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PROGRAMME TO SUPPORT PRO-POOR POLICY DEVELOPMENT (PSPPD)
A partnership between The Presidency, the Republic of South Africa
and the European Union

Report on Study Tour to Indonesia, Malaysia and Singapore
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Programme to Support Pro-Poor Policy Development (PSPPD)

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Contents

Glossary

BRISA	Bureaucracy reform implementation self assessment
DCOG	Department of Cooperative Governance
DDG	Deputy Director General
DG	Director General
DPME	Department of Performance Monitoring and Evaluation
EPU	Economic Planning Unit
ETP	Economic Transformation Programme
EU	European Union
GTP	Government Transformation Programme
ICU	Implementation Coordination Unit
KPI	Key Performance Indicator
MBS	Modified budgeting system
M&E	Monitoring and Evaluation
MENPAN	Ministry of State Administrative and Bureaucracy Reform
MOF	Ministry of Finance
MOHA	Ministry of Home Affairs
MPAT	Management performance assessment tool
MTEF	Medium Term Expenditure Framework
NKRA	National Key Result Area
NRS	National Remuneration System
PBB	Performance based budgeting
PDU	President's Delivery Unit
PEMANDU	Performance Management and Delivery Unit
PM&E	Performance Monitoring and Evaluation
PNPM	National Programme for Community Empowerment (in Indonesia)
PoA	Programme of Action
PSPPD	Programme to Support Pro-Poor Policy Development
RSA	Republic of South Africa

Policy summary

Abstract

The Deputy Minister, staff from the Department of Performance Monitoring and Evaluation (DPM&E) and staff from two provinces of South Africa, visited Indonesia, Malaysia and Singapore to look at their performance monitoring and evaluation (PM&E) systems, and more specifically their use of the outcomes approach. The Malaysian and Indonesian use of the outcomes approach is very impressive, and is strongly driven politically and by the executive. In Malaysia significant results have been achieved in a year. A wide range of practical lessons have been drawn from the visit some of which can be applied in South Africa. A number of follow-up links are suggested.

Policy implications

Roles and coordination of key players at national level in the planning, budgeting and PM&E system

1. South Africa must find ways to build more effective and cooperative cross-institution and cross-sphere working. An idea that emerged during the visit is for a high level **Director General (DG) Forum** where the DG DPME meets with the DGs of Provinces to help build consensus in driving PM&E as a mechanism for improving delivery.
2. Both Malaysia and Indonesia have **legislation** underlying the planning, budget and M&E systems. A more formalized, systematic and predictable system in South Africa would be helpful and legislation would assist with this.
3. Indonesia has also introduced an innovative system of **community-level** planning, budgeting and M&E called PNPM which is applied at scale. It is having a major impact, and the transparency is leading to very low levels of corruption. A similar proposal was commissioned by DCOG. This could be a good model for South Africa.

Operation of the planning, M&E and budget system

4. The planning role in Malaysia and Indonesia is much more developed than in South Africa, particularly around a medium-term (5 year) plan which integrates the outcomes into a broader planning picture and helps to provide an integrated and sustained agenda for the term of government. The planning system is legislated. The planning system needs to be strengthened in South Africa.
5. The **Information Management System** empowers people – inputting data at decentralized points. This is a critical success factor identified by the World Bank and McKinsey and needs to be strengthened in South Africa.

Application of the outcomes approach

6. Both Indonesia and Malaysia have **Delivery Units** focused on "business unusual" and a limited number of outcomes. DPME has the tension of handling the outcomes but also a range of other M&E functions and there is a danger of losing focus and urgency around the outcomes.
7. Having very focused plans behind the outcomes in Malaysia with specific implementation detail (action plans) has assisted implementation. South Africa is now focusing on strategic drivers, and development of more focused implementation plans (both programme and action plans) would be very beneficial.
8. In Malaysia in particular, the degree of **visible political support** and profile behind the outcomes is very strong, with a very hands-on approach by a Minister focused specifically on the outcomes and the Prime Minister meets with the Ministers on progress on the outcomes every six months. It would be helpful in South Africa if this also happened on a 6 monthly cycle.
9. In Malaysia there is a very strong **problem-solving focus.** It would strengthen implementation in South Africa if this was applied more strongly in all meetings such as Implementation Forums, and by output task teams.
10. The **intensive weekly monitoring and problem-solving** cycle in Malaysia is impressive. A similar urgency would assist in South Africa, even if the cycle was monthly not weekly. This should be discussed to see how it could be taken forward, perhaps in sample outcomes, eg combined with the strengthening of delivery management offices (see below).

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11. The **unblocking/debottlenecking** role is much more developed in Indonesia and Malaysia than in South Africa. This role in relation to DPME and Offices of the Premier needs to be thought through much more consciously and capacity allocated. This could have a big impact.

Tools and methodologies

12. The intensive workshopping in 6 week facilitated **labs** helped to create the urgency and develop the plans quickly and get them signed where this took up to 6 months in South Africa. 6 week labs are not practicable here, but perhaps 2-3 weeks would really enable a quality of focus and make the process much faster.

13. The **Delivery Management Offices (DMOs)** for outcomes in ministries create a real nucleus for driving the outcome. Some departments in South Africa, such as Education and Health, have set up similar structures. A delegation from Education and Health could visit the DMOs in Malaysia.

14. PEMANDU has a **Board**, as well as a group of international experts as a panel to verify its reports and give feedback on its approach. In addition the reports are audited by Price Waterhouse Coopers. The model of an **international advisory panel** could be relevant for DPME.

15. **Communication** around outcomes was very impressive in Malaysia, and this should be strengthened considerably in RSA which would increase the political benefits from the outcomes. A major investment is needed in this area.

Next steps

16. There are some specific areas where sharing on tools and methodologies would be useful (including the two mentioned above):

• Exchanges between **politicians** to explore how to build the political profile around the outcomes;

• Sharing experience of **BRISA** in Indonesia and MPAT in RSA on institutional assessment;

• Looking at the Presidency's **situation room** in Indonesia;

• Looking at the **internal audit role** conducted by the Ministry of Home Affairs (MOHA) in Indonesia;

• Considering implementing the **PNPM model** of community-level planning, implementation, and M&E as per the Community Development Grant proposal;

• Consider the potential of using Singapore's **Civil Service College** for training public servants.

Report on a Study Tour to Indonesia, Malaysia and Singapore

Executive summary

1 Introduction

1.1/2 The Department of Performance Monitoring & Evaluation (DPME) in the Presidency organised a study tour to Indonesia, Malaysia and Singapore from 4-14 October 2011, supported by the Programme to Support Pro-Poor Policy Development (PSPPD), a partnership between the Presidency and the European Union (EU). The main purpose was to develop practical lessons that South Africa could apply to strengthen the performance monitoring and evaluation (PM&E) system, and the outcomes approach in particular. The team included the Deputy Minister and several Deputy Director-Generals of DPME, as well as from Offices of the Premier in two provinces.

