Results Framework Document: A Rapid Appraisal

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CONTENT

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Background:

Accountability in the public sector has been conventionally judged based on compliance with rules and procedures relating to the financial outlays by the government. Focus of this kind of accountability is mainly on the inputs, with the performance judged largely in terms of spending no more and no less than appropriated in the budget. (The World Bank, 1998) Performance emphasis thus was mainly on the outlays and very rarely results of such spending programs received any attention. In addition budget allocations are traditionally guided by line item incrementalism (Wildavasky and Caiden, 1997) - wherein the previous expenditures determine the current budget allocations. The two key implicit assumptions of line item incremental budgeting that often result in misallocation of resources are- a) that the societal needs and priorities remain the same, b) increased spending is tantamount to enhanced services. Incremental budgeting practices have resulted in serious problems such as mushrooming of schemes, bloating of public expenditure and growing fiscal deficits. Given the hard budget constraints, incrementalism has posed a serious threat to the achievement of allocative efficiency. Developing countries cannot afford this for long given their socio-economic infrastructure inadequacies. A number of countries including India have encountered severe fiscal distress on account of such practices. In Indian context, while the government has been attempting fiscal consolidation through Fiscal Responsibility and Budget management measures, performance assessment is still in a nascent stage.

RFD Framework:

"Results framework" is increasingly becoming popular among many nations, a tool to monitor/ track the performance of governmental programs for their results/outcomes. Government of India too has adopted a "Performance Monitoring and Evaluation System" (PMES) in 2009 (vide PMO I.D. No. 1331721/PMO/2009-Pol dated 11.9.2009) requiring each department to prepare a Results-Framework Document (RFD). RFD is expected to provide a summary of the most important results that a department/ministry expects to achieve during the financial year. Two main purposes that RFD is expected to serve are (a) move the focus of the department from process-

orientation to results-orientation, and (b) provide an objective and fair basis to evaluate department's overall performance at the end of the year. (GOI) Three basic questions addressed by the departments in the RFD are i) what are the main objectives of the department for the year? ii) What actions are necessary to achieve these objectives and finally iii) what are the success indicators necessary to evaluate these actions? The matrix that results from this exercise is locked into an online MIS system which is then tracked through the year. The department's progress against these set targets is first reviewed after 6 months and finally evaluated at the end of the year (31 March). Recently the state governments too have initiated the RFD process and Government of Karnataka is among the forerunners.

Institutionalizing RFD Issues:

Government of Karnataka has more or less adopted the GOI framework and about 40 departments have prepared the document for 2011-12. This framework is proposed to be carried forward with the timelines suggested in the guidelines. There are a number of issues that need to be addressed before scaling up preparation of RFD by all the departments and institutionalizing the same. This is in view of the fact that country experiences which date back to 1960s reveal that shifting from 'inputs/outlays' focus to 'Results/outcome' focus is not a very simple process and its success involves not in merely changing the manner in which information is presented but by bringing about effective changes to the expenditure planning and management in its entirety covering the stages of program planning, execution and evaluation. Its success too depends to a large extent on the effective change in the mindset of all the stake holders.

Governments desirous of changing their performance management in line with the results focus have a great deal to learn from the design, approach and the myriad challenges encountered by the countries that started similar persistent initiatives earlier on. Among many implementation challenges some key issues countries faced include the identification of performance indicators, generation of objective, verifiable and reliable performance data and its usage in the expenditure decision making process- a very essential requirement to enhance allocative efficiency of public expenditure. There are country evidences wherein governments have generated loads of information by involving huge manpower and financial resources, most of which could not be used or serve as the basis for policy refinement. It is apt to quote,

Thomas, who states, "Governments in many countries have invested significant amounts of money, staff and their reputations in the development and implementation of performance measurement, management and accountability (PMMA). Experience to date in most such governments has been disappointing in terms of PMMA fulfilling the somewhat grandiose promises with which such approaches were usually launched. What is popular in terms of rhetoric and theory has proven difficult to implement successfully in practice." (2008,169) There is also a growing concern that these experiments are at cross roads even among the nations such as New Zealand that their struggle to develop more systematic non-financial measures including outcome performance systems continues at the end of almost three decades in their persistent effort. Gill states, "…Contrary to some accounts, the original design of the New Zealand model was for an output and outcome performance system but that, in the implementation, the financial dimension of output was better developed and has proved more resilient. By contrast, from both the top-down and the bottom-up, attempts to develop more systematic non-financial measures, including outcome-oriented performance systems have failed" (Gill, Derik, KPMG, 2008, 39) Learning from the experience of countries that have initiated similar performance assessment earlier on can certainly help the countries that are currently launching similar initiatives to avoid going through the pitfalls experienced by them.

In this background it becomes very essential to appraise the GOK RFD effort to examine whether the framework currently put in place helps serve the professed objectives of the RFD. Issues in the present context include:

- Whether the current RFD framework used in Karnataka encompasses all the essential components of an ideal results framework to enable the departments to track the results of their program interventions and also whether they have been appropriately defined, if not what value addition is possible.

- The departmental objectives have a great bearing on the end results, hence need to be well defined and should be in tune with the results expected of the department and encompass all the activities of the department. It is important to review the objectives spelt out in the RFDs prepared by the select departments for their relevance and adequacy.

- Whether the success indicators listed, the most important component of Results framework, are the critical ones to measure the progress of

departments for their results and comprehensive to cover the key functions of the department. It is important to check whether appropriate 'outcome' indicators are included. This is very important in view of the fact that the departments have a tendency to include a lot of 'input' and 'output' information and rarely the 'outcomes/results' are listed- albeit due to non – availability of data.

- Tracking of the progress in the trend values of the indicators for the current and projected time period is very important. However, it is important to examine how these projections are made by the departments, are they aware of the likely financial allocations for the years under consideration? What are the underlying assumptions for the projected trend values? etc.,

- The timelines proposed for the preparation of RFD need to be carefully reviewed for the feasibility and use. The progress made in the past should serve as a guide for making informed decisions and it is essential to have the timelines framed in a manner to facilitate the same.

In the backdrop of these issues the following terms of reference for the rapid appraisal are framed:

- Genesis of RFD in Karnataka
- Review of RFD framework, guidelines and their relevance
- Review of the process of RFD rollout, capacity building initiatives and its impact.
- Preparedness of departments for RFD and its qualification and usefulness of the document in present context.
- Review of RFD 2011-12 documents for five departments for the contents and timelines
- Review of the suggestions made by the experts (from Delhi) on the five selected departmental RFDs and action taken by the departments on the suggestions made and how far the process improved the quality and relevance of the RFD.
- Way forward

Departments: The rapid appraisal has been undertaken for six departments (Health and Family Welfare, School Education (Public Instruction), Agriculture, Horticulture, Public Works Department and Rural Development and Panchayat raj. The method for the study has been largely a detailed desk review of the frameworks used by Government of Karnataka in the backdrop of prevailing performance assessment frameworks and available international best practices. The research team has had detailed discussions with the key stakeholders comprising of the officers associated with the preparation of Current RFD; the senior officers from the select departments and the officers who have actually developed the tool, the details are appended.

This RFD appraisal is organized as follows. Section II has reviewed the RFD framework and guidelines. Discussion relating to the RFD rollout, capacity building initiatives and its impact as understood from the content of the select RFDs is made in section III. Usefulness of the RFD in the present context is discussed in section IV based on the strengths, weaknesses, opportunities and threats of the RFD framework used in Karnataka. Review of the RFD (2011-12) for its content and timelines is presented in section V. A brief summary of the suggestions provided by the experts from Government of India is presented in the penultimate section. Way forward based on the lessons that can be learnt from the global experience in results framework is presented in the last section.

Section II

RFD Framework and Guidelines

A generic RFD framework has been developed by the Government of India and working guidelines have been prepared often with illustrations to enable preparation of RFD by the departments. RFD being a new concept, it is very essential that the capacity of the officers is built and detailed guidelines are provided in the preparation of a meaningful RFD document, hence these efforts are welcome. In what follows is a brief review of the RFD guidelines.

