

## Implementing Results-Based Management in the Public Sector of Developing Countries: What Should be Considered?

Pazvakavambwa A. (D Ed Student)

Steyn G. M.

Department of Educational Leadership and Management, University of South Africa,  
PO Box 392, Pretoria, 0003, South Africa  
Email: steyngm1@unisa.ac.za

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### Abstract

Results-based management (RBM), which has been implemented successfully in the public sector in many developed countries, is a relatively new concept in developing countries. This article outlines the two major models of RBM, that is, the integrated results-based management system; the logic model and the conceptual model. It explores the main principles and the key elements, the rationale and the process of introducing the RBM in the public sector in developing countries. The article also examines the challenges that can be encountered in the implementation of RBM in the public sector in both developed and developing countries.

**Keywords:** Models of results-based management; RBM, key principles, main elements, rationale processes and obstacles in introducing results-based management.

### 1. Introduction

Public sector organisations have been under much scrutiny in view of a waning confidence in the political leadership, escalating national financial deficits and the necessity for a more accountable and transparent governance which led to the emergence of RBM (Meier 2003). Saldanha (2002) states that RBM, in particular, has become popular in developed countries because it clarifies customers' clients, specifies results and performance expectations of clients, requires performance reporting, links budget allocation to output delivery, requires performance reporting, promotes continuous improvement and performance analysis, and assumes meritocracy in managing human resources. An effective performance management system entails a clear definition of results that can distinguish between unsatisfactory, satisfactory and excellent performance, in addition to a sound monitoring system to measure the results in organisations (The CGIAR, A Strategy and Results Framework Management Update 2013 – 2014).

For the purpose of this article, RBM is viewed as a contemporary management approach and philosophy that is based on clearly defined results and aims to change the way in which an organisation operates by attaining identified goals timeously and appropriately at all levels; its values, operating systems and decision-making procedures (Project/programme Monitoring and Evaluation (M&E) Guide 2011; Ortiz, Kuyama, Munch & Tang 2004; Rasappan 2010; Results-based Monitoring and Evaluation Toolkit 2009.). RBM that relies predominantly on quantification, is a shift from focusing on activities and inputs into the focus on outputs and outcomes (Eyben 2013:11). This is done by focusing on strategic planning, systematic implementation, performance measurement, monitoring and reporting, as well as efficient utilisation of performance information to inform and improve policy decision-making in an organisation (Ortiz, et al 2004; Rasappan 2010). In developing countries the public, the donor community and politicians are expecting effective public sector performance against benchmarked outcomes. However, despite these demands, it is difficult for public sectors in developing countries to rapidly and easily change into results-based organisations due to the following impeding factors: (1) It is difficult to change policy frameworks that influence the nature and scope of public sector results; (2) Systems of public accountability are often weak or non-existent; (3) Organisations lack an institutional value system and work ethics that focus on client service and outcomes; (4) Human resources selection, career management and compensation systems do not reward or encourage a focus on productivity and outcomes (Carristine 2005a; Amjad 2008).

Saldanha (2002) argues that the effective use of RBM in developing countries remains disputed, because RBM systems have been implemented in developing countries with the support of consultants from developed countries who are more eager to impress donors about the potential of implementing the system in developing countries than to ensure

the effective operation of the system in relation to the abilities and skills of the client system. Mayne (2006) and Saldanha (2002) criticise imported models and state that before depicting an outline for the implementation of RBM in developing countries, the uniqueness, history, resource availability, internal priorities and political ideology in developing countries should be acknowledged. This is because the effective RBM model in one country may not be feasible or relevant in another. The identified objectives of RBM are to bring about the necessary changes in the outcomes that will reach national development objectives while, simultaneously, ensuring that the system is politically, organisationally and functionally sustainable. It implies that RBM strategies should be adopted because national objectives vary in the different countries (Amjad 2008). The aim of this article is to identify models of RBM and to identify the obstacles in implementing RBM in the public sector of developed and developing countries.

## **2. Models of RBM**

For the purpose of this article, the following models are briefly examined: The integrated results-based management system, the logic model and the conceptual model.

### *2.1 Integrated results-based management system*

Arunasalam Rasappan introduced the integrated results-based management system (IRBM) in the late 1990s (Thomas 2005). This system is essentially the application of the RBM approach, principles and methodology to all levels of development management in an integrated way and which systematically addresses all factors that influence development results (Rasappan 2010). The IRBM integrates all the key performance elements, namely development planning, budgeting, staff management, monitoring and evaluation, and decision-making. The foundation of the IRBM is its detailed and also practical focus on structured and systematic measurement and its requirement for being linked to policy-making, resources management and programme performance improvement (Thomas 2005:2). Thomas (2007) identifies five key components (two primary and three complementary) in the IRBM. The two primary components are the results-based budgeting system and the results-based personnel performance system while the three supporting components consist of results-based monitoring and evaluation, the RBM information system and the E-Government system (Rasappan 2003). Rasappan (2010) added another component which he believed to be the key to the IRBM, namely integrated development planning.