2 Indonesia

2.1 Indonesia, which has a population of over 245 million, is the world's third most populous democracy, the world's largest archipelagic state, and is home to the world's largest Muslim population. There are 34 national departments and 40 national entities, and 524 subnational entities comprising 33 provinces, 398 regencies or districts and 93 cities. States and local governments have less power than in RSA.

2.2 Indonesia has a well developed planning and M&E system. In terms of **budget**, Indonesia separates recurrent and development budgets and does not yet have a performance-based system in place, although one is planned.

Key players are the President's Delivery Unit (UKP4) responsible for the outcomes; BAPPENAS – the national development planning agency, also responsible for the development fund and M&E; Ministry of Home Affairs (MOHA) – responsible for subnational government, including M&E; Ministry of State Administrative and Bureaucracy Reform (MENPAN) – responsible for administrative reform; and the Ministry of Finance (MOF), responsible for the recurrent budget.

The **planning system** incorporates a long-term (20 year) plan, 5 year term of office government-wide plans, strategic plans of departments as well as annual departmental work plans - both at national and sub-national level -, and plans for the outcomes (referred to as national priorities). Indonesia also has an innovative system of community-level planning, budgeting, implementation and M&E called Rural PNPM.

UKP4 is responsible for **monitoring** the outcomes, BAPPENAS for monitoring the rest of national government and MOHA for subnational government. MENPAN is responsible for individual performance agreements, and MOF monitors recurrent expenditure. There are some interesting initiatives in relation to public participation in monitoring. The approach to **evaluation** includes ex-ante, ongoing and ex-post and is led by BAPPENAS. MENPAN does the institutional assessments (BRISA) while MOHA is responsible for evaluation of subnational governments. It would be useful to follow up further on this.

2.4 Indonesia has 11+3 **national priorities** (outcomes) which are included in the 5-year plan. A mid-term plan (100 day program) and 5-year sectoral programs are developed (similar to the delivery agreements). Ministers' strategic plans are then finalised, with key performance indicators (KPIs). The strategic plans inform the development of Ministers' performance contracts and integrity pacts (like a code of conduct), which are signed with the President. Action plans are determined on a yearly basis from the national priorities, in discussion with the line department, with efforts made to ensure that planning, finance and monitoring are coordinated and synchronised to ensure buy-in. The action plans primarily focus on outputs, with a reported 369 action plans in 2010 and 400 action plans in 2011.

UKP4 has a system of reporting using a reporting template similar to the PoA. They also conduct verification and troubleshooting. At the moment, there is no direct reward and punishment for progress or lack thereof, but rather warning and checking whether this is a planning or implementation issue. Overall they seem to be achieving progress against the outcome targets.

3 Malaysia

3.1 The first years of Malaysia's independence were marred by a Communist insurgency, Indonesian confrontation with Malaysia, Philippine claims to Sabah, and Singapore's secession from the Federation in 1965. Malaysia has been very successful in diversifying its economy from dependence on exports of raw materials to expansion in manufacturing, services, and tourism. There are 13 states but state governments have limited powers, mainly related to traditional authority over land and water, and most services are provided by deconcentrated offices of national departments. Local government has little power and overall the state is fairly centralised.

3.2 The central roles in planning, budgeting and M&E are played by the Prime Minister's Office. The units include the Delivery Unit (PEMANDU), responsible for planning and M&E of the outcomes (called National Key Result Areas, NKRAs), the Economic Planning Unit (EPU, responsible for planning and the development fund) and the Implementation Coordination Unit (ICU, responsible for project M&E). The Ministry of Finance is responsible for monitoring recurrent expenditure.

The **planning system** includes a 2020 vision developed in 1991 (to achieve developed country status), 5 year national development plans, and short-term plans. A logframe format is used for both programmes and projects which are part of the development fund.

Routine performance **monitoring** is carried out by the ICU, which is responsible for business as usual monitoring. They host the SPP II database which is a shared repository of all data related to over 94 000 projects and programmes. Monitoring of the NKRAs is done by PEMANDU. **Evaluation** appears to be outcome monitoring rather than asking questions of how and why. A comment was made that the ICU has a lot of data but doesn't analyse a lot of it, while PEMANDU has been very focused and analyses and tracks ruthlessly.

A modified **budgeting** system (MBS) was introduced in 1989. Under the MBS, all government agencies, federal departments and statutory bodies are required to enter into a programme agreement with the Treasury, specifying the inputs to be used and the expected outputs/impacts of a particular programme/activity for the financial year. Development fund expenditure is planned and approved by EPU, not Finance. Outcome-based budgeting is being introduced by 2016.

3.3 Following the drop in electoral support in 2009, the government decided it had to take a more dynamic approach and focus on a few priority outcomes, the NKRAs. The electoral slogan was "1 Malaysia – People First, Performance Now" and "Big Results Fast*"*. An experienced Malaysian private sector turnaround manager (Senator Dato' Sri Idris Jala) was employed as a Minister in the Prime Minister's Office to establish a Performance Management and Delivery Unit in the Prime Minister's Office (PEMANDU) to focus not on performance but delivery. PEMANDU started by using survey information, opinion polls and dialogues to identify people's key priorities. Six NKRAs were selected, and in July 2011 a seventh was added. The focus was not to fix government across the board, but to focus on a limited number of outcomes, and very selected areas within these and so a **vertical rather than horizontal focus**. The NKRAs are a combination of short-term priorities to address urgent public demands, and equally important long-term issues that require immediate attention.

The process of developing plans for the NKRAs involved intensive 6 week workshops (labs) with up to 40 government staff over 6 weeks, in the process involving up to 500 other stakeholders. A detailed implementation plan (action plan) was produced and signed by the key stakeholders before leaving. Open days were held for each NKRA in 3 places across the country to involve the broader public. Once the plans were produced these were published and distributed widely.

Delivery Management Offices (DMOs) with around 12 staff have been established in the coordinating ministries to drive the NKRAs, and these report to PEMANDU with weekly data on progress. This data is entered every Thursday and reports are produced every Friday and sent to the Minister. Monday is a troubleshooting meeting where the Minister meets with staff responsible for each NKRA specifically for an hour and a half to hear problems they cannot solve and to try and solve these. If they do not have problems they do not come, but that is rare. On Tuesday/Wednesday the problem-solving is taken forward. This means much of PEMANDU's work is around problem-solving. PEMANDU conducts monthly meetings with officers in the ministries to assist them in preparing reports and in monitoring results on a monthly basis. PEMANDU's template on monthly trajectory and dashboard serves as reference material for the twice yearly review sessions between the Prime Minister and each Minister.

