Public Administration, Vol. 69, Spring, pp. 3-19, 1991

Kristensen JK, Groszyk WS and Bühler B, *Outcome focused Management and Budgeting*, OECD Journal on Budgeting 1 (4) pp. 7-34, 2002

International Monetary Fund, Fiscal Affairs Department, *Budget Systems Reform – Italy*, 2007

OECD, *Performance budgeting in OECD Countries*, Paris 2007

Osborne F., Gaebler T. , *Reinventing Government*, Reading, MA: Addison Wesley, 1992

Sterck M., Scheers S B., Bouckaert G., *Réformes budgétaires dans le secteur public: tendances at defis*, Revue Internationale de Politique Comparée, Vol. 11, n° 2, Paris, 2004

United Nations, *UN Guide to RBB*, Office of Programme Planning, Digte and Accounts, 1998

United Nations, *Results-based budgeting: The experience of United Nations System Organisations*. Joint Inspection Unit, Geneva: JIU/REP/99/3, 1999

United Nations, *Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation*, Secretary-General's Bulletin, New York: ST/SGB/2000/82000, 2000

United Nations, *Comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies*", ACABQ, New York: A/61/605, 2006

United Nations, *Delivering as One*, Report of the Secretary-General's High Level Panel, New York, 2006

United Nations, *Public Governance Indicators: A literature Review*", DESA, New York, 2007

### SECTION III - SUMMARY CONCLUSIONS AND PROSPECTS. GUIDELINES FOR A BETTER GOVERNANCE IN A MULTILATERAL AND UNIVERSAL ENVIRONMENT

As illustrated in **section 1**, the whole study is meant, by addressing the “performance” issue in the public management sector at policy and administrative level, to support the idea of a possible evolution towards “**Performance Governance**” systems, where performance-related measurement techniques, negotiations and agreements between different (levels of) government(s) and, more generally, different stakeholders take place in a structural way and on a systematic base.

From the **micro** level point of view (i.e. the level of an individual Organisation considered on its own), our case-study in **chapter 2** (UNESCO) shows that, apart from such “technical efficiency” aspects as the ICT ones, the **managements of single performances need to be strictly coordinated and integrated** in a virtuous cycle covering key objectives to be shared within the system. It is a matter of **managing change** and ensuring that although sectors/programmes may develop on different schedules, they need to be coordinated so that they ensure to achieve a shared mission.

This becomes even more evident when the **meso** performance level is addressed (with reference to the experience of European Employment Services as described in **chapter 1**): the co-ordination of the whole range of initiatives carried out by different socio-economic players, according to the paradigm of **New Public Management** and coherently with efficiency and effectiveness criteria, involves the consolidation of practices like the **outsourcing of public service management** to (private and/or non-profit) organisations (**contracting out**) and/or to other public authorities (**contracting in**) with the aim of **improving the quality** of services and **reducing running costs**. In this context public management will need to **deal with the many stakeholders involved** (social, political, profit and non-profit), while introducing different types of **public-private partnership** at the implementation level (**network governance**).

In **policy terms**, this also means that a **combination** (to be meant as a fair, balanced mix) of (passive and active) **actions/interventions** need to be put, coherently and co-ordinately, in place: the new integrated **flexicurity approach**, which refers to the combination of flexible labour markets (**flexibility**) and a high level of employment and income (**security**), has its overall emphasis on ensuring continued access to employment opportunities, and the income it provides, by using **employment, training and social security systems in a mutually supporting and positive way**.

Flexicurity therefore means that secure and efficient labour market transitions should be given increased attention. This gives specific significance to the role of all possible stakeholders, included the **Public Employment Services as a mediator acting in partnership with employers, employees, benefit**

## organisations, private employment services and lifelong learning institutions<sup>55</sup>.

Even more comprehensively, the analysis of United Nations as a **macro** structure (**chapter 3**) demonstrates the need of a **systemic approach** where allocating resources in accordance with governments-shared priorities (i.e. to spend on what is deemed politically most important – **allocative efficiency**) has to be in full accordance with the objective of promoting efficiency in the use of budgetary resources to delivery programmes and services (**technical efficiency**). Plus, since **external factors** and variables substantially affect the impact of the interventions in a given context, control on the outputs is clearly stronger than on outcomes/effects of activities.