#### *2.1.1 Integrated development planning*

Integrated development planning is defined as a structured and systematic approach to development planning with a complete vertical-horizontal integration and a clear focus on both programme outcomes and impact (Rasappan 2010). Integrated development planning entails both strategic planning of national priorities and cascading these priorities to contributing levels in a systematic manner.

#### *2.1.2 Results-based budgeting system*

Results-based budgeting is viewed as a strategic management tool to assist in the improvement of both resource management and public sector accountability (Thomas 2005). Rasappan (2010) states that results-based budgeting presents an integrated outcomes-based programme budgeting system to plan and manage financial resources. It also changes policies into realities. The IRBM acknowledges the budget as a crucial performance management instrument at all levels in an organisation. In essence, results-based budgeting focuses attention on value for money.

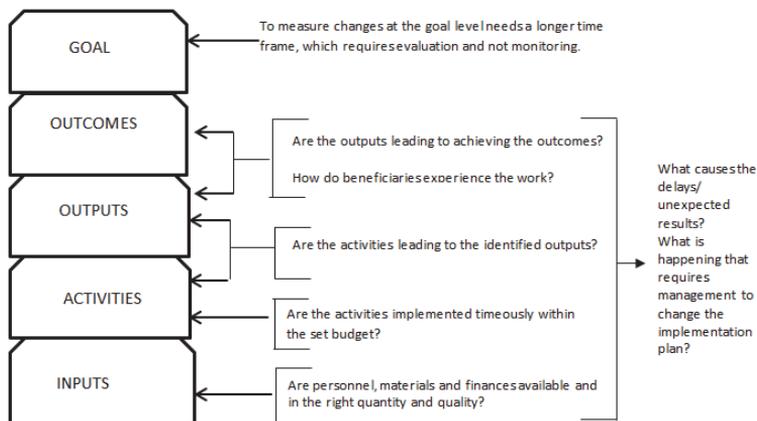
The integrated performance management framework is at the core of the results-based budgeting system, which is usually in the form of a performance agreement (Thomas 2005). The performance agreement specifies the level of performance required by an entity for a given budget year. (Rasappan 2009). The integrated performance management framework is comprehensive since it focuses on long-term goals that match annualised objectives, provides baseline information that management can use for planning and goal setting and determines the required inter-agency coordination (Rasappan 2009; Thomas 2005). Owing to its integrated nature, the integrated performance management framework is considered to be the primary performance monitoring and reporting tool.

### 2.1.3 Results-based personnel performance system

According to Thomas (2005:5) the results-based personnel performance System (RB PPS) has been viewed as one of the major elements in RBM. This system is useful in driving reform or introducing new performance initiatives. The role of RB PPS is to establish and mandate the accountability framework under RBM. Rasappan (2010) states that the RB PPS ensures that staff performance at every level is systematically linked with substantive programme performance. The appraisal system under the personnel performance system weighs towards the performance of an individual staff member, which can ultimately be linked to the integrated performance management framework. The RB PPS facilitates the planning and implementation of human resources management and human resources development (Thomas 2005; Rasappan 2009).

### 2.1.4 Results-based monitoring and evaluation

Monitoring and evaluation (M&E), which represents an internalised and institutionalised component of the IRBM system, is considered to be a critical and integral part of the IRBM system (Rasappan 2007:7). The concept "result" in RBM, monitoring and evaluation monitoring means that monitoring in organisations essentially focuses on the higher level objectives/outcomes (Results-based Monitoring and Evaluation Toolkit 2009). It is considered to be the routine collection and the analysis of information in an organisation to determine the progress against a set of goals (Project/programme Monitoring and Evaluation (M&E) Guide 2011; Results-based Monitoring and Evaluation Toolkit 2009). This assists in identifying patterns and trends, adapting strategies and informing decisions for the sake of programme management (Project/programme Monitoring and Evaluation (M&E) Guide 2011). According to Osborne and Gaebler, cited by Kusek and Rist (2004), if results are not measured, it is not possible to distinguish success from failure. Thomas (2009) states that monitoring is built into all levels of an organisation, but is based on key performance indicators (KPIs) and key result areas (KRAs) that support systematic programme performance management. The results-based monitoring and evaluation system assists in forging tighter linkages between the use of resources and policy implementation. Figure 1 reveals the main monitoring questions that are linked to the objectives in the log frame.