A key feature of the success of the outcomes approach in Malaysia is the fact that its implementation is driven by the Prime Minister, who is directly involved in regular meetings to review performance, based on PEMANDU reports, together with the key PEMANDU champion, the Minister in the Prime Minister's Office, Idries Jala. There are formal 6 monthly meetings between the Prime Minister and Ministers to review performance and the scores are published amongst ministers, but not made public. The overall results are presented in a printed annual report which is made available to the public. In addition weekly media messages are drawn out and communicated. To ensure the credibility of the data, a panel of international experts is used to validate the process, and the auditors Price Waterhouse Coopers (PWC) audit the data in the reports.

Overall there have been significant impacts of the system in its first year of operation, building the credibility of the system.

4   Singapore

4.1/2   Singapore became independent in 1965. Despite having no natural resources apart from its location, Singapore has subsequently become one of the world's most prosperous countries with strong international trading links. Its port is one of the world's busiest in the world n terms of tonnage handled. It has an area of 697km2, and a population of 4.7 million with a GDP/capita of over $42 000, over 5 times that of South Africa. As a city-state there is only 1 level of government. Apart from departments there are 60 statutory boards (agencies) and 5 community development councils, each headed by a mayor (all sitting parliamentarians), which perform basic social welfare and neighbourhood building tasks.

4.3   Unlike Indonesia and Malaysia, Singapore has not felt the need to introduce more rigorous M&E or a "delivery unit" located within the head of state. The finance ministry has developed a performance budgeting system. Singapore has no national development plan and even though in the 1990s extensive government intervention and planning were a key feature, there was no rigid central plan. At that time Singapore set itself the target of becoming a developed country, which they have achieved. The main focus of planning in Singapore is around individual sectors, or urban planning, and individual projects. Singapore's experience illustrates an approach to economic planning which goes beyond the dichotomy of 'the market' or 'the plan'. Singapore has adopted 6 whole-of-government strategic outcomes which are shared by ministries in a cluster system. These outcomes were developed by technical staff and proposed to politicians, not the other way round.

There is annual reporting by ministries, both quantitative and qualitative in nature. Qualitative reporting allows the Treasury to engage in strategic conversations and review performance measures. Outcomes progress is published by the Ministry of Finance in a magazine, SPOR.

As in RSA, Singapore has **budget** dialogues between the Ministry of Finance and other ministries and agencies, which creates a feedback loop on performance. There are also cluster level dialogues as well as sector specific committees. Much of their budget interrogation revolves around projects dealing with construction of infrastructure, spatial development and attracting investment.

Public servants repeatedly talk about the 'whole of government' approach which seems to be well instilled in the civil service, where the public can enter the system through any ministry.

5   Lessons emerging for South Africa

Roles and coordination of key players at national level in the planning, budgeting and PM&E system

17. Compared to South Africa, both Indonesia and Malaysia have much stronger and **well-defined planning functions** and institutions. BAPPENAS in Indonesia integrates the planning and business as usual M&E into one organisation. In Malaysia they both fall into the Prime Minister's Office, but with separate structures to take responsibility for planning and M&E of the outcomes (PEMANDU), M&E of other projects (ICU), and overall planning (EPU).

18. The Malaysian system is much more centralised and so cross-institution and cross-sphere working can be driven more easily from the centre. In its more decentralised system, South Africa must find ways to build more effective and cooperative cross-institution and cross-sphere working. Malaysia was explicit about using a situational leadership approach, directive in the beginning, but more consensual as transformation happened. The emerging work on evaluation in South Africa is demonstrating this. An idea that emerged during the visit is that a high level **Director General (DG) Forum,** through which DG DPME meets with the DGs of Provinces would help in building a consensus and in driving PM&E as a mechanism for improving delivery.

19. Indonesia has also introduced an innovative system of **community-level** planning, budgeting and M&E called PNPM which is applied at scale and is having major impacts, and the transparency is leading to very low levels of corruption. A similar proposal was commissioned by DCOG but at the moment is languishing. This could be a good model for South Africa.

20. Both Malaysia and Indonesia have **legislation** underlying the planning, budget and M&E systems. A more formalized, systematic and predictable system in South Africa would be helpful and legislation would assist with this.

Operation of the Planning, M&E and Budget system

21. Indonesia, but not Malaysia, has a long-term (20 year) **plan**, as South Africa will have, and both countries have a **medium-term plan**, which South Africa does not have, which integrates the outcomes into a broader planning picture and helps to provide an integrated and sustained agenda for the term of government. In both countries these plans are supported by legislation.

22. A strong **Information Management System** empowers people – enabling inputting of data at decentralized points. This is a critical success factor identified by the World Bank and McKinsey.

Application of the outcomes approach

23. Both Indonesia and Malaysia have Prime Minister/Presidential **Delivery Units**. Both are very focused on the 'business unusual' aspect and a limited number of outcomes. DPME has a tension of handling the outcomes but also a range of other M&E functions and there is a danger of losing focus and urgency around the outcomes.

24. The degree of **visible political support** and profile behind the outcomes is stronger in Malaysia in particular, with a very hands-on approach by a Minister focused specifically on the outcomes, and on problem-solving to address the outcomes. In South Africa the President has met with the Ministers once around the outcomes. It would be helpful if this could become a 6 monthly cycle. However this would need to be backed up by more confidence in the reporting.

25. The **problem-solving focus** of all meetings noted in Malaysia is helpful in generating a culture where problems are overcome and so implementation can speed up. The **intensive weekly monitoring and problem-solving** cycle is impressive. A similar urgency would assist in South Africa, even if the cycle was monthly not weekly. This should be discussed to see how it could be taken forward, perhaps in sample outcomes, eg combined with the strengthening of delivery management offices (see below).

26. The more focused plans behind the outcomes in Malaysia with more specific implementation planning (action plans) has assisted implementation. Part of the key to the success of the Government Transformation Programme (GTP), is that it is an "**integrated, drilled down programme**" rather than a macro-plan. South Africa is now focusing on strategic drivers, and development of a focused implementation plan (programme and action plan) would be very beneficial. This may specify locations as well as a much narrower emphasis where it will drive change, and be implementable in a shorter time period.

27. The **unblocking/debottlenecking** role is much more developed in Indonesia and Malaysia than in South Africa. This role in relation to DPME and Offices of the Premier needs to be thought through much more consciously and capacity allocated for this. This is likely to have a big impact on performance.