The **progress of performance management towards a performance governance** requires the participants to discuss and agree on realistic, measurable, dated goals, targets and standards, with a highly specific identification of client groups and their preferences in a framework where cultural and social values divergence are balanced.

It therefore becomes crucial to fund the whole policy and program implementation cycle on the **involvement** (including responsibility for the undertaken actions and related expected outcomes) **of all possible interested stakeholders**.

A **participatory and interfacing approach** is indeed the only way to make it possible to improve not only the decision-making process, but also **transparency and accountability** as the key factors ensuring a **connection between governance and performance**.

Indeed, the concept of **Governance**, as we have seen in **section I**, has provoked many debates and also several international organizations to conceptualize and discuss about it.

The **World Bank** defines it as “the manner in which public officials and institutions acquire and exercise the authority to **shape public policy** and provide public goods and services”<sup>56</sup>. While, within the **United Nations system** it is defined as “the system of **values, policies and institutions** by which a society manages its economic, political and social affairs through **interactions within and among the state, civil society and private sector**”<sup>57</sup>. Indeed governance is not confined to the government, since **the private sector and civic societies (NGOs) are main partners too** and there are numerous forms of governance ranging from corporate governance, international governance, national governance, local governance (see **section 1**).

When the attribution of “good” is linked to the term “governance”, a new level is formed, i.e. “**Good Governance**”, and this shed the light on its

---

<sup>55</sup> European Commission, *The role of the Public Employment Services related to ‘Flexicurity’ in the European Labour Markets, Final report*, March 2009

<sup>56</sup> Kaufmann, D., Kraay, A., *Governance Indicators: Where are we, Where should we be going?* The Global Governance Group, World Bank, Institute and the Macroeconomics and Growth Team, Development Research Group, 2008.p. 4)

<sup>57</sup> UNDP, *Governance Indicators: A user’s Guide*, New York, 2004.

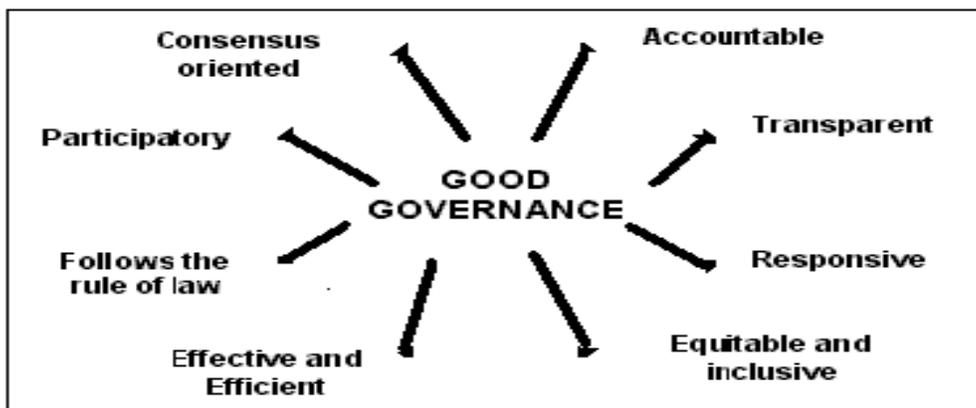
characteristics and the measure of its implementation, using individual and aggregated indicators developed by the world bank aimed to combining, organizing and summarizing information from various sources, in order to alleviate the factor of error, which is existent in individual indicators.

The **main** (to be properly combined) **indicators** are:

1. Voice and Accountability
2. Political Stability
3. Government Effectiveness
4. Regulatory Quality
5. Rule of Law
6. Control of Corruption

The figure below shows the **characteristics of good governance** that illustrate the participation of all possible stakeholders (figure 1).