RFD contains six sections:

- Ministry's vision, Mission, Objectives and functions
- Inter se priorities among key objectives, success indicators and targets
- Trend values of the success indicators
- Description and definition of success indicators and proposed measurement methodology
- Specific performance requirements from other departments that are critical for delivering agreed results
- Outcome/impact of activities of department/ ministry

Purpose of RFD:
Introducing the RFD concept, the guidelines very appropriately lay down two important purposes of the document a) shift the focus of the department from process orientation to results orientation and b) provide an objective and fair basis to evaluate department's overall performance at the end of the year (RFD, 2011-12, 2) While the above two purposes are very important, yet another important objective with which the RFD effort is undertaken by a number of countries is to tone up the expenditure planning and management process. This is in view of the fact that public expenditure decision making is flawed under the conventional incremental budgeting process, as it never takes into consideration the results of past program intervention. The results framework is hoped to aid in informed public expenditure decision making, as it enables in an understanding of the progress made by the programs in achieving the expected results and the impending needs and requirements. Hence, an important

purpose of introducing frameworks such as results framework is to enable the governments to enhance the allocative efficiency of public spending. This is too important a purpose of the results framework to be left out in the process of initiating results focus. Guidelines need to adequately emphasize on this aspect of RFD. Given the multiple objectives conceived for many of the government programs and the innate measurement issues, it has been often argued to "emphasize the learning and improvement aims of Performance measurement, management and accountability more than the control and accountability purposes." (Thomas, 2008, 186)

Ministry's vision, Mission, Objectives and functions:

The RFD guidelines provide a very neat description of the vision, Mission and objectives to be laid down by each of the departments, often citing some examples to provide clarity for appropriately spelling them out. These are very important for the departments to have clarity regarding the mandate for their departments and their boundaries of operations.

The guidelines spell out the 'objectives' in a greater detail which is very essential as they indicate the expected results of the departmental programs. RFD guidelines very aptly state that "Objectives could be of two types a) outcome objectives addressing the ends to be achieved and b) process objectives specify the means to achieve the objectives. As far as possible, the department should focus on outcome objectives" (RFD, 2011-12, 4).

A major problem, however, is with reference to the mandatory requirement specified for the departments having activities related to items such as flag ship programs, SCP and TSP etc., to have exclusive objectives with appropriate weightage. It is to be noted that very often, many of the departmental schemes together contribute to the achievement of the outcomes- singling out the outcomes to some schemes like flagship is not appropriate. This may not be very meaningful in view of the fact that, in Karnataka, there are state government initiated activities also operating in parallel as under the flagship programs etc., to achieve certain outcomes, and ascribing all results to one set of programs would be erroneous. An ideal method would be to meaningfully group the related schemes into 'programs' and 'sub programs' based on

the outcomes expected of them .It is a very common method used by countries such as Australia and United Kingdom in connecting the schemes and outcomes. Expecting individual activities to lead to outcomes is not an appropriate method.

A number of OECD countries have attempted programmatic reclassification of their central government budget line items. Australia, France, Netherlands, Sweden and the United Kingdom offer good examples of reclassified budgets based on program criteria.(Dirk-Jan Kraan, 2007) These reform initiatives shifted the focus from single line items which have for long served as the focal points of expenditure control to grouping of certain related line items that contribute to specified outputs and outcomes. The broad objective of a program focus is to enable result oriented public expenditure decision making[i].

In Australia, "under Program Management and Budgeting (PMB), expenditures were classified on the basis of a hierarchy of programs, sub-programs and activities, each related to purposes and objectives (as opposed to the line-item budgeting system previously in use).Management reporting systems to monitor and report on program achievement were based on this program structure. As well, the program format enhanced the alignment of the annual parliamentary appropriations with program management. Under PMB, performance information was seen as essential." Australian states like New South Wales, Queen's land, Western Australia introduced similar reforms. In making this possible, a required necessary condition is to factor in an element of discretion and flexibility for the line departments to reallocate resources among the line items. This may pose a threat to the conventional input control, however by making the line departments accountable for the outputs to be produced for the resources allocated, effective control can be exerted on the utilization of funds. This exercise involves a careful reclassification of the line items in to groups that collectively result in certain outputs and outcomes.

The RFD guidelines do not adequately reflect on the functions. It just states these functions should be consistent with the allocation of business for the department. How the mission and functions are different from one another needs better clarity?

The three basic questions that the RFD seeks to address are a) what are department's main objectives for the year? b) What actions are proposed to achieve these

objectives? c) How would someone know at the end of the year the degree of progress made in implementing these actions? Section 2 and 3 are expected to provide the necessary inputs to answer the above queries, hence they represent the key components of departmental performance assessment.

There are a number of ambiguities in the guidelines for the development of these two sections, which can result in poor RFDs by the departments. Some are listed below:

- The instruction stating "from the list of all objectives, select those key objectives that would be the focus for the current RFD. It is important to be selective and focus on the most important and relevant objectives only" (RFD, 5) Often this can result in confusion such as should the size of the 'financial' allocation be used as the basis of importance or achievement of slated outcomes or any other aspect for judging the importance of the objective.

- The mandatory requirement to frame exclusive objectives with appropriate weightage for programs such as Flagship, Special component plan / Special area development plan etc., fails to recognize the fact that there are state schemes too contributing to these outcomes. Hence, an appropriate method to track outcomes of schemes is to combine all the related schemes that contribute to a set of expected outcomes.

- **Assignment of Weights**: The RFD guidelines are not very clear about the basis for ascribing weights to the objectives. It is not clear whether the departments should be using the financial allocation as the basis or the outcomes or the economic and social compulsions in assigning the weights. In the context of RFD wherein, the purpose is to evaluate and monitor, the financial aspect cannot be ignored. The guidelines need to spell these out more clearly.

- **Conceptual clarity**: The guidelines provided for filling up the column 3" specify means (actions) for achieving departmental objectives" is complicated and is highly misleading. The concepts such as 'policies' programs' 'schemes' and 'projects' are used synonymously. To illustrate this with an example from the health sector, reducing maternal mortality is the policy of the government. NRHM is the program that includes schemes like 'Janani Suraksha Yojana' involving activities that safeguard the health of expecting mothers. In the event, all the concepts are used interchangeably; there can be considerable

amount of confusion for the officers developing the formats. It is further complicated by stating "objective represents the desired "end" and associated policies, programs and projects represent the desired "means". The latter are listed as "actions" under each objective" (RFD, 2011-12, 6).

- **Risk of generating too much of activity or output information**: Regarding specification of "success indicators", the RFD guidelines very aptly state that "these are the Key Performance Indicators"/'key Result Indicators" and these are the means to evaluate progress in achieving the policy, program, scheme and project…. It also states that they should represent the main business of the organization and should also aid in accountability… ideally one should have success indicators that measure outcomes and Impacts. However sometimes due to lack of data one is able to measure activities or outputs." (RFD, 2011-12, 6) This section, as it can be observed from the RFDs of select departments, in the subsequent discussion, largely includes activities or outputs, very rarely, outcome indicators are included. In addition, the suggestion made in the RFD guidelines to include one or more indicators for each action has tended to generate too many indicators. These issues are discussed in more detailed manner in section V by tracking the number of indicators for the select departments. Countries have run the risk of generating loads of unusable information in similar pursuits. Schick (2010) cautions countries pursuing performance assessments to be cautious of the informational overload. This can cause colossal wastage of manpower and financial resources. It may also be observed in the context of government program interventions that many actions put together cause the 'outcomes'. Encouraging indicators for each and every activity by assigning weights to each of such indicators may complicate the process thoroughly.

- **Outcome/Impact**: In addition to the Key performance indicators that are expected to be indicating the outcomes/impact of the departmental programs listed in section 2, the RFD framework seeks information on the outcomes of the departmental activities in section 6. The departments are expected to identify the indicators for each of the outcomes and are expected to give the trend values. While the information provided in this section is not used for the purpose of evaluation, this appears to be overlap with the information in

section 2. This aspect can be addressed in the future RFD work of the state. It has also been observed from the select departmental RFDs that, section 2 performance indicators have largely been activities and some outcomes have been identified in section 6. In certain cases this section has serious lapses, such as they lack indicators that capture the very purpose for which the departments exist, lack of data, indicators that cannot be measured. This disconnect between the sections 2 and 6 need to be corrected

Performance assessment related literature has provided adequate discussion on the nature of "success indicators" that can be used by the government departments. A brief review of the literature is provided below.

Diamond (2006) provides a lucid account of the kind of performance indicators that need to be identified and used in the process of performance assessment and monitoring. This account also provides good guidance for those beginning this exercise; hence the relevant extract from Diamond (2006) is quoted below.

> *Given the need for monitoring at all levels of the results chain, in principle, indicators are required at all levels. At some of the levels, however, indicators tend to be self-evident. Indeed, at the input level, there is no need for indicators, as the supply of inputs can be directly observed. If activities and outputs are highly specific in their formulation, indicators at these levels may follow almost by definition. At higher levels, separate indicators always have to be chosen and formulated.*
>
> ***The quality of indicators***
>
> *Good and relevant monitoring requires good and relevant indicators. There are various versions of the features that add up to good and relevant indicators.*
>
> ***An indicator should be***
>
> ***Valid*** *– Does the indicator directly represent the result it is intended to measure?*
>
> ***Objective*** *– Is the definition precise and unambiguous about what is to be measured?*
>
> ***Reliable*** *– Is the data consistent or comparable over time?*
>
> *In real life, the formulation of activities and outputs varies widely.*

Generally, they are less quantified and specific in overall documents (e.g. programme documents; sector strategies) and more quantified and specific – and often broken down into more detailed sub-activities and sub outputs

– In documents relating directly to practical implementation (e.g. annual work plans). Practical – Can data be collected easily, on a timely basis and at reasonable cost?