**Figure 1:** Log frame and subsequent monitoring questions (Project/programme Monitoring and Evaluation (M&E) Guide 2011: 11)

### 2.1.5 Results-based management information system

The IRBM system and the RB PPS, the two main components of the IRBM system, provide the framework for performance planning by identifying the goals that need to be met. However, close monitoring is required to ensure that the particular programme is on track. This requires sufficient details from the planning framework that needs to provide the necessary information. The information needs at the different levels can be identified by the management information system (Thomas 2005). Rasappan (2009) views the Management Information System (MIS) as an institutionalised framework that reveals information from the M&E system at all level to assist managers and role players in their effective

decision-making on a timely basis. Therefore the MIS is used to provide the basis for an effective decision-making support system at different levels of an organisation. According to Rasappan (2010:14) the MIS provides critical information to support informed decision-making for programme improvement and adjustments to strategies and policies. The roles of the MIS and the M&E system are closely linked, since they constantly rely on each other to ensure that the right people receive the right information at the right time (Thomas 2005). The MIS can be planned and designed for manual use or for utilisation in computerised systems.

### 2.1.5 Electronic Government System

The Electronic Government System (EG) refers to digital interactions between a particular government and its employees, the government and businesses, government and government agencies, and the government and its citizens. According to Jeong (2007) the e-Government is defined as the use of information technology (IT), information and communication technologies (ICTs) and other web-based telecommunication technologies to promote and improve the both the effectiveness and efficiency of service delivery in a particular public sector. The main components within the IRBM system provide the necessary structure for planning, implementing, monitoring and reporting on an organisation's performance with the necessary systematic links to personnel performance (Thomas 2005).

### 2.2 The logic model

The logic model refers to the logical or causal series of activities, outcomes and outputs which are usually diagrammatically illustrated to indicate how the intended outcomes of a particular programme can be realised (Mayne 2007b). The Canadian International Development Agency regards the logic model as the results chain (Canadian International Development Agency 2000), while the Adaptation Fund (2009) views the results chain as the centre of RBM since it provides a structured logic model that presents the steps and sequence to attain set objectives. Table 1 depicts the 'results chain'.

**Table 1:** The results chain (Adapted from Meier 2003; Results-based monitoring and evaluation Toolkit 2009)

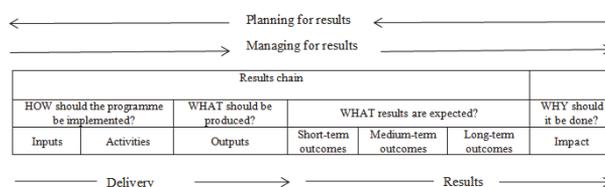


Table 1 shows that the results chain is an iterative process and its planning starts with a clear vision of the purpose and outcome of the programme. It plans backwards to the inputs and then implements activities from the inputs to the outcomes (Results-based monitoring and evaluation Toolkit 2009). It is a logically linked set of results that shows some immediate, as well as other, more distant results. Results at each particular level are combined to produce the results at the next higher level. According to the United Nations Development Group (2010) inputs refer to the financial, human, material and information resources invested in a programme, while activities refer to the actions taken through which inputs such various types of resources are utilised to produce specific outputs.

The Canadian International Development Agency (2011) defines a result as a change in behaviour or state that can be described, observed and measured in a particular way and for which the cause is identifiable. Bester (2012) and Vahamak et al (2011) identify three types of changes, namely output, outcome and impact. Immediate results are considered to be outputs since they are products and services arising from the completion of activities that resulted from available resources that were invested in a particular programme. Outcomes show the changes in certain development conditions which occur between the completion of outputs and the achievement of impact. Outcomes can be short term and medium term or long term, while impact refers to the positive and negative long-term effects on an identifiable population that was produced by a particular development intervention (Kusek & Khatouri 2006). The long-term outcome usually represents the *raison-d'être* of a programme and takes the form of a sustainable change of state among beneficiaries (Canadian International Development Agency 2011).

The Adaptation Fund (2009) views the logic model as a pyramid since it gets smaller closer to the highest level.

Each level of the pyramid is connected to the levels above and below it. Based on the logic model there are several key components that are essential in a RBM framework including strategic planning, measuring of performance and learning, and measuring of improved management. Figure 2 depicts the RBM components (Adaptation Fund 2009).

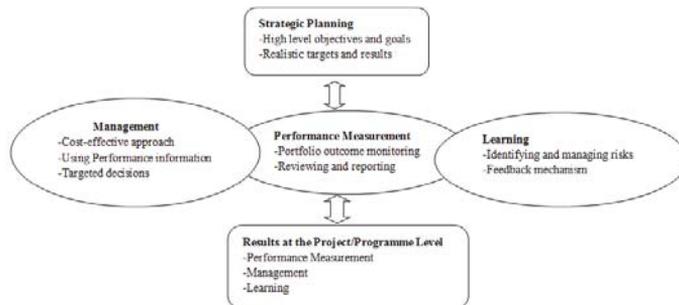


Figure 2: RBM components (Adapted from Adaptation Fund 2009)