**Figure 1 - Characteristic of good governance**



Source: UNDP, 2004

If **participation** requires freedom of expression through formal and non-formal institutions, **rule of law** needs full protection of human rights, where everybody is equal before the law, from the institutional point of view the core features to be taken into account are **transparency**, including free access to information for all, **responsiveness** to the society needs, as well as a **consensus-oriented approach** that requires reaching a broad consensus on what is essential and best for the whole society with different stakeholders who have many points of view and different instances.

Apart from **equity and inclusiveness for all**, the principles of **effectiveness and efficiency** recall the need for achieving prioritized pre- set goals and objectives through optimal utilization of resources. Last but definitely not least, **accountability** requires highly transparent strategic management and planning.

In the **United Nations** context, the subject of **accountability** is very complicated. Not only is the UN system fragmented and immense in its size and scope of activities (**section II, chapter 3**), but it contains a number of distinct power centers, including the Member States or the legislative organs

(Security Council, General Assembly), and the specialized agencies. Then, of fundamental importance for grasping properly the concept of accountability in the UN context is to recall that government representatives, in adopting the UN Charter, are assumed to have acknowledged, even if tacitly, an authority of “*the Peoples of the United Nations*”. It is noted here that Secretary-General Ban Ki-Moon, in his address on taking the oath of office, declared, “Ultimately, we are all - Secretariat and Member States alike - accountable to ‘we the peoples’<sup>58</sup>. Within this complex political landscape of the UN system, discussions on the question of accountability are inevitably more complicated compared with more familiar cases such as large corporations or government agencies. For instance, the standards to be used in bringing the distinct parts of the UN system to account are not as well defined as one might hope, particularly with respect to the more politicized dimensions of the organization (e.g. human rights).

To move forward in enhancing accountability as a key element for effective UN reform, it may be useful to divide the subject into two broad clusters of ideas: **managerial accountability** and **political accountability**.

More specifically, **managerial accountability** concerns holding those with delegated authority (i.e., secretariats, including executive heads such as the Secretary-General) accountable for the agreed actions taken in accordance with respective responsibilities, as well as for the performance and the manner in which the related programme was managed. One would ask “*how competently and efficiently was the project managed?*”.

In the context of the UN organizations, **managerial accountability**, with a proper delegation of authority within the frame of given mandates or policy directives, is applicable at all levels, from the executive heads such as the Secretary-General down to lower level managers/staff members.

**Political accountability**, by way of contrast, focuses upon the need to account for an organizational behavior to the constituencies and stakeholders impacted upon by its decisions, including both what it has chosen to do and not to do, all in light of relevant constitutions, mandates, policy directives, etc.

In the **UN context**, **political accountability** could be defined in general as “organizational accountability”, namely as **accountability of both legislative organs (Member States) and secretariats to any stakeholders**, that is, to any groups, and ultimately to the ‘Peoples of the United Nations’, affected by the UN decisions, actions or inactions, “by what it chooses to do or not to do as well as by how well it does it” (Edward Luck – special adviser to the Secretary-general, July 2009). This would suggest that **political accountability of the organization could be enhanced and made more meaningful should relevant stakeholders be involved, directly or indirectly, to the extent possible, particularly in UN decision-making processes**.

Namely, the guiding principle here will be that those affected in major ways by a particular decision, programme or action ought to have an important role to play in devising, or in revising, the policies and mandates of the organizations within the UN system. The fact that, to date, they are *not usually or not*

---

<sup>58</sup> SG/2119, GA/10558, 14 December 2006.

*sufficiently* involved in such a process points to a major **shortcoming** in the political accountability of the United Nations.