Useful – Will the data be useful for decision-making and learning?

Owned – Do partners and stakeholders agree that this indicator makes sense?

Another concept is "SMART", which stands for "Specific, Measurable, Achievable, Realistic (Relevant), and Time-bound". Strictly speaking, the SMART features do not relate to indicators, but to results (i.e. objectives and outputs)

*To be **SMART** means to be*
__Specific__ – Are you precise about what you are going to achieve?

__Measurable__ – Are your objectives quantified?

__Achievable__ – With a reasonable amount of effort and application, can the objective be achieved? Or are you attempting too much?

__Realistic__ – Do you have the resources to make the objective happen? (Men, money, machines, materials, minutes)

(__Relevant__– Can the people with whom the objective is set make an impact on the situation?

Do they have the necessary knowledge, authority and skill?)

__Time-bound__ – Is there a completion date clearly stated or defined?

The SMART features make an objective or an output "monitorable", thus highlighting how formulating good objectives and outputs are essential to the monitoring effort: Without SMART objectives and outputs, it becomes very difficult to choose and formulate relevant indicators for measuring progress. It is therefore worthwhile to formulate – or to seek influence on the formulation of – program and sector objectives at all levels with a view to making them as SMART as possible.

Again, depending on the formulation of the objectives or outputs. Objectives and outputs are sometimes unspecific ("Improved levels of income among farmers") and sometimes quite specific ("The income of 1 million farmers increased by 10% after 10 years"). In the second case, the objective itself is SMART, while in the first case, it only becomes SMART by having an indicator ("Farmers' level of income") and a target ("10% increase with 1 million farmers in year 10") attached to it. Both ways are frequent, but the Smartness is always needed to enable monitoring.

There are several types of indicators. The most important are presented below:

Direct and proxy indicators

Direct indicators *measure features or aspects of the expected results in a direct manner: The objective of having the road network properly maintained may be monitored directly by the indicator "number of kilometers of roads maintained".*

Proxy indicators *measure something (slightly or very) different from the result itself, nevertheless thought to paint a reasonably good picture of the degree to which the result has been achieved. Proxy indicators are used when the result itself is difficult, expensive or impossible to monitor directly. A well-known (although very rough) proxy indicator of rural poverty, used by some micro-finance institutions, is the roofing quality of village houses. If combined with a few other proxy indicators that are equally easy and inexpensive to observe, e.g. the frequency of bicycles and the quality of clothing, this may actually be a rather reliable measure of poverty in many settings. It is, however, always essential to make explicit the assumptions under which a proxy indicator may be expected to serve its purpose.*

Proxy indicators may be particularly useful when monitoring qualitative results. Thus, the road maintenance indicator above could possibly serve as proxy indicator of an objective like "improved maintenance capacity of the Ministry of Public Works". This is an example of a qualitative result being monitored by a quantitative indicator, a very important aspect of monitoring, as most objectives, especially at higher levels, are qualitative by nature.

Quantitative and qualitative indicators
At times, qualitative results can hardly be measured by way of quantitative indicators – or it may be exceedingly costly to do so. In such cases, it is necessary to resort to qualitative indicators. While the monitoring of a quantitative indicator ("Number of kilometers maintained") gives rise to a quantitative response ("36 kilometers"), a qualitative indicator ("Degree of staff satisfaction with the leadership") gives rise to a narrative response ("General satisfaction with work planning and distribution of tasks, but widespread sense of job insecurity. Some expression of discontent with arbitrary promotions.").

13

Qualitative statements like this one may be useful for some purposes. However, they cannot be aggregated (e.g. across departments in a ministry), and they may be difficult to act on: is the achievement good or less good? And of course, they are not useful if the targets are quantitative ("(Staff satisfaction increased by) 15% by end of 2005").

Generally, therefore, one should strive to quantify even qualitative aspects. In the above example, the assumed objective ("Increased staff satisfaction with the leadership") could, instead of the qualitative indicator, be broken down into quantifiable aspects by way of a number of quantitative indicators, i.e. "Percentages of staff satisfied/less satisfied/not satisfied with work planning", "...with distribution of tasks", "...with promotion practices", etc. This would allow aggregation, and quantitative targets could be specified.

Indeed, the exercise of breaking down and quantifying qualitative objectives is often a highly useful process, serving to clarify and flesh out the exact meaning and most central elements of an objective.

***Process indicators** "Process indicator" does not feature in the DAC Glossary, (OECD, 2002 is appended) but is frequently used. A process indicator relates to the implementation process rather than to its results. Therefore, it primarily concerns the input and the activity levels, sometimes also the output level of the LFA. Often, however, process indicators are formulated in order to monitor processes which are not specified as programme inputs/activities/outputs, but which rather relate to routine activities and processes in an organization, a sector, etc. Such activities and processes may well be essential for the efficiency and effectiveness of organizations (and programmes), but they tend to be merely assumed to function.*

Examples might be the time needed to process an application, the regularity of staff meetings, the timeliness of internal information flows, the actual compliance with laid-down financial procedures, etc. An organization (and/or its donors) may wish to focus attention on a number of such routines – considered as bottlenecks in the workings of the organization – and to formulate indicators and set targets in order to monitor improvement. Setting of targets based on the assigned resource allocations would aid in dedicated effort to achieve the slated objectives.

Source: Diamond, 2006

- **Setting of targets and trend values**: It is important to drive the performance improvements by setting achievable targets as stated in the RFD guidelines. Nonetheless, it is very important to realize that targets and trend values cannot be meaningfully set in the absence of information/ assurance on the financial resources that would be available for the departmental programs in the medium term**.**

- RFD guidelines make provision for describing the success indicators and the proposed methodology in section 4. This information is very essential to understand the methodology used and this documentation also helps the officers who develop these indicators in the subsequent years.

- Achievement of the professed departmental objectives often depends to a large extent on the coordinated effort of more than a single department. An important piece of information sought in the RFD is with regards to the specific performance requirements from other departments; this may also help in improving the effectiveness of program intervention.

- **Evaluation:** RFD makes provision for evaluation of the departmental performance by deriving the overall score of departmental program performance. This aspect needs to be pursued with great amount of caution, as very often this can lead to considerable amount of subjective bias in the assessment of performance. The weight distribution used by the departments for each of the objectives and the success indicators has to be thoroughly cross checked and reviewed by the ATF to make the exercise meaningful. In addition, as mentioned earlier, a meaningful evaluation is possible when the departments are endowed with relevant results related performance data. The Performance Assessment Rating Tool (PART) introduced by USA provides some useful lessons. Prior to the launching of PART, the performance assessment initiatives in the USA posed similar problems that have been faced in Indian context. 'Government performance and Results Act' of 1993, required the federal agencies to identify long-term and annual goals, collect performance data, and justify budget requests based on the performance. Each federal program was required for the first time to explicitly identify measures and collect data to testify to the success or the achievement levels of the programs. However, this effort flawed as there were numerous measures with poor focus developed and thus could not serve the purpose of helping in the budget decisions.

PART was designed with a view to overcome these flaws. PART is basically a performance evaluation tool (questionnaire with 30 questions approximately included – the number varies depending on the type of program being evaluated) rating the program/scheme performance in four critical areas. These are Purpose and design of

scheme, strategic planning, management and results and accountability. A set of questions ascertaining whether the program design and purpose are clear and defensible answers the first criteria. Whether the agencies set valid annual and long-term goals is ascertained from a set of questions to answer the second criteria. The third set relates to the financial and program oversight and performance improvement efforts. The last set of questions address the issue of program results which need to be reported with accuracy and consistency.

Performance assessment of each program is based on the responses for the set of questions pertaining to the four criteria and they are rated using a scale ranging from 0-100, where in a score of 100 represents the best performance and the converse is zero. Each of these scores for an agency is combined to rate an agency and the qualitative rating are categorized as 'effective', 'moderately effective', 'adequate', and 'ineffective'. The programs that do not have acceptable performance measures or have not collected the performance data are categorized as 'results not demonstrated'. PART serves as a useful tool for the budget allocation dialogue.

> While PART is a systematic and objective assessment rating tool, however, its adaptation is subject to certain prerequisites- such as appropriate performance measures being identified and objective and accurate reporting of the performance data. In Karnataka's context, appropriate measures are identified and data also are being collected for certain programs, there are many others for which no such database is available. Hence, the first and foremost requirement is to initiate a dialogue on the identification of performance measures and put in place institutional mechanism to regularly track the program performance data.