Tools and methodologies

28. The intensive workshopping in 6 week **labs** helped to create urgency and develop the plans quickly and get them signed where this took up to 6 months in South Africa. 6 week labs is not practicable here, but perhaps 2-3 weeks would really enable a quality of focus and make the process much faster.

29. The **Delivery Management Offices** for outcomes in ministries would seem to be very useful as it creates a real nucleus for driving the outcome as opposed to business as usual. Some departments in South Africa have set up similar structures (Education, Health). To enable sharing of lessons, a delegation from Education and Health could visit the DMOs in Malaysia, and some Malaysians come as peer reviewers and assist in planning a way forward in RSA.

30. PEMANDU has a **Board**, as well as a group of international experts as a panel to verify its reports and give feedback on its approach. In addition the reports are audited by Price Waterhouse Coopers. The model of an **international advisory panel** could be relevant for DPME.

31. **Communication** around outcomes was very impressive in Malaysia and Singapore, and this should be strengthened considerably in RSA. A major investment is needed in this area.

32. There appears to be a stronger **verification** system in Malaysia and Indonesia, including random sampling of physical projects which are visited along with the relevant departments. How can verification be strengthened in South Africa?

Next steps

33. DPME discusses the report internally, with the Minister, and at an M&E Forum for areas to take forward.

34. There are some specific areas where sharing on tools and methodologies would be useful including the two mentioned above:

- Exchanges between **politicians** to explore how to build the political profile;
- Sharing experience of **BRISA** in Indonesia and MPAT in South Africa;
- Exploring with Indonesia their approach to **evaluation** in more detail;
- Looking at the Presidency's **situation room** in Indonesia;
- Looking at the **internal audit role** conducted by MOHA in Indonesia;

- Considering implementing the **PNPM model** of community-level planning, implementation, and M&E as per the Community Development Grant proposal;
- Share experience of the **Development Projects Advisory Panel** (DPAP) in Singapore with the Big Projects Unit being set up in Treasury;
- Consider the potential of using Singapore's **Civil Service College** for training public servants.

1   Introduction

1.1   Background

The Department of Performance Monitoring and Evaluation (DPME) in the Presidency is responsible for South Africa's government-wide monitoring and evaluation (M&E) system. The launch of the Department was based on the outcomes approach, and hence there is particular interest in sharing experience around this approach. Malaysia, Indonesia and Singapore's M&E systems are of interest, as they are pursuing outcomes approaches, with a set of national priorities, and in the first two countries with an organisation in the Presidency driving them. Minister Chabane visited Indonesia in November 2010 making contact around performance M&E issues and this was a follow-up visit.

A 10 day study tour was held from 4 to 15 October 2011 to look at the experience of these countries. The study tour was funded by the Programme for Support to Pro-Poor Policy Development (PSPPD), a partnership between the Presidency, the Republic of South Africa (RSA), and the European Union (EU). The PSPPD aims to improve evidence-based policy making in South Africa. One component is support for the Government's M&E system.

The team was led by Ms Dina Pule, then the Deputy Minister of Performance M&E in the Presidency and by Dr Ian Goldman, a Deputy Director General in DPME responsible for evaluation and research, and Team Leader of the Monitoring and Learning Facility of the PSPPD. The other participants included 2 people from the Ministry of Performance M&E, 2 outcome facilitators from DPME (Nolwazi Gasa and Mahesh Fakir), and the heads of PM&E from the Gauteng and Free State Offices of the Premier (Annette Griessel and Daniel Plaatjies), though not all members of the party travelled to Singapore. Annex 1 includes the programme, Annex 2 the list of people met.

1.2   Purpose and approach

The **purpose** of the study tour was to develop practical lessons that South Africa could apply to strengthen the performance monitoring and evaluation (PM&E) system, and the outcomes approach in particular.

Some of the **learning questions** included:

- How does the overall PM&E system operate in these countries, including the relationship between planning, budgeting and M&E? What are the successes and failures and why?
- What roles do different organisations play? How are they coordinated? How have the M&E institutional arrangements evolved, why and what are the lessons?
- How is the outcomes approach planned, funded, implemented – and the lessons from this?
- How is the coordination of outcomes across departments managed?
- How are the roles of the central agency driving the outcomes, other central agencies and state governments managed?
- What action is undertaken and how, as a result of issues emerging from monitoring progress towards the outcomes?
- How is this translating into improved outcomes for the people?
- Success factors, main obstacles and lessons learned in the path towards institutionalization, including the role of the state and how this compares to RSA.

The main elements of the study tour included:

- Meeting with the key departments leading on the outcomes approach (such as the Performance Management and Delivery Unit (PEMANDU) in Malaysia and the Presidents Delivery Unit in Indonesia).
- Meeting with centre of government departments intimately involved in applying the M&E system (eg Presidency, Ministry of Finance etc).
- Meeting with national government departments to understand the application of M&E and the outcomes, and how they see issues, such as the Ministry of Education in Malaysia.
- Meeting with national departments responsible for regional government to understand how this is applied at regional/local government level (Ministry of Home Affairs in Indonesia).
- In Singapore, meeting with the Ministry of Finance, with departments dealing with youth and with the Civil Service College.
- Meeting with McKinsey who also facilitated some of the meetings in Malaysia. Judy Malan of McKinsey South Africa also accompanied the delegation to the meetings in Malaysia.

The detailed programme is in annex 1; annex 2 lists the participants in the study tour, annex 3 lists the people met. Annex 4 is a summary of the evaluation, and annex 5 lists key documents consulted.

1.3   Some comparisons between the 3 countries

Table 1 shows some comparisons between the 3 countries and South Africa. These show that Malaysia is slightly richer than South Africa, and Indonesia significantly poorer. All 3 countries have had significantly higher growth rates than South Africa, and both Indonesia and Malaysia are more industrialised, but agriculture is also providing a large share of GDP. In South Africa and Singapore services make up a bigger proportion of the economy. South Africa has by far the worst Gini coefficient - 0.65, compared to the closest country which is Singapore which has a Gini coefficient of 0.48, and South Africa has by far the highest share of income held by the top 10% of the population. What is striking is how low the poverty rate is in Malaysia compared to South Africa.