While political accountability and managerial accountability are functionally distinct, both of the key actors in the UN context, that is the legislative organs (Member States) and the secretariats, are involved, or should be involved, in both functions of accountability. What one could conclude from this is that legislative organs and secretariats are supposed to **share responsibility in strengthening the accountability of the UN organizations**. This further underscores that there exists a legitimate **need to treat political accountability and managerial accountability in a comprehensive manner in designing effective and comprehensive reforms on UN accountability**.

As we have seen in both **chapter 2** and **chapter 3**, for any entity that is assigned delegated authority to be seen as properly accountable, a **strategic plan** together with **measurable goals and objectives** must be defined, necessary actions by whom and at what cost (**resources**) to achieve goals must be identified, the work must be performed and its progress must be monitored, actual performance results must be communicated to the pertinent entities, and the **assessment of results** (evaluation findings) must be used to provide feedback for **improving eventually future actions and performance**.

The premise is that **if failings in whatever aspects**, that is, if misconceived strategies, faulty programme implementation, etc., are scrutinized, **with the stakeholders informed, in the long term the organization will be stronger for it**. At least, when an organization is effectively brought to account, one might expect to see a resolve not to repeat past errors (see “lesson learned” as recalled particularly in **chapter 3, section II**). While these fundamental principles should be applied to the organizations in the UN system, given the complexity of the UN system, **no one size-fits-all strategy exists** that could be put into effect quickly and easily and that would markedly enhance the accountability of all the UN organizations like UNESCO (**chapter 2**).

**Accountability processes will have to be tailored to the wide variety of circumstances found within each organization.**

With those qualifications in mind, however, to facilitate the strengthening of UN accountability as a whole, it would be useful to establish a **general framework covering both managerial accountability and political accountability**. Such a frame work might encompass the following key elements:

1. Formulation, by each organization, of a **strategic plan**, which would include, *inter alia*, each of the following:

- clear articulation of **quantitative and qualitative goals and objectives**
- policy statement of how these goals and objectives are **expected to be achieved**
- anticipated **accomplishments**, including clear and logical indicators that can be used to measure achievement

2. **Implementation of the programme**, which would include performance management and measurements based on a performance-management system

3. Timely **communication or reporting**, coupled with enhanced transparency, to the states and non-state actors of the results, outcomes or performance, which should be based on an evaluation of the programme effectiveness in terms of achieving goals and objectives, as well as managerial efficiency concerning implementation of mandated programmes
4. **Feedback** from the recipients, including relevant stakeholders, of the organization's reports and other communications, as inputs for 5 below
5. **Development (decision-making) of new (or revised) policies or mandates**, by fully taking into account evaluation findings and critiques received, as the basis for the next new cycle of activities.

The **UN Advisory Committee on Administrative and Budgetary Questions**<sup>59</sup> in December 2006 issued, as a follow-up to the outcome of the Millennium Summit, issued, a "*Comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies*" (A/61/605) in which a number of recommendations concerning governance are given to the General Assembly, namely:

- **strengthen results-based management in budgets and reporting;**
- **strengthen overall accountability of executive management of the United Nations Secretariat**, including formal and transparent performance evaluations and sanctions for not meeting performance targets, and the establishment of an open and transparent recruitment and appointment process that relates the qualifications and experience of candidates for executive management positions;
- **improve coordination of decisions on programmes and resource allocation;**
- **strengthen effectiveness, transparency and independence of all committees.**

If properly managed, such a frame work could be a **continuous improvement process**. In visual terms, it could form a spiral, moving constantly upwards, helping to bring about more relevant policies and mandates and better programme performance (appendix 3). All this may lead, in turn, to greater effectiveness and efficiency of the UN organizations.

However, in order to realize this, a number of **preconditions** should be met, including, in particular, a need to ensure that **policies or mandates of the UN organizations reflect, in one way or another, the diverse views and interests of the international community as a whole**, through appropriate mechanisms to be established or strengthened, together with identification, in particular, of the **relevant stakeholders in the respective fields**.

**Accountability for performance with a focus on results and with the International Community as the target-audience to which being accountable** is a concept very close to the ideal type of "**Performance Governance**" in the concerned field (International Administrations).