These kind of initial problems were faced even in the context of the USA and the measures adopted to resolve some of these are discussed below. Some of these provide direction to the current performance assessment initiatives planned by Government of Karnataka.

The innate difficulties in attempting to review all the government run programs on these lines were realized and a decision taken to review one-fifth of all programs every year.

Initially, more than half of the USA programs received the rating 'results not fully demonstrated' due to the lack of either performance measures and/or performance data. The situation was very similar to that of any Indian state, where in the vast majority of the programs had measures that emphasized inputs (such as the amount spent, number of people a program served etc) rather than the outcomes. It was recognized that development of good performance measures is critical for making sure that the program is generating the intended outcome. PART has now alerted the agencies to identify performance measures for the programs that currently lack them and also generated performance data required before their next cycle of performance assessment.

- **Timelines**: RFD timelines for the ensuing financial year are to be based on the proposed budgetary allocations for the year in question and the drafts to be completed by 15 April. These are to be finalized by 30 April after being reviewed and the final version to be put up on the website by 30 May and to be submitted by 15 June. This appears to be a meaningful procedure, as it is very important to be aware of the financial allocations before setting targets for the results. However, it is not clear from the guidelines as to whom the RFD should be submitted by 15 June. Guidelines also state that outcome oriented forward looking documents MTFP and MTEF should also be taken into account while formulating RFD as well as MPIC. Here too it is not clear as to which of the departments of Government of Karnataka are preparing MTEF documents. It has to be noted that MTFP is prepared by the Finance department and largely relates to fiscal plan in a medium term.

  The end of the year report, wherein the departments will review and prepare a report listing the achievements of their report against the agreed results in the prescribed format should according to the RFD guidelines be finalized by 1 May every year. These results after scrutiny by the Chief Secretary will be placed before the Cabinet for information by 1 June each year. While this procedure may help in ensuring accountability, the timing does not aid in formulating informed public expenditure decisions. Ideally, the results of the previous year's programs should be available with the departments before they plan for ensuing year's program intervention plans and financial requirements. Such a practice would help the departments take stock of their achievements and the impending needs, and eventually would aid in enhancing allocative efficiency of public spending.

Section III

Review of the Process of RFD Rollout, Capacity Building Initiatives and its Impact

Government of Karnataka initiated the process of RFD in September/ October 2011 with an initial two day training program (16-17 September 2011) by the officers from Government of India. These were hand holding sessions wherein the department officers were guided through the process of RFD preparation. The departmental officers were also provided with a set of guidelines, largely used in the context of GOI RFD, for their consultation in the process of developing the RFD. About 40 departments have prepared the RFDs during 2011-12. During the course of preparation, the departmental officers were provided with technical support by the officers of the Fiscal Policy Institute (FPI). The Government of India too sent a team of experts to examine the draft RFDs for possible corrections, which were largely incorporated by all the departments.

The introduction of RFD with a two day formal training and a couple of follow up sessions certainly does not aid in a proper understanding of a complex format involving *meaningful* and *appropriate* development of vision, Mission, interse priorities among key objectives, success indicators and targets, trend values of success indicators, description and definition of success indicators and measurement methodology, *specific* performance requirements from other departments and outcome/ impact of activities of departments. A particularly tough task is one of *assignment of weights* by each of the activities undertaken by the department and also to *score the performance* of the schemes being implemented by the department.

A thorough capacity building of the officers actually involved in the preparation of the RFD documents and the heads of departments to place the importance of the document in the overall performance assessment, is very essential to have meaningful and appropriate RFDs in place, failing which while the RFDs would be available, but would not be of great value to serve the objectives with which the RFDs are prepared. There is also a need for a manual with detailed guidelines that can be consulted by the officers while framing the departmental RFDs.

The research team had detailed interactions with the officers from the six select departments in reviewing the process of RFD roll out in the state of Karnataka. Majority of the officers felt the need for more in-depth training. Major constraint according to the officers was one of assigning weights, especially the mandatory indicators. While there has been a lot more flexibility brought into the mandatory indicators in the current RFD, i.e. 2012-13, the manner in which the weights are assigned for the departmental activities for the purpose of assessing the performance of the departments can be very misleading. This has been discussed in section V in an elaborate manner with instances from the departmental RFDs. There is inadequate understanding of the sections IV and V wherein, the description of variables and methodology, and specific performance requirements are required from the other departments. The former has been, in a majority of the cases, a description of scheme and the latter has been a very general one, although the guidelines clearly seek, specific performance requirements.

The observed deficiencies in the RFDs of certain departments are by and large due to an inadequate preparation time and capacity. The effort of the state government in setting up the ATFs to verify the RFD documents is a welcome measure. However, it is important to have meaningful RFDs in the first place to have further improvements.

Section IV

Usefulness of the Document in Present Context

Usefulness of the RFD in the present context is very much dependent on the value addition that the RFD makes to the departmental effort to assess the results of its programs.In this context, an attempt is made to delineate the strengths, weaknesses, opportunities and the threats posed by the RFD effort of the Government of Karnataka.

Strengths: The shift in the performance focus of the government from 'inputs' to 'outcomes' or 'results' which is the essence of RFD, is very essential, as performance assessment based on input assessment can distort the allocative efficiency of public expenditure in a big way. This can happen on account of the two basic erroneous underlying implicit assumptions that the input based budgeting makes, a) Financial allocations are tantamount to governmental performance and b) the priorities remain largely the same year on year as financial allocations of the previous year guide the ensuing allocations, typically resulting in incremental budgeting and in the absence of results information, financial performance becomes the default measure of performance. The incremental budgeting can also lead to bloating of budgets and fiscal indiscipline in the medium to long-term. Hence, moving away from inputs and outputs to outcomes/results is a very welcome measure. This approach is also very much in line with the global thinking. The results focus as very aptly described in the RFD guidelines serves two main purposes a) shift in focus of the department from process-orientation to results orientation and b) provide an objective and fair basis to evaluate departmental overall performance at the end of the year. In addition, yet another important purpose that the results focus can serve is to enhance allocative efficiency of public spending , as the results can guide in an informed decision making by the departments, thus reducing the wastage of scant public resources.

Weaknesses: There are two kinds of weaknesses that are associated with the current RFD effort. First one relates to the design of the RFD itself and the second relates to the translation of RFD guidelines into departmental RFDs. Regarding the design of RFD- the departmental performance is ultimately summed up by scores wherein the performance gets rated. This is a typical form of advance performance assessment

practice used by countries such as USA and UK and its success is largely dependent on the availability of appropriate performance information. Countries such as USA and UK have spent decades generating performance information. Marc Robinson states, "The most successful example of such a system is the US 'Program assessment Rating Tool' under which the performance of each and every federal program was rated (as 'effective', moderately effective', 'adequate', 'ineffective' or 'results not demonstrated') over a five year period. While this system appears to work very well in the US, this is only because the summary program performance ratings draw on a mass of established performance indicators and program evaluations. There are very few countries in the world that have, or could expect to develop in the short or medium terms, a sufficiently strong performance information system to make this approach work." (Rabinson, Marc, 2009, 9)

Another weakness of the RFD effort lies in poor translation of RFD guidelines in to meaningful and appropriate documents by certain departments This has been largely on account of the inadequate capacity in developing the RFD document. The results focus being a new concept, the officers, who are otherwise involved in reporting performance in conventional methods need to be adequately trained in the new methods, failing which, RFD reports get generated, albeit without much utility. Slating of departmental objectives that normally should be on the expected outcomes of the department has been on the inputs in certain departments. The sections two and three which basically report the interse priorities among key objectives success indicators and targets, and the trend values of success indicators, there has been listing of very many input and output/activity indicators that the departments can get bogged down with loads of information that may not serve the utility that the RFD is expected to serve. Description of variables in section 4 has turned out to be one of the schemes and the measurement methodology is hardly described, largely on account of the fact that most of the variables included in the list of success indicators relate to inputs and outputs which may not require any specific methodologies for measurement. Section 5, although the RFD guidelines expect the departments to make 'specific' performance requirements, the departments have filled in general information. Section six, which is the most important section describing the outcomes should capture all the departmental activities and list the achievements of the relevant indicators and also set targets for the medium term.

Opportunities: RFD approach provides a unique opportunity to enhance the much required 'fiscal space' on the public expenditure front, as the framework is a tool that aids in informed decision making. RFD will, if and when developed in the true spirit of results framework, can certainly help the departments weed out the expenditure programs that have served their purpose and outlived their utility and thus help utilization of resources for impending needs and priorities. Resource driven fiscal space alone, cannot sustain the fiscal health of the governments in the long run if the public expenditure is allowed to grow unchecked. Government of Karnataka's fiscal recovery of the last decade is largely on account of the revenue reform initiatives, and sustaining this recovery in the long-run is largely dependent on the containment of unproductive public expenditure.