Table 1: Comparisons between South Africa, Indonesia, Malaysia and Singapore (Source: World Bank unless stated)

Factor	South Africa	Indonesia	Malaysia	Singapore
Population (million)	49m	245m	28m	4.74m
GDP/capita (US$, 2010)	$7,275	$2,946	$8,373	$43,867
Life expectancy at birth (female, 2009)	52	70	76	84
% with improved water, rural (2008)	78%	71%	99%	100% (all)
Literacy rate (% of age 15+, women, 2009)	87% (2007)	89%	90%	92%
% of GDP from agriculture (CIA, 2009)	3%	15.3%	10.5%	0%
% of GDP from industry (CIA, 2009)	31%	47%	41.4%	28.3%
Unemployment, male (% of labour force, 2009)	22%	7.5%	3.2% (2008)	5.4%
Gini coefficient (CIA)	0.65 (2005)	0.37 (2009)	0.46 (2009)	0.48 (2010)
% of income of highest 10% (2009)	57.5% (2006)	29.9%	34.7%	23.2% (2008)
Poverty headcount ratio, % of pop ($1.25/day, 2009)	17.4% (2006)	18.7%	0	0
Poverty headcount ratio, % of pop ($2/day, 2009)	35.7% (2006)	50.6%	2.3%	0

2   Indonesia

2.1   Background to the country[1]

The Dutch began to colonize Indonesia in the early 17th century and Japan occupied the islands from 1942 to 1945. Indonesia declared its independence after Japan's surrender, but the Netherlands only agreed to transfer sovereignty in 1949. Free and fair legislative elections took place in 1999 after decades of repressive and highly corrupt rule by President Suharto and the New Order regime, and the Constitution was amended to make it more democratic between 1999 and 2002. Indonesia is now the world's third most populous democracy, the world's largest archipelagic state, and is home to the world's largest Muslim population. Current issues include: alleviating poverty, improving education, preventing terrorism, consolidating democracy after four decades of authoritarianism, implementing economic and financial reforms, stemming corruption, holding the military and police accountable for human rights violations, addressing climate change, and controlling infectious diseases, particularly those of global and regional importance. In 2005, Indonesia reached a historic peace agreement with armed separatists in Aceh, which led to democratic elections in Aceh in December 2006. Indonesia continues to face low intensity armed resistance by the separatist Free Papua Movement. It has an area of 1,811,569 km2, an archipelago of 17,508 islands (of which 6,000 are inhabited) and a population of over 245 million (July 2011 est), the fourth largest in the world.

It has a Roman-Dutch legal system, similar to South Africa. The chief of state is President Susilo Bambang Yudhoyono (since 20 October 2004) and the president is both the chief of state and head of government. The Cabinet is appointed by the President. The president and vice president are elected for 5 year terms by direct vote of the citizenry and the last election was held on 8 July 2009. The governmental system has been described as "presidential with parliamentary characteristics".

The House of Representatives or Dewan Perwakilan Rakyat (DPR) formulates and passes legislation at the national level while the House of Regional Representatives' (Dewan Perwakilan Daerah or DPD), constitutionally mandated role includes providing legislative input to DPR on issues affecting the 33 regions. The People's Consultative Assembly (Majelis Permusyawaratan Rakyat or MPR) is the upper house; it consists of members of the DPR and DPD and has a role in inaugurating and impeaching the president and in amending the constitution but does not formulate national policy.

There are 34 national departments and 40 national entities, 33 provinces, 398 regencies or districts and 93 cities, each with their own council so there are 524 subnational entities. Coordination remains a major challenge, exacerbated by the size of Indonesia, and scattered geography. There are 3 coordinating super ministers for welfare, economic and political development to assist with coordination which seems to help but coordination remains a problem where issues cross these super ministries, or for example include one super ministry and a state. Indonesia is trying through parliament to review decentralisation and deconcentration. The system looks good on paper but is difficult to implement. Mention was made of an "*egosectoral*" approach, which nicely captures the challenges of silos.

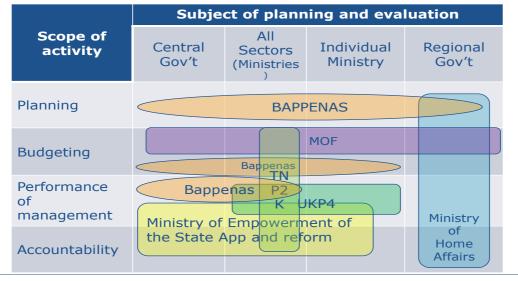[1] Drawn largely from www.cia.gov as well as the briefing provided by the RSA Embassy and Wikipedia

2.2 Indonesia's planning, budgeting and PM&E system

2.2.1 Roles

Indonesia has a well developed planning and M&E system, with a less advanced budget system. Each of these systems is discussed in turn in the next section, where detail of the roles of each organisation in the specific system is provided. Figure 1 provides an overview of the system and roles.

Figure 1: Roles in the planning, budget and M&E system

A number of 'centre of government' departments and agencies play key roles in designing, implementing and generally championing Indonesia's multi-tiered planning, budgeting and PME system. The key players are:

- The Presidential Working Unit for Supervision and Management of Development (UKP4) – responsible for driving the national 11+3 priorities, ensuring linkage in the planning system, and monitoring them.
- BAPPENAS – the National Development Planning Agency, also responsible for M&E.
- Ministry of Home Affairs (MOHA) – responsible for subnational government.
- Ministry of State Administrative and Bureaucracy Reform (MENPAN) – responsible for administrative reform.
- Ministry of Finance (MOF), responsible for the budget

Table 2 summarises the main instruments and who is responsible.

Table 2: Main instrument and organisation responsible

Instrument	Responsibility
Long-term National Development Plan	BAPPENAS
Medium-term National Development Plan (5-year, 2010-2014)	BAPPENAS
Annual Rolling Workplan (3-year)	BAPPENAS
Action plans	UKP4
Strategic plans	Each ministry/agency
Performance agreement/contract	MENPAN/BAPPENAS/UKP4
Annual performance accountability report (LAKIP)	Ministry of State Administrative and Bureaucracy Reform (MENPAN)
Quarterly basis of monitoring report on progress, both financial and outputs	• Ministry of Finance (for financial) • BAPPENAS (for progress on output)
Bureaucracy reform implementation self assessment (BRISA/PMPRB)	• MENPAN • Each Institution

The roles of the key players are:

- **UKP4**: A relatively small unit in the Presidency with 24 staff, UKP4 focuses on key performance areas in line with the government's mandate and is responsible for monitoring, analysing and reporting on performance in relation to action plans. It also undertakes "troubleshooting"/"debottlenecking" work to unblock key projects, including facilitating coordination on multi-sectoral projects. The unit reports directly to the President and Vice President, including through the cabinet system. Presently, the system collects information on 370 indicators, related to 155 action plans, representing 70 programs.

- **The Ministry of Finance**: The Budget Division in the Ministry of Finance is responsible for budgeting in line with priorities as well as monitoring financial information. While the need for a results-based budgeting system is acknowledged, this has not yet been fully implemented.