---

<sup>59</sup> The ACABQ is a subsidiary organ of the General Assembly, consisting of 16 members appointed by the Assembly in their individual capacity.

The pre-conditions to progress alongside this process, as defined above, are the basis of the so called “ **UN system-wide coherence**” (the main outcome of the 2005 World Summit), whose logic behind is indeed a **pragmatic, transparent, balanced and inclusive approach** aiming at making UN work more coherently and effectively across the world in the areas of **development, humanitarian assistance** and the **environment**, while taking into account the cross-cutting areas of gender equality, sustainable development and human rights. More specifically, the main objective is to enhance **harmonization of business practices** of UN system organizations, thereby helping ease the administrative burden on programs, as well as to facilitate inter-agency cooperation/coordination and policy coherence on programmatic, management and operational issues in order to **strengthen the ability of the Un system to deliver as one**, at the global, regional and country levels.

Discussions are currently ongoing about the **lacuna of a an independent standing capacity for a system-wide evaluations**.

On occasion of the **50th session of the Committee for Programme and Coordination of the United Nation**<sup>60</sup>, held at its Headquarters from the 6<sup>th</sup> of June to the 2<sup>nd</sup> of July 2010<sup>61</sup>, the **UN Strategic Framework for the period 2012-2013** was discussed and negotiated between the delegations of the Members States, so as to recommend it to the General Assembly for the final approval. One of the major programmes at stake was the one on “**Management and Support Services**” (programme 24<sup>62</sup>). Indeed, the overall purpose of the programme - the responsibility for which is vested in the Department of Management - is to **enhance the accountability and efficiency of the Organization** in managing its resources in four broad management areas, namely: finance, human resources, ICT, and support services, including procurement and infrastructure. It is explicitly mentioned that “the programme is focused on implementing **key management reform measures** approved by the General Assembly, with the support of a communications strategy that **ensures that Member States, managers and staff are fully informed of and participate** in the efforts to ensure a more effective and results-oriented Organization” and that “the framework will enhance the **governance and management practices** of the Secretariat and it will strengthen the **focus on objectives** and will increase **effectiveness** in achieving the defined objectives and mandates given by Member States” (A/65/6, pag 4 and pag 5).

This is undoubtedly a crucial step towards a broadly virtuous system which may lead to a future reaching of the ideal-type of **Performance Governance** as designed by Bouckaert (**section I**).

Nevertheless, the margins of stability/flexibility of such a transitional path that we have identified in our study represent the **research area to be further explored and analysed** in the future.

---

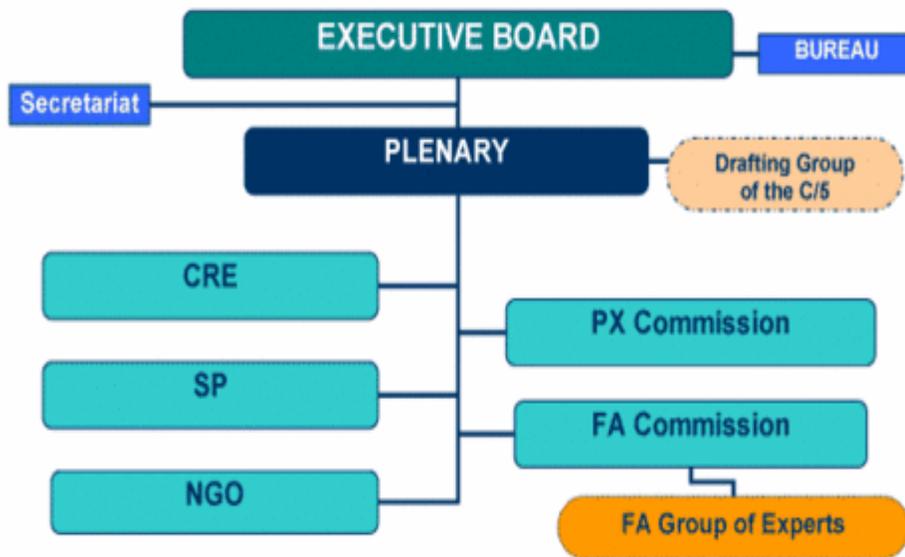
<sup>60</sup> About CPC, see section I. For more information and documentation: <http://www.un.org/ga/cpc/>

<sup>61</sup> The author attended the Committee of Programme and Coordination as member of the Italian delegation within the Committee itself (annex 1).