Threats: There is a potential threat of subjective bias creeping into the performance assessment which is based on assignment of weights, as there is an element of rating involved. The tendency to include too many indicators (very often more of input and output indicators than the outcome indicators) has often resulted in massive amount of data collected involving huge manpower and financial resources. In addition, the authenticity of the performance data provided becomes questionable, when not adequately backed by proper checks and balances. Countries like Canada and Australia have a third party evaluation of the performance reported. The federal Office of the Auditor General audits the quality of a sample of departmental performance reports, generally every two years.

Section V

Review of RFD 2011-12 Documents for Five Departments for the Contents and Timelines

Review of the departmental RFDs:

The present appraisal is expected to review the RFDs prepared by five departments- Department of Public Instruction, Health and Family Welfare, Department of Agriculture, Rural development and Panchayatraj, Public Works Department and Horticulture.

The present review has made use of the RFDs prepared by the select departments for 2011-12 and also held detailed discussions with the officers concerned (list of the officers is appended) for the purpose of the appraisal.

Structure of RFD:

The structure of RFD with six sections:

Vision: RFD defines 'vision' as an idealized state for the department....should never carry the 'how' part of the vision...vision is a long-term statement and typically generic and grand (3, RFD guidelines) the vision statements of the select departments are listed below and seem to be well developed.

Department	Vision
Public Instruction	Quality education to all children in the age of 6-18 years; providing functional literacy to non-literates belonging to 15+ age-group in establishing a fully literate society; to provide quality library across the state for promoting acquisition of knowledge
Health and Family Welfare	Improve access and availability of healthcare for all
Agriculture	Ensure food security and also to make agriculture a sustainable and viable vocation for livelihood support by 2020
Horticulture	Improving socio-economic conditions and livelihood standards of horticulture producers and to promote the sector as horti-business industry
Rural Development and Panchayatraj	Sustainable and inclusive growth of rural Karnataka along with empowerment of Panchayat Raj institutions
Public Works	An excellent road network for socio economic growth, functional government buildings and efficient and well functioning minor ports and need based inland water transport

Mission : RFD defines mission as the nuts and bolts of the vision. Mission is the who, what and why of the department's existence. (3, RFD guidelines).

Objectives: RFD guidelines very aptly state that "objectives represent the developmental requirements to be achieved by the department in a particular sector by the department in a particular sector by a selected set of policies and programs over a specified period of time…objectives could be of two types a) outcome objectives address ends to be achieved, and b) process objectives specify the means to achieve the objectives. As far as possible, the department should focus on outcome objectives." RFD, 2011-12, 4).

Examining the objectives laid down by the select departments based on the above criteria we find from the following table (Table1) that objectives that relate to the process are predominant in all the select departments other than that of Horticulture. The objectives listed are also very complex and difficult to be measured. The percentage of process indicators listed on the RFD is as high as 71.43 percent in RDPR, 66.67 percent in Public Instruction, 47 percent in Public Works, 57.14 percent in Agriculture and 50 percent in Health and Family Welfare. Horticulture department has a large percentage of the objectives (83.33 percent) that relate to outcomes.

Table 1: Nature of objectives from the select departments

Department	Objectives Relating to			
	Input	Process	Outcome	Total
Public Instruction		8 (66.67)	4 (33.33)	12
Health and Family Welfare		3 (50)	3(50)	6
Agriculture		4 (57.14)	3(42.86)	7
Horticulture		1(16.67)	5 (83.33)	6
Rural Development and Panchayatraj		5 (71.43)	228.57)	7
Public Works		7 (47)	8(53)	15

It is important that the slated objectives are measurable using appropriate indicators. Following are certain complex objectives that pose difficulties for measurement

- Formation of SHGs through social mobilization and to provide generating asset through a mix of bank credit and subsidy, providing economic activity, placement activity, and achievement from BPL to APL (RDPR)- Measurement Issue

- To enable PRIs to function more efficiently with accountability (RDPR)- Measurement issue

- Upgradation of the physical environment of the selected villages for improving of quality of life (RDPR) Measurement issue

- To promote environmental sustainability, resource conservation, food safety and to ensure nutritional security (Horticulture) - Complex and measurement problems.

Inter se priorities among key objectives, success indicators and targets:

A very important section in the RFD pertains to setting of the priorities among the objectives, identifying the success indicators and setting of targets for the same.

Summary tables (2-8) for the select departments presented below provide details regarding the actions, indicators and weights for the respective departmental objectives.

The manner in which information is filled by the departments does not comply with the guidelines. For instance in section 2, the guidelines clearly states that "from the list of all objectives, select those key objectives that would be the focus for the current RFD, it is important to be selective and focus on the most important and relevant objectives only". Departments seem to include all the listed objectives in the section 2 that forms the basis for performance assessment.

In yet another instance, the RFD guidelines clearly state that "Objectives in the RFD should be ranked in a descending order of priority according to the degree of significance weights should be attached to the objectives" (RFD, 2011-12, 5). It can be noted from the tables presented below that with the exception of the department of Horticulture and Public Works (to a large extent); the other departments do not strictly follow this. The listing of objectives is not in the order of importance as indicated by their respective weights.

The departments are expected to specify one or more "success indicators." for each of the actions listed. These are termed as "Key Performance Indicators (KPIs)" or "Key Result Indicators (KRIs)" RFD aptly recognizes the importance of success indicators (either individual or several) as the means to evaluate progress of the schemes. RFD states "Success indicators are important management tools for driving improvements in departmental performance." A major problem in the context of the select departments is with the listing of actions and the success indicators and their weights. The departments have tended to make an exhaustive list of the actions, which is highly justified, especially in the context of performance assessment. The departments also have tended to list at least one indicator for each of the actions, which is largely in accordance with the RFD guidelines that states, " for each of the actions specified in column 3, the department must specify one or more "success indicators". This has resulted in the listing of too many actions and indicators. They range from as many as 76 in the case of Public Instruction to 37 in the case of Horticulture. The only department that has included more than one indicator for each of the actions is the Department of Health and Family Welfare which has 29 actions and 50 indicators.

Ironically, majority of these success indicators listed in section 2 largely relate to various activities related to the department and thus either relate to inputs or outputs. Although there are some in the nature of outcomes/ results, they are very few in number. (Table 2)

Table 2: Success Indicators

Department	Objectives	Success indicators*			
		Input	Output	Outcome	Total
Public Instruction	12				76
Health and Family Welfare	6	5	36	9	50
Agriculture	7	12	19	11	42
Horticulture	6	9	19	6	37
Rural Development and Panchayatraj	7				46
Public Works	15	19	19	0	38

*Note: This classification is provided by the departments themselves.

This is completely in contradiction with the RFD guidelines that state, "Ideally, one should have success indicators that measure Outcomes and Impacts. However, sometimes due to lack of data one is able to only measure activities or output."(RFD,

GOK, 6) Here, the RFD guidelines are not tune with the international best practices when it states, "If we use Outcome (increased literacy) as a success indicator, then it would be duplicative to also use inputs and activities as additional success indicator". International best practices use "family of performance measures" comprising of Inputs, outputs, outcomes and efficiency in the assessment of performance of government programs, with a view to understand the technical efficiency with which the resources are used in the generation of slated outcomes.

Yet another major problem relates to the manner in which weight distribution has occurred, albeit unintended. While the departments have taken care in ascribing appropriate weightage to the objectives and the related action based indicators, its distribution by each of the indicators appears to be problematic. There are instances such as "Appointment of medical and paramedical staff" which is an important indicator under the overall objective of "provide integrated and comprehensive Healthcare" (with weightage of 35 points) is assigned 0.99 as the weightage. On the contrary indicator like Female/ Male sterilization/ "IUD insertion" get 3 point weightage in the overall weightage of 9 assigned to the objective of "Ensuring reduction in the growth rate of population with a view to achieve population stabilization". Incidentally, it has to be noted that manpower requirement is very essential in carrying out any of these operations.

There are also instances where "amount spent" becomes an important indicator with larger weight as compared to outputs achieved. "Total amounts spent towards construction of ACRs" (1.38 weight) and "Fund Utilization" (1.38 weight) are both meant to achieve the most important objective (with 17 points as the weightage) of the department of Public Instruction "to update curriculum and syllabus along with proper learning environment to achieve the learning objectives". An indicator such as "Number of Schools covered" for providing teaching learning equipments and learning of learning enhancement program" under the above objective gets a weightage of 0.69. These kinds of anomalies are plenty among the departments and can considerably distort the performance assessment of the departments as the performance is not judged using the most important indicators. An important contributing factor for these anomalies could be the listing of too many activities as success indicators. It should be understood that the departments may have to

undertake a number of activities which together contribute to the achievement of the professed goal, which in turn can be measured using appropriate indicators.