Figure 2 shows that an RBM-compliant organisation needs to start by setting goals and targets (strategic planning). At the centre of the implementation stage the key activities monitoring, reviewing and reporting of results. Performance measurement provides performance information that is used by management to facilitate decision-making. Continuous feedback to managers by means of performance information about the results that were achieved, can be used to improve their performance. The balloons on the right and left of the figure overlap with the centre balloon, performance management, because management, performance measurement and learning occur concurrently and feed into each other. Learning encompasses a cycle of planning, periodic performance assessment and organisational learning which support knowledge creation and sharing (Adaptation Fund 2009). The information that was obtained from performance measurement is used for learning and decision-making. By means of performance measurement and the evaluation of learning and management decisions an organisation determines whether the particular programme has met its overall objectives and goals. The following outlines the general steps and stages in the preparation of a logic model (Canadian International Development Agency 2011):

- ▶ Identify the ultimate beneficiaries and stakeholders
- ▶ Ensure that the right people are at the table
- ▶ Identify the main activities
- ▶ Identify outputs for each activity
- ▶ Identify logical outcomes
- ▶ Identify linkages
- ▶ Validate with stakeholders
- ▶ Write the narrative text to illustrate linkages and explain the cause and effect relationships of the logic model

The process of developing a logical model is constructive since it requires role players to work collaboratively to clarify the rationale for the programme and to identify the necessary conditions to ensure that success is most likely to be achieved.

### 2.3 The conceptual model

The African Development Bank Group (2002) constructed the conceptual model in its endeavour to develop an integrated system to increase efficiency in the implementation of the objectives in its vision. According to the African Development Bank Group (2000:2) the conceptual model of RBM requires that an organisation needs to first formulate its vision in order to identify more clearly the objectives that are considered to be highly strategic priorities and whose attainment could have a major impact on the organisation's development. Through implementing the strategic objectives of the vision, RBM will ensure that the efficiency of attaining the expected results are managed (African Development Bank Group 2000). The conceptual model therefore strengthens the effective attainment of set objectives and provides the required tools to measure results through the monitoring and evaluation framework (African Development Bank Group 2000).

The conceptual model of RBM has the following key features (African Development Bank Group 2000):

- **Strategic levels**, which operate at five levels that include the vision at global level, strategies and policies at sectoral and thematic levels, programme strategies at country level and output at programme level.

- **Strategic framework**, which focuses on strategic sectoral and thematic objectives, strategic and thematic objectives, strategic objectives and operational objectives.
- **Indicators**, which cover global impact, sectoral and thematic objectives, sectoral and thematic effects and programme effects.
- **Evaluation criteria**, which focus on efficacy, relevance, efficiency, institutional development and sustainability.

The conceptual model establishes a computerised M&E System that provides the continuous tracking of the organisation's processes up to the realisation of the strategic goals and objectives of its vision. The following stages are followed in designing a conceptual model of RBM (African Development Bank Group 2000):

- ▶ Formulation of the global objectives of the vision
- ▶ Formulation of the strategic framework of the vision
- ▶ Formulation of the strategic objectives of sectoral and thematic strategy documents (policies)
- ▶ Formulation of the frames for sectoral and thematic strategies (policies)
- ▶ Definition of criteria for monitoring and measuring results and the risks inherent in these
- ▶ Definition of indicators for measuring results
- ▶ Adoption and utilisation of a compensation/sanctions system in the functioning of the results

The three models described above in essence imply that certain principles should be adhered to when implementing RBM.

### 3. The Main Principles for Implementing RBM in Public Sector Organisations in Developing Countries

To implement RBM effectively in an organisation the following main principles are important:

- **Mutual partnership:** Canadian International Development Agency (2000) believes that RBM and participatory development approaches are complementary approaches. Moreover, Meier (2003) states that RBM should be based on mutually beneficial partnership relationships that are built on trust among all the role players. Mutually defined and agreed upon results may enhance role players' sense of ownership and their consequent commitment to performance appraisal, continuous performance monitoring and management for results (Amjad 2008). Moreover, the participation of staff members may promote the quality and sustainability of a programme and its effectiveness. It is also a main aspect of accountability in implementing a particular programme.
- **Accountability:** Shared performance expectations which could lead to shared decision-making and, ultimately, shared accountability are present when strong partnerships exist between role players (Amjad 2008; Meier 2003).
- **Transparency:** Transparency is necessary to ensure the advantages of RBM (Meier 2003; Canadian International Development Agency 2000). It implies the clear identification of expected results so that these results can be measured. Meier (2003) believes that the RBM approach is substantially weakened in an environment that lacks transparency.
- **Simplicity:** Simplicity is considered to be crucial for the effective implementation of result-based management (Meier 2003). Donors often provide consultants who take over the organisation's leadership and who merely transplant a successful structure in their own developed country without considering the feasibility and the conditions in the developing country (Amjad 2008). Very often local capacities in developing countries cannot cope with the sophisticated systems in developed countries (Saldanha 2002). This means that the implementation of the RBM approach in developing countries needs to be adapted to ensure that simplicity and clear and easy understanding are applied effectively (Canadian International Development Agency 2000; World Bank 2011; Col, Holzer, Posner & Rubin 2006).
- **Organisational learning:** According to Meier (2003), organisational learning is the rationale for highly effective organisations to implement a RBM approach. It improves organisational learning by providing performance information to decision-makers through performance evaluation and monitoring. This offers the necessary opportunities at individual, group and system level to adapt the organisation continuously to satisfy its role players (Amjad 2008; International Labour Organisation 2011). In essence, it means that RBM should be refined in view of what an organisation has learnt from its experiences (Bester 2012).
- **Flexible and iterative application:** RBM requires sufficient flexibility to be successfully implemented in a wide range of circumstances (Bester 2012; Ortiz et al. 2003).