<sup>62</sup> <http://ods-dds-ny.un.org/doc/UNDOC/GEN/N10/299/95/PDF/N1029995.pdf?OpenElement>

*Appendix I*

**UNESCO EXECUTIVE BOARD: ORGANIC STRUCTURE**



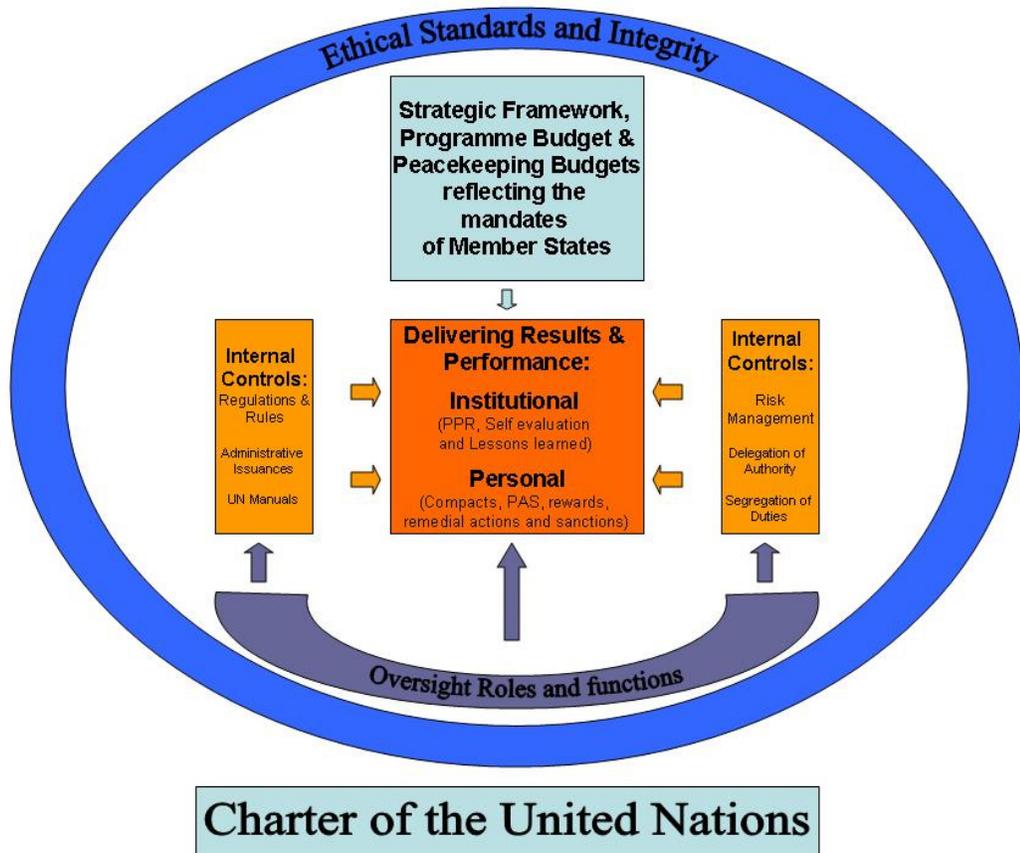
## Appendix II

### ROADMAP AND TIMETABLE FOR THE PREPARATION OF UNESCO PROGRAMME AND BUDGET FOR 2012-2013 (36 C/5)

Date		Action to be taken
February- April 2010	Preparation and dispatch of questionnaire for document 36 C/5	Secretariat prepares the questionnaire for the consultation on 36 C/5 building on General Conference Resolution 35 C/107, including the summary of the general policy debate and the reports of the Plenary Ministerial Forum and ministerial round tables held during the 35th session of the General Conference and Resolution 35 C/108 on UNESCO's work on culture of peace.
30 March-15 April 2010	184th session of Executive Board	Director-General reports to Board about preparations made for document 36 C/5 process.
April/May 2010	Cluster and/or national consultations with National Commissions	Field office directors/heads undertake cluster or national consultations on issues addressed in questionnaire and related programming matters.
May-July 2010	Regional consultations of National Commissions	Holding of five regional consultations* with National Commissions as follows: Arab States: 10-14 May 2010, Rabat, Morocco; Asia and the Pacific: 21-24 May 2010, Changwon, Republic of Korea; Europe and North America: 5-8 June 2010, London, United Kingdom; Africa: 21-25 June 2010, Kampala, Uganda; Latin America and the Caribbean: 5-7 July 2010, Port of Spain, Trinidad and Tobago. In Arab States and Africa, consultations are combined with quadrennial conferences. Each consultation adopts a report – including recommendations – which will be submitted to the Executive Board at its 185th session.
15 July 2010	Deadline for submission of written comments on questionnaire	The deadline for the submission of the written comments by governments, IGOs and NGOs falls shortly after the last regional consultation.
mid-August 2010	Preliminary proposals by the Director-General for document 35 C/5	Director-General prepares a document containing her preliminary proposals for document 36 C/5, bearing in mind the outcome of the regional consultations as well as the written comments received.