It needs to be reiterated in this context that performance assessment of this order is not very helpful; hence there is an urgent need to address these problems by adequately building the capacity of the departmental officers.

There are also other issues such as:

- *Measurability of the Indicators:* An important characteristic of a success indicator is its measurability. It is disappointing to note that a number of indicators listed in the select departments cannot be measured. Examples include indicators such as "attract public towards libraries" (Public Instruction): Good reading material available to public (Public Instruction) It is important to measure the progress for two reasons- a) To assess whether the achievement is worth the money spent for the work, in other words measure accountability, b) to know the current levels of progress in order to make informed planning for the impending needs.

- *Financial allocations are not known for the objectives and the success indicators:* An important purpose of the RFD is to "provide an objective and fair basis to evaluate departmental overall performance at the end of the year". RFD format does not seek information on the financial resources. How does one assess the performance without linking to the financial resources used in the production of the departmental services is an important question that needs to be addressed in the current RFD context?

- There are also issues of inadequate coverage of all the departmental functions in the listed outcomes in section 6.Outcomes listed in the health department largely relate to NRHM interventions. (previously under National programs for control of communicable diseases and RCH) Here too there is no data provided for the achievements and targets. The huge expenditure that is incurred on secondary and tertiary hospital related programs does not find a place at all. It is unfortunate that there is no identification of appropriate outcome indicators for many of these programs.

Table 3: Department of Public Instruction: Success Indicators and the weights

Objectives	Weight	Actions (Number)	Success Indicators (Number)	Weights (Range)	Average weight
1. Provide access to school	6.00	7	7	0.6-1.2	0.86
2. Equity in access	11	13	13	0.66-1.98	0.87
3. Recruit teachers	3.8	3	3	0.8-1.8	1.27
4.Train teachers	6.6	4	4	0.6-3.6	1.65
5.Benchmarking of learning levels	2.4	3	3	0.8-0.8	0.80
6.Design appropriate modules for training	1.8	4	4	0.45-0.45	0.45
7. Update suitable curriculum and syllabus	17.00	12	12	0.69-2.76	1.42
8.Prevent drop out	9.00	5	5	1.2-2.4	1.8
9.Promote community ownership	2.4	5	5	0.3-0.6	0.48
10.Provide adequate college infrastructure	4.00	4	4	0.8-1.2	1.00
11. Provide functional literacy to non- literates	9.6	10	10	0.10-2.2	0.96
12.Provide good building stacked with useful reading material	6.4	6	6	0.4-1.5	1.07
Total	80	76	76		

Table 4: Department of Health and Family Welfare

Objectives	Weight	Actions (Number)	Success Indicators (Number)	Weights (Range)
1.Provide integrated and comprehensive health care	35.00	13	31	0.25-5.6
2. Ensuring reduction in growth rate of population	9.00	3	3	3.00-3.00
3. Encourage greater Public Private Partnership	11.00	2	3	3.67-3.67
4.Control of Communicable diseases	16.00	5	6	2.00-3.00
5.Improving Maternal and Child Health	8.00	5	5	1.5-1.5
6.Conservation and cultivation of medical plants	1.00	2	2	0.5-0.5
Total	80	29	50	

Table 5: Department of Agriculture

Objectives	Weight	Actions (Number)	Success Indicators (Number)	Weights (Range)
1.Promoting sustainable agriculture	22.00	8	8	1-00-10.00
2. Ensuring food and nutritional security by increasing production and productivity	16.00	9	9	1.00-4.00
3. Input management	10.00	8	8	1.00-1.00
4.Generation and transfer of technology	12.00	8	8	1.00-2.00
5.Promoting investment in Agriculture	10.00	5	5	1.00-3.00
6.Risk Management	5.00	3	3	1.0-3.0
7.Monitoring and evaluation of schemes	5.00	1	1	5.00
Total	80	42	42	

Table 6: Department of Horticulture

Objectives	Weight	Actions (Number)	Success Indicators (Number)	Weights (Range)
1.Increase production and productivity in Horticulture	20.00	12	12	1.00-3.00
2. Provide environmental sustainability	15.00	5	5	1.50-6.00
3. To reduce post harvest losses and promote value addition	15.00	4	4	3.75-3.75
4.To strengthen forward and backward linkages	15.00	7	7	0.75-3.00
5.Strenghthen Horticulture research	7.50	7	7	0.75-1.5
6.Cocunut crop productivity improvement	7.50	2	2	3.75-3.75
Total	80	37	37	

Table 7: Department of Rural Development and Panchayatraj

Objectives	Weight	Actions (Number)	Success Indicators (Number)	Weights (Range)
1.Creating infrastructure for providing safe drinking water	16.00	6	6	2-00-3.00
2. Infrastructure for sanitation facilities	10.00	6	6	1.00-2.00
3. Rural infrastructure for all weather roads	12.00	3	3	4.00-4.00
4.100 days of guaranteed employment	17.00	9	9	1.00-2.04
5.Formation of SHGs	3.00	3	3	1.00-1.00
6.PRI s to function more efficiently	14.00	11	11	1.0-2.0
7.Upgradation of physical environment of select villages	8.00	4	4	2.00
Total	80	46	46	

Table 8: Public Works Department

Objectives	Weight	Actions (Number)	Success Indicators (Number)	Weights (Range)
1. Upgrade state highways	16.00	4	4	2.0-5.0
2. Envisage efficient and safe transportation	12	4	4	1.0-5.0
3. Strengthen existing state highways and major district roads	12.00	6	6	2.0-2.0
4.Address road deficiency in backward taluks	10.00	3	3	3.00-4.00
5.Construct functional government buildings	8.00	4	4	1.00-4.00
6.Construct concrete roads with drains in SC/ST colonies	7.0	3	3	1.00-4.00
7. Provide infrastructure to villages…	4.00	3	3	1.00-2.00
8.Strengthen bridges	1.00	1	1	1.00
9.Build the capacity of departmental engineers	1.00	1	1	1.00
10. Augment capacity of minor ports	2.00	2	2	1.00-1.00
11.Provide protection to coast line from Sea erosion	2.00	2	2	1.00-1.00
12.Strengthen maritime administration	2.00	2	2	1.00-1.00
13.Implement sand mining policy	1.00	1	1	1.00
14.REorganise road sector schemes	1.00	1	1	1.00
15.Maintain safe and need based ferry services	1.00	1	1	1.00
Total	80	38	38	

Section VI

ATF (GOI) Suggestions on the RFDs

The draft departmental RFDs were reviewed by the GOI officers and suggestions made for recasting the RFDs. We have examined the RFDs of the select departments to check for the changes effected by the departments at the instance of the GOI team. All the departments have incorporated the changes suggested by the GOI team. However, the research team could not make one to one comparison of the previous drafts as the research team did not have access to the initial drafts.

The GOI team has made it very clear in its observations for certain departments that the suggestions made by them are only illustrative and not exhaustive. It also states that "there may be need for a more comprehensive revision of the draft RFD during final round of discussion". There are also other important suggestions that in general would help tone up the quality of RFDs. One such suggestion in the context of success indicators reads like this," These should rationalized/ reduced and outcome oriented success indicators included in place of activity/ process oriented ones presently included" (Syndicate, 1 Agriculture, 20 Oct, 2011, p1). The need to include outcomes is also highlighted in the RFD guidelines.

The current review has observed in the case of present study's select departments that the success indicators included in section 2 are largely the activity/ process indicators rather than outcome indicators. Hence, it appears there is a considerable amount of gap between the RFD guidelines, the ATF suggestions and the actual RFDs developed by departments. Yet another important suggestion made by the ATF in the context of Health and Family Welfare is with reference to the measurability of the indicators. It states, "In sec 2, the definitions of success indicators should be clear and measurable. The target/criteria values should be shown adequately" (Syndicate 2, Health and Family Welfare, p1) However, there are problems related to measurability in the context of a number of indicators in the select the departmental RFDs, some examples have already been provided in section 5 where the departmental RFDs were discussed.

Section VII

Way forward

Moving away from 'input' to 'results' focus for government programs is a very important and a timely measure adopted by Government of Karnataka. The eagerness to put in place a sound RFD is also visible from the government wide efforts in the conduct of meetings, training, preparation of RFD reports, and constitution of Action Task Force (ATF) to ensure quality control.

Two aspects of the current RFD need to be addressed. First one relates to the design of the RFD itself and to mould it to the requirements of Government of Karnataka and the second relates to the toning up of translation of RFD guidelines into departmental RFDs. Some key aspects pertaining to each of the above are discussed below.