- Internal ownership and commitment: For the successful implementation and institutionalisation of RBM it needs to be internally led in an organisation (Amjad 2008). It also involves the commitment and support at the highest management level in an organisation. In essence, effective RBM advocates a completely new perspective to the functions in organisations which cannot be imposed externally (Amjad 2008).
- Necessity of incentives: The effective implementation of RBM depends on the strengths of incentives and should therefore be attractive for the leadership to pursue intentionally (Amjad 2008).
- Performance data management and reporting: Ortiz et al. (2004) believe that the management and processing of performance results and its comprehensible presentation to decision-makers and staff members are crucial. Objective and timely feedback is one of the most powerful driving forces to motivate performance and to change people's behaviour (Saldanha 2002).

Considering the above, it is clear that designing management information systems that support RBM should preferably not be driven by consultants from developed countries or information management specialists, since they tend to employ a level of sophistication that results in a complex information system which require skills beyond the capacity of developing countries (Economic Commission of Africa 2003). This means that such systems will only function properly when donors continue to finance and support them.

The principles of RBM in the public sector also require careful consideration of the key elements of RBM when implementing it in the public sector of developing countries.

#### 4. Key Elements of RBM

The main elements of RBM include the following:

- **Clarifying customers and mandating the organisation:** A client focus is the key leading strength for effective RBM in organisations (Rassapan 2005). Implementing an RBM System, an analysis of its customers and their needs, the mandate of the organisation and the impacts and benefits the organisation envisages to deliver, is crucial (Rassapan 2005).
- **Specifying results and performance expectations.** Once the main result areas have been determined, RBM requires their conversion into benchmarked and targeted measures (United Nations Development Programme 2010; Bester 2012; Meier 2003). The private sector often uses three perspectives in specifying financial measures, namely those of clients, internal organisational processes, and learning and growth (Saldanha 2008).
- **Linking budget allocation to output delivery.** Output-based budgeting refers to the process in which the cost of delivering outputs of agency budgets in an organisation is assessed and allocated (Amjad 2008; Curristine 2005; Vahamaki, Schmidt & Molander 2011). This type of budgeting is a logical outcome of applying RBM (Curristine 2005). However, the necessary skills required to determine outputs, cost and verifying its accuracy, monitor and report on its implementation, determine the necessity to revise budgets based on previous performance, often do not exist in developing countries (World Bank 2011; Col et al. 2006; Ortiz et al. 2004).
- **Requiring performance reporting.** Regular performance reporting presents the crucial data on which the performance of an organisation is measured against performance indicators which represent the results of the organisation and the outcomes it has attained (Binnendijk 2000; Bester 2012; Meier 2003; Ortiz et al. 2004). Since public sector institutions often do not have information on their performance readily available, Rassapan (2010) suggests that the implementation of RBM must be accompanied by the concurrent introduction of an effective management information system that can provide timely feedback on the organisation's performance.
- **Promoting performance analysis and continuous improvement.** Performance analysis and continuous improvement are viewed to be a vital and integral element of RBM. Performance analysis identifies internal or external causes in order to adjust and improve performance in the organisation. By reporting on performance, the organisation identifies problems related to performance (negative variances) or opportunities to improve its performance (potentially positive variances) (Canadian International Development Agency 2000).
- **Employing a merit system in managing human resources.** According to Perrin (2006) RBM is successful if staff selection, remuneration and career planning are managed professionally and based on merit. Although human resources are a key factor in delivering organisational results (Saldanha 2002), effective human resources management has been a major constraint to a results-oriented public sector in developing countries (Col et al. 2006). Moreover, in developing countries public sector personnel positions have been influenced

significantly by political forces (Williamson 2003).

RBM is introduced most effectively when it is part of a larger governmental public sector reform programme. This implies that the rationale for introducing should be considered carefully to ensure its effectiveness.