5-22 October 2010	185th session of the Executive Board adopts decision concerning 36 C/5	The Executive Board (i) considers the Preliminary proposals of the Director-General for 36 C/5 together with the outcomes of the written consultation and the reports of the five regional consultations; and (ii) adopts a decision providing framework and policy direction to the Director-General for formulation of document 36 C/5.
end October 2010	Publication of Director-General's ivory note on preparation of draft document 36 C/5	Director-General's ivory note gives instructions to Secretariat for the preparation of draft document 36 C/5.
Mid-March 2011	Dispatch of draft document 36 C/5	Statutory deadline for submission of draft document 36 C/5 to Member States.
26 April -12 May 2011	186th session of Executive Board adopts decision with recommendations on draft document 36 C/5	Consideration by the Executive Board of the draft document 36 C/5 and adoption of decision containing its observations and recommendations on draft document 36 C/5, to be submitted to the General Conference at its 36th session.
October- November 2011	Adoption of 36 C/5 by 36th session of General Conference	General Conference considers draft document 36 C/5 in light of recommendations by Executive Board (36 C/6) and proposed amendments submitted by Member States.

Appendix III

**CHARTER OF THE UNITED NATIONS - INTERRELATIONSHIPS AMONG ALL INVOLVED COMPONENTS IN THE ACCOUNTABILITY STRUCTURE OF THE UN SECRETARIAT**



T

## Annex I – Certification

United Nations



Nations Unies

HEADQUARTERS • SIEGE NEW YORK, NY 10017

TEL.: 1 (212) 963.8255 • FAX: 1 (212) 963.0360

12 July 2010

TO WHOM IT CONCERN

This is to certify that Ms. Germna Di Domenico, Director of the International Organization of the Ministry of Economy and Finance of Italy, has attended the Fiftieth Session of the Committee for Programme and Coordination held in New York from 7 June to 2 July 2010 as part of the Italian delegation.

The Note Verbales from the Permanent Mission of Italy on the composition of their delegation are herewith also attached.

For further clarification, do not hesitate to contact me at 1-212-963-8255 or by e-mail at [abelian@un.org](mailto:abelian@un.org).

A handwritten signature in black ink, appearing to read "M. Abelian".

Movses Abelian  
Secretary  
Committee for Programme and  
Coordination