Figure 2: The roles of BAPPENAS, MOF, UKP4

Bappenas
- Prepare the National Documents Plan
  - Long-Term Development Plan (RPJP)
  - National Medium-Term Development Plan (RPJM)
  - Prepare of Government Working Plan (RKP)
- Hold National Development Forum (Musrenbang)
- Conduct monitoring and evaluation of the achievement the development targets

MoF
- Develop fiscal and macroeconomic framework
- Draft state budget and its amendment
- Implement the collection of state revenue established with the parliament
- Carry out the functions of the state general treasurer
- Prepare financial statements as liability of the budget implementation

UKP4
- Supports Head of State
- Carry out supervision and development control
- Conduct duties in capacity, effectiveness, acceleration, performance and accountability prescribed
- Managing the implementation of synchronization and consistency planning, monitoring, control and accelerated program developments.

- **The Ministry of National Development Planning (BAPPENAS):** BAPPENAS is responsible for Indonesia's system of national development planning. This includes the development of the long-term development plan, the 5 year medium term national development plan, the annual government workplan and spatial planning. BAPPENAS also undertakes monitoring and evaluation in relation to the achievement of the development targets. The M&E reporting mandate of BAPPENAS is based on regulation PP39/2006.

- **The Ministry of State Administrative and Bureaucracy Reform (MENPAN):** Menpan is the key department responsible for the implementation of the

government's bureaucratic reforms [administrative reforms], one of the 11 priorities of the National Medium-Term Development Plan, including performance management in the public sector. It is responsible for improving the overall effectiveness, performance and accountability of the public service through administrative reforms and measures such as regulations, including in relation to the alignment of planning, budgeting and monitoring and evaluation systems across government. MENPAN undertakes evaluations and rates the performance accountability of government departments (similar to the management performance assessment tool (MPAT) process in South Africa).

- **The Ministry of Home Affairs:** MOHA is responsible for ensuring effective provincial and district government and for the provision of support and supervision in relation to planning, budgeting and monitoring and evaluation at these levels, as well as interventions to address weaknesses. MOHA houses the inspectorate general and is responsible for internal audit within the Indonesian government.
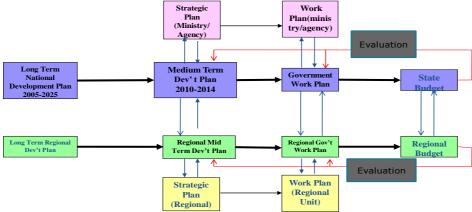
2.2.2 Legal basis and evolution of the system

Indonesia's planning system

Indonesia has evolved a system of planning incorporating long-term planning, 5 year term of office government-wide plans, strategic plans of departments as well as annual departmental work plans - both at national and sub-national level. Figure 1 below illustrates the plans at national and sub-national level. There are some similarities to South Africa. For instance, the equivalent of Indonesia's long-term national plan is the plan that the National Planning Commission (NPC) is developing. However Indonesia has a medium-term plan where South Africa only has a medium term strategic framework, MTSF. Indonesian ministry work-plans are similar to the annual performance plans of South African departments, and the Indonesian government workplan is similar to the South African Programme of Action (POA), although the Indonesian Government workplan includes all government's work. They also have a regional long-term plan which is only present in some metros in South Africa, as well as regional medium-term plans, similar to the provincial growth and development strategies (PGDS).

Figure 3: Indonesia's national development planning system

The main legal basis for planning is Law No. 25 of 2004 on the national development planning system. Article 2 (4) states that the purposes of the system of national development planning are:

1. To support coordination across development actors;

2. To guarantee and safeguard integration, synchronization, and synergy across region and national/central level;
3. To guarantee linkage and consistency among planning, budgeting, implementation and controlling/supervision;
4. To optimize public participation;
5. To guarantee the utilization of resources in an efficient, effective, just and sustainable manner.

As in RSA currently, there are 3 key centre of government authorities that form the nexus between high level planning, budgeting and performance monitoring and evaluation. Broadly the equivalent to the South African NPC, Treasury and DPME are the National Planning Agency (BAPPENAS), Ministry of Finance (MOF) and the President's delivery unit (UKP4) respectively, with slight variations/overlaps as compared to the RSA situation. This is discussed further in section 2.2.

The current 5 year national plan 2010-2014 includes a matrix with output and outcome indicators for each activity and program that relates to a national development priority specified in the plan. BAPPENAS worked with each of the 76 line ministries to develop the indicators published in the matrix. There is also a system of national priorities similar to outcomes with 11+3 outcomes, which are included in the medium-term development plan. This is discussed further in 2.3.

Indonesia is also taking forward an innovative system of community-level planning, budgeting, implementation and M&E. Originally called the Kecamantan Development Programme (KDP), this is now called Rural PNPM (see section 2.5).

Monitoring

The legal basis for M&E is underpinned by Government Regulation No. 39/2006 (Control and Evaluation of the Implementation of Development Planning)**.** The following ministries are closely involved in different aspects of M&E and use monitoring information in various ways.

Ministry of National Development Planning (BAPPENAS)
BAPPENAS' M&E focus is monitoring of the annual government work plan, ministries' work plan, mid-term development plan and ministries' strategic plan, evaluation of the development plan, evaluation of policies, programmes and strategic programmes. The focus is performance-based planning and budgeting, to improve programmes and the management of national policy. There are 178 national programmes, 10,000 activities, and 6,440 performance indicators in the Mid Term National Development Plan RPJMN (source: WB).

Presidential Working Unit (UKP4)
UKP4 undertakes monitoring to help the President fulfil electoral priorities. It supervises ministries in implementing Presidential Instructions on the acceleration of the implementation of national priorities. UKP4 monitors bimonthly/quarterly. The information is used for assessing the performance of Cabinet on a grading basis (using traffic lights) and monitoring the activities and programmes of ministries or agencies. The unit also undertakes verification of a sample of projects and activities and undertakes problem-solving activities to unblock delivery. PDU works very closely with planning and finance. Action plans are determined on a yearly basis, in discussion with the line department and with BAPPENAS and MOF to ensure buy-in.

In 2009, the system largely used document-based monitoring. In 2010, they used emails to send the information (responsibility-matrix driven monitoring) but in 2011, the system became technology-driven monitoring and self-reporting (traffic light system, with supporting evidence). There is security-encryption of government communications (firewall, decree introduced). Higher level information is made public. Further details on M&E in relation to national priorities are given in section 2.3.

Ministry of Empowerment of State Administration and Reform (MENPAN)

MENPAN's M&E focus is on the governance and accountability of government agencies, the performance of planning, measurement, reporting and achievement. MENPAN is responsible for performance agreements/contracts, the annual performance accountability report (LAKIP), quarterly monitoring reports on progress, and the Bureaucracy Reform Implementation Self Assessment (BRISA/PMRB), similar to MPAT in South Africa.