## 5. The Rationale for Introducing RBM

The support of the highest levels within government assists in the introduction of RBM since it becomes mandatory for organisations and institutions to implement RBM IT. According to Madhekeni (2012) this seldom happens. Usually, donors or the government are called upon to persuade rather than force ministries or departments to implement RBM. This is challenging because RBM requires greater accountability on the part of organisations for definite results and also tough human resources decisions to ensure the required levels of productivity (Meier 2003; Vahamaki et al. 2011). Perrin (2006) identifies three entry points for donors who seek to catalyse the acceptance of RBM by public sector agencies in developing countries.

### 5.1 Capacity building

Public sector agencies of developing countries often approach donors for capacity building assistance. The typical capacity building intervention used by donors is usually training. Teaching the necessary skills should be combined with the simultaneous strengthening of the organisational environment since a holistic approach to capacity building for the sake of effective RBM is required (Economic Commission of Africa 2003; Meier 2003; Ortiz 2004).

### 5.2 Sector wide approach

Rassapand (2005) and Thomas (2007) consider the sectorwide approach (SWAp) as another possible entry point for applying RBM in developing countries. The sectorwide approach assumes that a central service agency, for example, the Ministry of Education, Arts, Sports and Culture, accepts the main responsibility for delivering specified outcomes and that a RBM system is in position for the whole sector agency concerned. Perrin (2006) believes that a SWAp is not feasible unless strategic and clear outcomes and outputs have been determined by the sectoral agency, an information system exists which monitors and reports on the performance of these, and there is a continuous analysis of the variables influencing the attainment of related goals.

### 5.3 Decentralisation

Many developing countries are in the process of decentralisation, which provides an excellent chance for governments and donors to endorse and implement RBM as part of this process (Col et al. 2006). Decentralisation strives to empower local agencies with authority and accountability to, inter alia, be more responsive to local needs (Amjad 2008). As can be expected, the introduction of RBM in the public sector of developing countries consists of a certain process to ensure its effectiveness.

## 6. The Process of RBM

According to UNESCO (2008) RBM practices consist of 12 stages. The *first stage*, a needs analysis, involves the analysis of problems to be addressed and determines the causes and effect of these problems (Meier 2003). During the *second stage* the main role players are identified who are responsible for setting goals and designing interventions that meet their particular needs (UNESCO 2008). In the *third stage* the goals (results) are formulated in clear and measurable stipulations (Binnendijk 2000). An expected goal needs to meet the following "SMART" criteria (World Bank 2006):

- **Specific:** It has to be exact, concise, well defined and clearly stated.
- **Measurable:** The goal needs to be measurable, which may involve qualitative and/or quantitative qualities.
- **Achievable:** It has to be attainable, depending on the availability of human and financial resources.
- **Relevant:** It has to address specific and recognised needs/challenges and it has to be within the mandate of the organisation.
- **Time bound.** The goal should be achieved within established time frame.

This process assists in refining an expected result in terms of its significance and its achievability and promotes the

understanding of the goal being pursued. In the *fourth stage*, performance indicators are identified to measure the progress made in attaining the goal. These performance indicators are quantitative or qualitative variables that provide reliable means to measure an output or outcome or to help determine the performance of a particular intervention (Bester 2012; The United Nations Development Group 2010). A sound performance indicator needs to meet the following CREAM criteria (Kusek & Khatouri 2006):

- Clear: It must be unambiguous and precise.
- Relevant: It needs to be suitable for the issue at hand.
- Economic: It should be obtainable at reasonable cost.
- Adequate: It needs to provide an adequate basis for performance.
- Monitorable: It must be open to outside validation.

*Stage five* includes setting explicit goals and benchmarks for each particular indicator, specifying the expected level of results to be achieved at a specific date (United Nations Development Group 2010). During the *sixth stage* a strategy is designed that provides the conceptual framework to realise the expected results and to identify main modalities of action for the subsequent implementation. In the *seventh stage* the expected results and the strategy predicted with the resources available are balanced. During the *eighth stage* performance monitoring systems are developed to collect data on actual results on a regular basis. In *stage nine* reporting and self-evaluating occurs. This is the stage during which the expected and achieved results are compared by reviewing, analysing and reporting the actual results against the set goals. During the *tenth stage* lessons learnt and findings of self-evaluations from the information obtained from the monitoring systems are integrated (Ortiz et al. 2004). In the *eleventh stage* the results and lessons learnt from the process are distributed in an iterative and transparent way. In the *twelve* and final stage performance information obtained from performance monitoring and evaluation systems as well as external performance reporting to role players is evaluated.

All twelve phases described above are necessary to ensure an effective RBM system (Binnendijk 2000). Thus, integration of information from both Performance Monitoring and Evaluation Systems and ensuring management's utilisation of this information, are critical aspects of effective RBM.