RFD design related issues:

RFD to strengthen expenditure planning and management through Use of performance information:

Introducing the RFD concept, the guidelines very appropriately lay down two important purposes of the document a) shift the focus of the department from process orientation to results orientation and b) provide an objective and fair basis to evaluate department's overall performance at the end of the year. In addition to these important objectives, yet another important objective with which the RFD effort is undertaken by a number of countries is to tone up the expenditure planning and management process. This is in view of the fact that public expenditure decision making is flawed under the conventional incremental budgeting process, as it never takes into consideration the results of past program intervention. The results framework is hoped to aid in informed public expenditure decision making, as it enables in an understanding of the progress made by the programs in achieving the expected results and the impending needs and requirements. Hence, an important purpose of introducing frameworks such as results framework is to enable the governments to enhance the allocative efficiency of public spending. This is too important a purpose of the results framework to be left out in the process of initiating results focus.

This gains added importance in Karnataka's case wherein the state's overall fiscal performance is commendable in terms of the tax effort and Per capita development expenditure (Karnataka is one among the lead Indian states on both counts), the state's human and infrastructure development have been a cause for concern. Global experience reveals that, a number of countries aim at strengthening public expenditure planning and management, by resorting to results framework. Toning up allocative efficiency of public spending and also creation of fiscal space is largely dependent on informed public expenditure planning. This helps in weeding out the programs that have outlived their utility and become redundant. The multiplicity and the overlap that is prevailing in program intervention can be effectively addressed.

The RFD's excessive concern about rating the performance of the departments has completely missed out on this important element of use of performance data in the expenditure planning process. This aspect gains considerable importance for Karnataka's fiscal sustainability in the long run, in view of the fact that, the state's maneuverability on tax front is very limited and the much required creation of fiscal space to sustain state's fiscal health in the medium to long run is possible largely on the expenditure front. Hence, while the results focus is a move in the right direction, the right kind of results data should be used to make informed decisions to optimally use the scarce resources. Australia and UK provide a good example of country cases that have used performance information in the budget process.

- The RFD design has the departmental performance ultimately evaluated by composite scores obtained by adding up all the weighted raw scores for achievement. This aspect needs to be pursued with great amount of caution, as there is considerable likelihood of assignment of weights being laden with an element of subjective bias. Departments have to be encouraged to frame the weights in a more rational and scientific basis. The weight distribution used by the departments for each of the objectives and the success indicators have to be thoroughly cross checked and reviewed by the ATF to make the exercise meaningful.

It is also to be noted that an essential prerequisite for the success of RFD frameworks is a sound performance measurements system. In the absence of such information, departments tend to excessively rely on the process indicators, as in the present case. This is far from results assessment and needs to be toned up. It is time, for the

government to put in place robust performance data collection plan. This will in the long run help strengthen the RFD effort.

Survey of international experience in this context reveals that, performance rating is a typical form of advance performance assessment practice used by countries such as USA and UK and its success is largely dependent on the availability of appropriate performance information. Countries such as USA and UK have spent decades generating performance information. Marc Robinson observes that the most successful example of such a system is the US 'Program assessment Rating Tool' under which the performance of each and every federal program was rated (as 'effective', moderately effective', 'adequate', 'ineffective' or 'results not demonstrated') over a five year period. The results framework used in the context of USA typically described lack of performance data situation as "Results not demonstrated" and it was observed that in the initial years, there were a number of results not demonstrated programs. (Dirk-Jan-Kraan, 2007). It is observed that this system appears to work very well in the US, because the summary program performance ratings draw on a mass of established performance indicators and program evaluations. There are very few countries in the world that have, or could expect to develop in the short or medium terms, a sufficiently strong performance information system to make this approach work. (Marc Robinson)

Measurement and benchmarking of performance of governmental programs is adopted by almost all the countries that have introduced reforms. In Australia, departments at the federal as well as the state level paid a great deal of attention to develop measurement systems. The measures included qualitative and quantitative covering inputs, outputs and outcomes with a large scale emphasis on outcomes. Managing for outcomes model of Queen's land and output based management of Western Australia are two good examples of performance measurements. As a part of the result oriented budgeting Finland insists up on development of performance indicators to be included in the annual reports in the process of financial devolution to the agencies. Countries like Sweden report performance results along with their financial statements in their annual reports.

However, while performance information is the key to improving allocative efficiency, it is feared that direct links between the government spending and outcomes is difficult to establish. There are also certain expenditures that typically would require long gestation period to generate the end outcomes, in such cases, the annual reviews would have to be restricted to outputs or intermediate outcomes. Despite such problems introduction of the performance budgeting practices have resulted in an improved focus on performance and service delivery. Allen Shick observes in the context of New Zealand that "Departments had a clearer idea than previously of what was expected of them, their output was specified and fully costed, chief executives had broad discretion to manage resources and operations, and ministers had choices in obtaining outputs including policy advice". (Shick, Allen, 2001, 2) However caution has to be exercised in identifying and using the right indicator in reprioritizing allocations.

- **A**n important purpose of the RFD is to "provide an objective and fair basis to evaluate departmental overall performance at the end of the year". RFD format does not seek information on the financial resources used in the production of the departmental services. It is important in the context of evaluation to examine the possibility of assessing the performance without linking to the financial resources. "Family of performance measures" comprising of Inputs, outputs, outcomes and efficiency in the assessment of performance of government programs, are the recommended methods, with a view to understand the technical efficiency with which the resources are used in the generation of slated outcomes.

Program approach: The current RFD makes provision for listing of all the departmental actions in the process of understanding the success achieved through such actions. Results of government intervention, in a strict sense largely occur on account of a group of related actions/ activities. Given this, RFD can be made much more meaningful by encouraging the departmental officers to cast their activities into meaningful programs and sub programs and identify the indicators that help track their performance. This will also help avoid the risk of generating huge and unwieldy information.

A number of OECD countries have attempted programmatic reclassification of their central government budget line items. Australia, France, Netherlands, Sweden and the United Kingdom offer good examples of reclassified budgets based on program criteria.(Dirk-Jan Kraan, 2007) These reform initiatives shifted the focus from single line items which have for long served as the focal points of expenditure control to grouping of certain related line items that contribute to specified outputs and outcomes. The broad objective of a program focus is to enable result oriented public expenditure decision making[ii].

In Australia, "under Program Management and Budgeting (PMB), expenditures were classified on the basis of a hierarchy of programs, sub-programs and activities, each related to purposes and objectives (as opposed to the line-item budgeting system previously in use).Management reporting systems to monitor and report on program achievement were based on this program structure. As well, the program format enhanced the alignment of the annual parliamentary appropriations with program management. Under PMB, performance information was seen as essential." Australian states like New South Wales, Queen's land, Western Australia introduced similar reforms. In making this possible, a required necessary condition is to factor in an element of discretion and flexibility for the line departments to reallocate resources among the line items. This may pose a threat to the conventional input control, however by making the line departments accountable for the outputs to be produced for the resources allocated, effective control can be exerted on the utilization of funds. This exercise involves a careful reclassification of the line items in to groups that collectively result in certain outputs and outcomes.

Performance Evaluation system: Performance evaluation system based on the results of government programs should be foolproof. This aspect needs to be pursued with great amount of caution, as very often this can lead to considerable amount of subjective bias in the assessment of performance. There is need to have an external agency performance audit to ensure that the results reported are correct and reliable. Many nations have a third party doing this and other countries have used the Comptroller and Auditor General to do this. The latter option may be good to adopt. It is important in the first place to encourage honest disclosure of information in the interest of promoting efficiency. Thomas aptly states, "Link Performance measurement and management and accountability to strategic planning, budgeting,

evaluation and performance appraisal, but not to such a direct and immediate manner that it becomes threatening and stifles honest dialogues about the challenges facing the organization". (Thomas, 2008, 187)

Legal framework: Formal legislations forming the basis: Many nations have resorted to framing of legislations to guide the reform process and their provisions were binding on the government. The financial improvement program of Australia, one of the forerunners in the budget reforms to achieve better service delivery featured introduction of a white paper on budget reforms in 1984.This was followed by the framing of an Act entitled 'public service reform Act[iii] and by many related initiatives. These initiatives spanned over fifteen years[iv]. The Reid Review recommended that "changes be designed to increase public sector efficiency, devolve responsibility, make public servants more accountable for their actions, free up recruitment procedures for senior managers and increase ministerial control over departments." The Australian government's public service reform initiatives included government service charters, public performance agreements for agency heads, removal of hierarchical controls streamlining of administrative procedures. It is observed that legislative commitment played the role of a critical success factor of Australian public sector reforms.

New Zealand was yet another fore runner in budget reforms. It had a fairly standard budgeting system that was common with the OECD countries until the introduction of reforms. The country began its reform initiatives in 1985 followed by a fiscal crisis in the eighties. A complete change in the public financial management was attempted through a stream of legislative (The Fiscal Responsibility Act 1994) and administrative reforms pertaining to all aspects of service delivery. (Graham Scott, Ian Ball, Tony Dale, 1997) "The primary objective of the Act is to entrench sound fiscal policies and make it difficult for future governments to deviate from them" (The World Bank, 1998) Many other nations such as Canada (Federal Accountability Act, 2006), France (Organic Budget Law 2001) used the strategy of providing legal and administrative framework to the reforms introduced in their respective countries.