Ministry of Finance

The MOF monitors the work plan and budget (ministry and agency). There are 8 criteria: realisation of budget, output, quality of planning, quality of spending. This is done monthly/quarterly and the information is used for the budget allocation process, and application of a "reward and punishment" system.

Ministry of Home Affairs (MOHA)

MOHA undertakes M&E of regional government. They use 119 indicators (social welfare, competitiveness, delivery of public services) and reports are sent to local government. They have a strong Inspectorate which undertakes an internal audit function.

So the key monitoring instruments in Indonesia are:

- The annual performance accountability report, LAKIP (MENPAN);
- Quarterly reporting, which covers financial and outputs, with MOF dealing with finance and BAPPENAS output progress. This is not yet fully consolidated;
- Bureaucratic Reform Self Assessment which MENPAN is responsible for but each institution has to undertake themselves;
- Responsible ministries undertaking their own monitoring;
- Performance agreements for the President, State Ministers, DGs/Deputies, Deputies/ Directors/ heads of centres/ deputies assistant (MENPAN responsible). From 2005 to 2011 the proportion of these in central government with performance agreements rose from 40% to 72%.
- Internal audit by MOHA of subnational governments.

Recently there has been a particular focus on public participation in monitoring, following Indonesia's joining of the Open Government Partnership Initiative (SA is also a member) and an emphasis on citizen engagement, openness, transparency and participation. Technology and social media are being utilised towards this purpose, including the Online Complaints system LAPOR!, Facebook, Twitter, SMS/MMS, Mobile Applications and a website. Anyone can see progress reported, check and report. UKP4 works with other agencies such as the Police and the Corruption Eradication Commission. Through this process, good progress has been made in addressing corruption. An example is discrepancies in forestry records. Citizens can send GPS coordinates of areas of forest which can be checked against the official records.

Evaluation

The framework for evaluation is shown in Table 3 and this is essentially the responsibility of BAPPENAS. While monitoring is quarterly, BAPPENAS undertakes evaluation mid-term and at the end of the 5 year term (see Table 3). In additional MENPAN does the institutional assessments (BRISA) while MOHA is responsible for evaluation of subnational governments.

In BRISA the performance of government agencies is assessed through a combination of interviews, direct observation and secondary data, and a report is published in AKIP. The analysis is based on the OECD's Common Assessment Framework, CAF. BRISA is undertaken annually and each aspect is scored and weighted and institutions are assigned a grade. This is similar to the management performance assessment tool (MPAT) process in RSA but also includes delivery as well as management functions. They also increase the

evaluability of programmes and agencies' performances by restructuring national programmes in the Medium Term Development Plans.

Table 3:   Evaluation framework

	Government work plan	Medium Term Development Plan
Ex-ante	Selection of indicators Cost benefit analysis	
Ongoing	Quarterly monitoring Mid-term review for government work plan	Mid-term review (outcome and output)
Ex-post	Annual evaluation of outputs Programme evaluation (outcomes)	Outcome evaluation Impact evaluation

MOHA undertakes three forms of evaluation of subnational government:

- **Performance evaluation**, which is undertaken annually. This is a big job and very costly, undertaken on 524 subnational governments. MOHA recommendations go to the relevant technical minister to support the subnational government.
- Level 2 of evaluation is **capacity evaluation**. The result will be a recommendation to the president as to whether the local government will be merged or not merged. If a local government shows poor results, the recommendation to the President can be for merger.
- **Autonomous region evaluation**, monitoring how the region is managing to do their jobs and functions.

A national report is produced on the results of the evaluation of subnational governments.

The budgeting system

For many decades after independence, Indonesia continued to apply the Indonesian Treasury Law inherited from its colonial administration. Its budget saw large amounts of money being spent on keeping the state machinery running – salaries, procurement, operational costs, etc. Performance on expenditure in terms of outputs and outcomes was not given much consideration during the budget/expenditure planning process.

The Asian financial crisis of 1997/98 prompted state administrators to rethink and reform Indonesian planning, performance and budgeting processes. Law 17/2003 on state finances was passed, which consolidated routine and development expenditures (the colonial dual budget classification system) into a single unified budget, and also introduced medium-term expenditure planning, the concept of performance-based budgeting (PBB), and a modern GFS classification system (single table of accounts). The new laws and regulations on public finance, treasury, and planning which were ratified and performed as a legal basis for implementing the new budget system include:

- Law No 17 / 2003 on Public Finance;
- Law No 1 / 2004 on Treasury;
- Law No 15 / 2004 on Auditing of Public Finance Accounts;
- Law No 25 / 2004 on National Development Planning;
- Regulation No 20 / 2004 on Government Work Plan;
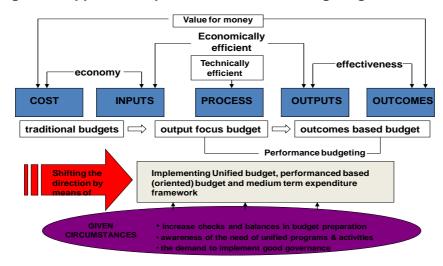- Regulation No 21 / 2004 on Line Ministry and Agency Budget Work Plan.

The recent global financial crisis spurred more changes. In 2008 Indonesia was ready to take another step towards a fully-fledged performance budgeting/results-oriented budgeting system. Figure 5 below from MOF in 2008 outlines the shift towards outcomes-based budgeting.

The results oriented/outcomes reforms entail:

- Integrating national priorities (as national strategic levels) to programme outcomes (as a strategic level for line ministries/government agencies) into activities (as an operational level within line ministries/government agencies;
- Determining key performance indicators of programmes and activities, focusing on output & outcome rather than control of the inputs;
- Developing a budget preparation template which provides appropriate performance information;
- Developing a performance evaluation template which provides performance achievement information;
- Building a costing methodology by utilizing standardized input and activity costs to achieve allocative and operational efficiency.

Figure 4: Approach to performance-based budgeting

The following are the two main phases of **budget reforms** and what was or is being undertaken.

2005 - 2009
- Unified budget between routine and development budget;
- Operational efficiency through restriction in goods expenditure (for reducing inefficiency);
- Programme and activity restructuring;
- Prioritisation based on resource constraints;
- Allocation to Ministries/Agencies based on priority framework;
- The issue of implementation guidelines for planning and budgeting reforms :
    - Implementation guidelines for program and activity restructuring;
    - Implementation guidelines for performance based budgeting;
    - Implementation guidelines for medium-term expenditure framework;
    - The new format for the documents of ministries/agencies' workplan and budget.