Although a great deal is known about managing for results using performance information in government, scholars identified numerous challenges when adopting and implementing RBM at all levels of government in both developed and developing countries (World Bank 2011; Mayne 2007; Economic Commission of Africa 2004).

## 7. Obstacles in Implementing RBM

The main challenges in implementing RBM at all levels of government in both developed and developing countries are usually organisational and behavioural in nature (World Bank 2011; Mayne 2007b; Economic Commission for Africa 2004). Currstine (2005) identified two types of challenges in the implementation of RBM, organisational and technical, which are briefly outlined below.

### 7.1 Organisational challenges to implementing RBM

According to Schatteman and Ohemeng (2008) organisational challenges refer to those challenges the organisation needs to address and to change what they are doing before implementing RBM. These obstacles include the following:

#### 7.1.1 Challenges in fostering the right climate

A healthy organisational climate is required for RBM to be successfully implemented in an organisation. However, a number of challenges exist in ensuring such an organisational climate:

- The problem of developing a results-oriented culture in a public sector organisation. The effective implementation of RBM depends on an organisation's ability to create a management culture that focuses on results (United States General Accounting Office 1997). Very often reforms encounter resistance as it is difficult for individuals in organisations to change their management behaviour (Mayne 2007; Armstrong, 2009). A main reason for the resistance to change of managers and staff is that they become comfortable with the ways of doing things. Moreover, they are satisfied with the *status quo* and are therefore not motivated to improve their performance (Amjad 2003). Another reason why organisational culture change in implementing RBM system is difficult, is that senior management might not be fully acquainted with the system and therefore

fails to value its usefulness (Amjad 2003).

- The problem of importing models of RBM. Organisations are often tempted to adopt a successful RBM without realising that certain management technologies cannot merely be transferred to the new organisation (Col et al 2006:7). Each country has its own history and is unique with its own political ideology, internal priorities and available resources, which is often overlooked by international consultants (Saldanha (2002). As such, Amjad (2003) warns against importing models of RBM from developed countries, while Curristine, Lonti and Jourard (2010) suggest that RBM strategies should be adopted to meet the specific national objectives of a particular country.
- The lack of incentives. Without using appropriate incentives, there is no encouragement for performance improvements of organisations (World Bank 2003). The purpose of financial incentives is to reward employees who perform exceptionally well and to enhance their motivation to attain higher levels of performance (Eyben 2013). Such incentives, which include monetary or non-monetary incentives, can be instituted at both organisational and individual level (Ortiz 2004; World Bank 2011). However, linking performance to monetary rewards may sound attractive, but experience shows that its implementation is very difficult and complex. There is also the danger that financial incentives could lead to distorting and cheating when presenting information. Organisational cultures that emphasise teamwork could also have an impact on monetary incentives if individual staff members (Dan 2009).
- The challenge of setting realistic expectations. Setting unrealistic expectations may impact negatively on the implementation of RBM. The United Nations Development Programme (2010) states that some indicators are not measurable or logically and appropriately linked to results. Meier (2000) also warns that over-complexity is considered to be one of the biggest risk factors threatening the successful implementation of RBM. It is also possible that the targets in organisations are too low or too high. Setting targets too high could motivate an organisation, but it could create unrealistic expectations in which an organisation could fail (Curristine 2005a).
- The problem of failing to get buy-in and use of the system. Implementing RBM, especially in a developing country, is a costly exercise in terms of money and time. It takes time to plan, develop indicators and align management systems, which has implications for the buy-in and use of RBM (The CGIAR A Strategy and Results Framework Management Update, 2013 – 2014.) Moreover, implementing the RBM system is never complete because RBM systems require the continuous improvement of performance (Ortiz et al. 2004). Apart from the buy-in and use of the system, a major obstacle in implementing RBM is the relative lack of expertise and experience of managers and staff (United States General Accounting Office 1997). According to the Economic Commission for Africa (2003), African countries do not have institutional capacity in government and in organisations due to the declining economic development. Moreover, Madhekani (2012) believes that human and financial constraints are hindering training initiatives for employees to become knowledgeable about the new notion of RBM.
- The problem of setting outcome expectations. Bester (2012) is of the opinion that organisations are capable of defining output levels, but RBM compels organisations to move beyond defining such outputs. Moreover, for many organisations it is a challenge to establish reasonable outcome expectations about the level of expected performance (Perrin 2002; Boyne & Law 2005).
- The challenge of selecting relevant performance information and using it in decision-making. Knowing which information needs to be collected and how it should be used, is problematic. A lot of information is generated in RBM which can easily flood the ability of users to use the information effectively (Williamson 2003:63). As such, Mayne (2007) is of the opinion that many RBM systems have failed as the result of information overload. Furthermore, The World Bank (2011) states that if the RBM system attempts to measure everything without selectivity, it could end up measuring and attaining nothing. Selectivity implies that some information in the organisation would not be collected or reported on. Curristine (2005a) also states that it takes years for organisations to determine which data is required and worth collecting.
- The problem of distorting behaviour. Organisations that concentrate only on outputs could end up with goal displacement, which could lead to organisational cheating (Curristine et al. 2008; Curristine 2005a). In this case public agencies purposely control their output levels to reveal their work in the best possible light (Bohte & Meier 2000). Bohte and Meier (2000) state that goal displacement and cheating often occur when organisations are faced with unrealistic task demands and when they have inadequate resources for performing the task.
- The problem of accountability for outcomes. Saldanha (2002) states that a main factor restricting the public