Timelines: The end of the year report, wherein the departments will review and prepare a report listing the achievements of their report against the agreed results in the prescribed format should according to the RFD guidelines be finalized by 1 May every year. These results after scrutiny by the Chief Secretary will be placed before the Cabinet for information by 1 June each year. While this procedure may help in ensuring accountability, the timing does not aid in formulating informed public expenditure decisions. Ideally, the results of the previous year's programs should be available with the departments before they plan for ensuing year's program intervention plans and financial requirements. Such a practice would help the departments take stock of their achievements and the impending needs, and eventually would aid in enhancing allocative efficiency of public spending.

Innumerable duplicative reporting formats: There is an urgent need to review the current reporting formats and consolidate them into one meaningful performance report. Too many reporting formats can cause considerable amount of wastage of manpower and financial resources without commensurate gains.

Regarding translation of RFD guidelines in to meaningful departmental RFDs, the present study has observed many lapses, indicating the need to build the capacity of the officers to develop meaningful RFDs. Review of the select departmental RFDs reveals that the purpose of the RFD to shift the focus of the department from process orientation to results orientation has not been effectively achieved. There has been many a gap between the guidelines and the information provided in the RFDs of the departments. Problems relate to identification of success indicators that are largely in the nature of activities rather than outcomes, despite the emphasis laid in the guidelines to ideally focus on success indicators that measure outcomes or impacts. It has also been observed that the indicators listed are too many in some departments. Yet another problem relates to the manner in which weight distribution has occurred, albeit unintended. While the departments have taken care in ascribing appropriate weightage to the objectives and the related action based indicators, its distribution by each of the indicators appears to be problematic resulting in less important activities getting larger weightage and vice versa. These aspects need to be thoroughly cross checked by the ATF. The results focus being a new concept, the officers, who are otherwise involved in reporting performance in conventional methods need to be adequately trained in all the RFD concepts and the methodology in order to help them

frame good RFDs that are helpful in the departmental operations, failing which, RFD reports get generated, albeit without much utility.

RFD Manual: The guidelines prepared to help the departmental officers are the first step taken by the government. The RFD initiative being new in Indian context, a detailed manual to guide through the process of RFD preparation would serve as a ready reckoner in the preparation of a meaningful RFD by the departments.

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A2: DAC Glossary

OECD/DAC Glossary of Key Terms in Evaluation and Results-Based Management 2002	Proposed Harmonized Terminology
Development Intervention An instrument for partner (donor and non-donor) support aimed to promote development.	*Development Intervention* Ditto plus: A development intervention usually refers to a country programme (CP), programme/thematic component within a CP or a project.
Results The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention.	*Results* Results are changes in a state or condition which derive from a cause-and- effect relationship. There are three types of such changes (intended or unintended, positive and/or negative) which can be set in motion by a development intervention – its output, outcome and impact.
Goal The higher-order objective to which a development intervention is intended to contribute.	*Goal* Ditto.
Impact Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.	*Impact* Positive and negative long-term effects on identifiable population groups produced by a development intervention, directly or indirectly, intended or unintended. These effects can be economic, socio-cultural, institutional, environmental, technological or of other types.
Outcome The likely or achieved short-term and medium-term effects of an intervention's outputs.	*Outcome* The intended or achieved short-term and medium-term effects of an intervention's outputs, usually requiring the collective effort of partners. Outcomes represent changes in development conditions which occur between the completion of outputs and the achievement of impact.
Inputs The financial, human and material resources used for the development intervention.	*Inputs* The financial, human, material, technological and information resources used for the development intervention.
Activity Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to produce specific outputs.	*Activity* Ditto.

ECD/DAC Glossary of Key Terms in Evaluation and Results-Based Management 2002	Proposed Harmonized Terminology
Performance The degree to which a development intervention or a development partner operates according to specific criteria/standard/guidelines or achieves results in accordance with stated goals and plans.	*Performance* The degree to which a development intervention or a development partner operates according to specific criteria/standard/guidelines or achieves results in accordance with stated plans.
Performance indicator A variable that allows the verification of changes in the development intervention or shows results relative to what was planned.	*Performance indicator* A quantitative or qualitative variable that allows the verification of changes produced by a development intervention relative to what was planned.
Benchmark Reference point or standard against which performance or achievements can be assessed. Note: A benchmark refers to the performance that has been achieved in the recent past by other comparable organizations, or what can be reasonably inferred to have been achieved in the circumstances.	*Benchmark* Reference point or standard against which progress or achievements can be assessed. A benchmark refers to the performance that has been achieved in the recent past by other comparable organizations, or what can be reasonably inferred to have been achieved in similar circumstances.
Performance measurement A system for assessing performance of development interventions against stated goals.	*Performance measurement* A system for assessing the performance of development interventions, partnerships or policy reforms relative to what was planned, in terms of the achievement of outputs and outcomes. Performance measurement relies upon the collection, analysis, interpretation and reporting of data for performance indicators.
Performance monitoring A continuous process of collecting and analyzing data to compare how well a project, programme or policy is being implemented against expected results.	*Performance monitoring* A continuous process of collecting and analyzing data for performance indicators, to compare how well a development intervention, partnership or policy reform is being implemented against expected results (achievement of outputs and progress towards outcomes).
Outcome Evaluation None provided.	*Outcome Evaluation* An in-depth examination of a related set of programmes, projects and strategies intended to achieve a specific outcome, to gauge the extent of success in achieving the outcome; assess the underlying reasons for achievement or non-achievement; validate the contributions of a specific organization to the outcome; and identify key lessons learned and recommendations to improve performance.

OECD/DAC Glossary of Key Terms in Evaluation and Results-Based Management 2002	Proposed Harmonized Terminology
Results Chain The causal sequence for a development intervention that stipulates the necessary sequence to achieve desired objectives – beginning with inputs, moving through activities and outputs, and culminating in outcomes, impacts and feedback. In some agencies, reach is part of the results chain.	*Results Chain* Ditto plus: It is based on a theory of change, including underlying assumptions.
Results Framework The programme logic that explains how the development objective is to be achieved, including causal relationships and underlying assumptions.	*Results Framework* The logic that explains how results are to be achieved, including causal relationships and underlying assumptions. The results framework is the application of the logframe approach at a more strategic level, across an entire organization, for a country programme, a programme component within a country programme, or even a project.
Logical Framework (Logframe) Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes and impact) and their causal relationships, indicators, and the assumptions and risks that may influence success and failure. It thus facilitates planning, execution and evaluation of a development intervention.	*Logical Framework (Logframe)* Ditto.
Results Based Management (RBM) A management strategy focusing on performance and achievement of outputs, outcomes and impacts.	*Results Based Management (RBM)* A management strategy by which an organization ensures that its processes, products and services contribute to the achievement of desired results (outputs, outcomes and impacts). RBM rests on clearly defined accountability for results, and requires monitoring and self-assessment of progress towards results, and reporting on performance.

Departments and Officers consulted by the Research Team

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	Shri. Srinivasmurthy,	HOD
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i The program budgeting concept introduced in the current wave of reforms i.e. the one introduced in the decades of eighties and nineties is different from the program budget concept used in the decade of fifties and sixties. The current concept is used to reflect programs within the existing organizational structure of a line department which makes it responsible for the programs unlike the program budgeting of fifties which cut across line departments and hence posed problems of accountability.

ii The program budgeting concept introduced in the current wave of reforms i.e. the one introduced in the decades of eighties and nineties is different from the program budget concept used in the decade of fifties and sixties. The current concept is used to reflect programs within the existing organizational structure of a line department which makes it responsible for the programs unlike the program budgeting of fifties which cut across line departments and hence posed problems of accountability.

iii Starting with the Reid Review and the 1983 White paper for financial improvement program in 1983, Australia undertook a series of measures to address the issue of public services. These included preparation of a white paper on budget reform in 1984 and enacted two legislations- merit protection act and public service reform act. Program management and budgeting was introduced in 1987 followed by performance based pay agreements in 1992. The public service act was reviewed in 1994 and four legislations were framed to address the issue of public service delivery. These were 'Financial Management and Accountability Act-1997; Common Wealth Authorities and Companies Act-1997; Auditor General Act-1997 and a Public Service Act in 1999.

iv First major reform initiatives in the Australian public sector started with the 1983 Reid Review. Merit protection Act and Public service reform acts were passed in 1984. Financial management and accountability act, Commonwealth Authorities and Companies Act, Auditor General Act were framed in 1997 and that of Public Service Act in 1999.