sector performance in developing countries is their public accountability systems that are weak or even non-existent, with a focus on input and activity management instead to outcome management. Although managers feel comfortable with being accountable for processes they can control, they feel less comfortable when the focus is on outcomes which may be influenced by factors they cannot control (Mayne 2007). Such factors include economic and social changes. Furthermore, Curristine et al. (2008) state that outcomes are complex and involve the interaction of many planned and unplanned factors.

## 7.2 Technical challenges in implementing RBM

Technical challenges represent the expertise required to measure and report information. These challenges are briefly outlined below (Schatterman & Ohemeng 2008). The following challenges and problems can be identified:

- Problems surrounding the measurement of outcomes. Meaningful measurement of outcomes is difficult and many organisations struggle to develop realistic and technically reliable indicators for these levels of results (Bester 2012; Curristine 2005a). Moreover, according to Curristine (2005a) it is impossible to measure everything and she believes that it is difficult to develop performance measures in complex services such as education and health care. Such challenges include obtaining the required measurement skills and using evaluation effectively. Another challenge surrounding measuring is that attention is given to what is measured and reported. For example, solely focusing on the time it takes to provide a service could lead to staff focusing on the speed of service delivery at the expense of delivering service of a high quality. (World Bank 2011). Related challenges that may be faced, refer to identifying clear objectives, developing accurate measures of performance and providing efficient systems for data collection. The issue of the way in which the outcomes of government programmes are measured is often the key challenge faced when designing RBM systems (Curristine et al. 2008).
- The problem of attributing outcomes to actions. According to Curristine (2005a) attribution is another key challenge in implementing RBM. Binnendijk (2000) views attributing results as convincingly showing that such results are the outcomes of specific interventions of an organisation and not of any other factors. These outcomes could have occurred without the organisation's intervention.
- The challenge of linking financial and performance information. The main purpose of integrating performance information into budgeting, management and budgeting is to establish what the costs of the results of a particular programme entail (Mayne 2007b). Curristine (2005b) and Perrin (2006) contradict this view and believe that a mechanistic link between the costs of inputs and the specific outputs produced is not possible. However, RBM requires that the focus should be on outcomes since the actual costs of a programme need to be determined.
- Poor quality of data and information. Perrin (2002) and Curristine (2005b) are concerned about the poor quality of data in governments and the risk of making inferior decisions based on such data. A major challenge is to produce relevant and good quality information that consider capacity and timing constraints for making effective decisions that is fit for purpose (Curristine, Luvti & Joymard, 2011; Mayne 2007a). It implies the necessity of providing quality data and information in a RBM system. In developing countries with its scarce and costly resources, it is a challenge to produce good quality data.
- Lack of training and support. Another obstacle in implementing RBM, especially in developing countries, is the lack of appropriate training and support (Muir 2010). This has negative implications for practitioner knowledge of RBM, which could adversely affect information systems (Muir 2010). Moreover, the lack of trainers and quality coaches in developing countries explains the overreliance on external consultants. Furthermore, resource constraints in Zimbabwe, for example, are hindering training initiatives for the majority of Zimbabwean employees to become acquainted with the concepts of RBM (Madhekani 2012).
- Lack of resources dedicated to RBM. There is often a lack of sufficient funds for employing RBM programmes (Muir 2010). This is the case in Zimbabwe where financial constraints imply that the training of RBM training in government departments has been largely limited to top officials and heads of such departments (Madhekani 2012).

## 8. Conclusion

Public sector management in developed and developing countries has changed considerably from their focus on

managing inputs to techniques that emphasise the implementation of activities. Currently, there is pressure on governments in developing countries for greater accountability and transparency in using public resources. Ever-increasing national financial deficits, a decreasing confidence in political leadership, the necessity for a more accountable and transparent governance and the severe shortage of resources have been crucial factors contributing to the development of RBM in the public sector in developing countries. RBM calls for a major shift in focus where government officials focus their attention on regular and objective performance measurement and making adjustments to improve the efficiency and effectiveness of their programmes for the sake of achieving the desired results. It is recommended that empirical studies should be done in public sectors of developing countries to determine what results were already obtained in introducing RBM and to show how such organisations addressed the challenges and problems outlined in this article.

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