2010 – 2014
- The medium term budget baseline (prudent budgeting baseline) and the performance indicators for programs and activities introduced in the Medium-Term National Development Plan 2010-2014;
- New Initiatives mechanism introduced, one instrument to adjust the baseline;
- Costing system and methodology development;
- Further development of the MTEF;
- M&E using performance indicators;
- IT development in support;

- Change management and internal organization;
- Linkages to performance management linking performance based budgeting (PBB) to performance management ;
- The overall review of PBB and MTEF Implementation to improve preparing the next Medium-Term National Development Plan.

An IT-based system to integrate both financial and non-financial performance information is under development, to be implemented in 2011. The system will contain a number of indicators including budget realization, output target realization and a number of indicators on the quality of planning and quality of spending. Performance as measured against these indicators will provide the basis for a recommendation in terms of "rewards and punishment" through budget allocation.

Figure 5 shows the link between planning, budget and performance management.

Figure 5: Planning , budget and performance – programme and activity architecture

2.2.3   Roles of states

There are 33 provinces, each with their own legislature with MPs elected on a proportional representation basis. The legislature is considered equal to the Governor of a province, who is appointed by the President. Following the implementation of decentralisation beginning on 1 January 2001, 398 regencies or districts and 93 cities have been created, each with their own council, so there are 524 subnational entities. Both regency and city are the same level, having their own local government and legislative body. They enjoy greater decentralization and management of their own affairs than the province does, such as providing public schools and public health facilities.

Below the district is a subdistrict (kecamantan) and then a village (Desa or Kekuhuran). With such a large country dispersed across many islands with many different administrative units there are difficulties in coordination, and apparently the country is considering revising the decentralisation act.

Figure 6: Flow and results of reporting

**Flow and results of Reporting
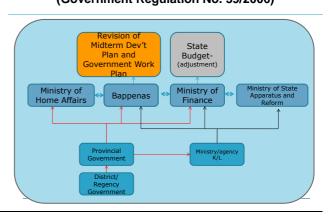(Government Regulation No. 39/2006)**

Figure 6 shows the flow of monitoring reports from subnational departments and entities to the responsible M&E ministries and the use of this information in revising plans and budgets.

MOHA is responsible for M&E of regional and local government, with three types of reporting, on:

(i)   The evaluation of local governance performance;
(ii)   Evaluation of capacity to implement local autonomy;
(iii)   Evaluation of new local autonomy.

MENPAN also monitors compliance with performance agreements by regional and local government.

2.2.4 Coordination around PM&E

There is no single body responsible for overall coordination of PM&E. BAPPENAS is responsible for national level M&E as well as planning, while MOHA is handling subnational. Accountability across provincial and district government is fragmented. Subnational government has to send accountability reports to the provincial or local legislature.

2.3   The outcomes approach in Indonesia

Reform is regarded as the cornerstone of achieving all national priorities. Indonesia has 11+3 national priorities:

1.   Bureaucratic reform and governance
2.   Education
3.   Health
4.   Poverty reduction
5.   Food security
6.   Infrastructure
7.   Investment and business climate
8.   Energy
9.   Environmental and post disaster management
10.   Disadvantaged, isolated and post-conflict areas
11.   Culture, creativity and technological innovation

"Other priorities":

12.   Political, legal and security affairs
13.   Economy
14.   People's welfare

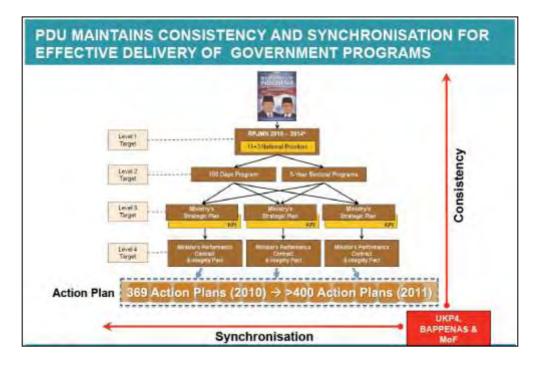### 2.3.1 How the outcomes approach is planned, funded, implemented

Planning the outcomes
UKP4, BAPPENAS, the Ministry of Finance and MENPAN all play a pivotal role in the planning, funding and implementation of the outcomes approach as illustrated in Table 2. Figure 7 shows the linkage between the priorities and the planning system. The 5-year plan outlines the national priorities (outcomes). Following this, a mid-term plan (100 day program) and 5-year sectoral programs are developed (similar to RSA's delivery agreements). Ministers' strategic plans are then finalised, with key performance indicators (KPIs). The strategic plans inform the development of Ministers' performance contracts and integrity pacts (like a code of conduct), which are signed with the President. Action plans are determined on a yearly basis from the national priorities, in discussion with the line department, with efforts made to ensure that planning, finance and monitoring are

coordinated and synchronised to ensure buy-in. The action plans primarily focus on outputs, with a reported 369 action plans in 2010 and 400 action plans in 2011.

A Presidential Directive is then issued to drive implementation. National plans are also translated into sub-national plans, with long-term and medium-term development plans developed for the regional level, coupled with strategic and action plans.
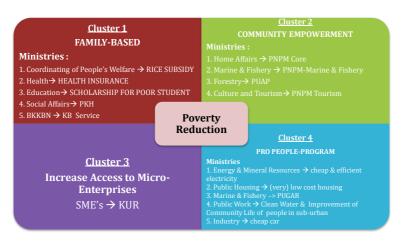
Figure 7: Linkage between outcomes and other plans

Taking Priority 4: "Poverty Reduction" as an example, this is further broken down into "clusters" at output level (see Figure 8), with various ministries allocated responsibilities within the clusters. This is similar to RSA's results chain approach but different with regards to delivery agreements. The responsibility of each ministry/entity in the clusters is then disaggregated to activity level as shown in figure 9 below, with indicators assigned in order to assist in performance measurement and M&E.

Figure 8:

AFFIRMATIVE PROGRAMS FOR POVERTY ALLEVIATION
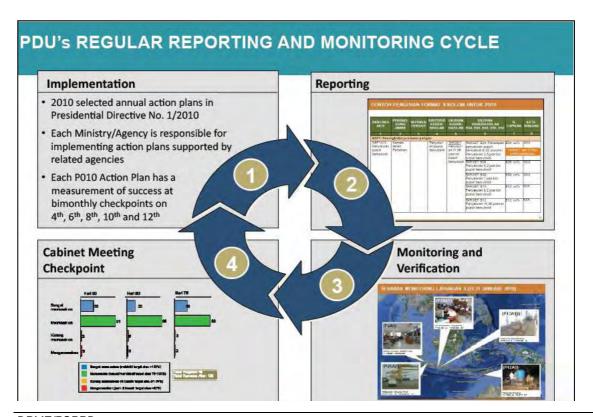
Remarks: with this program/activity-restructuring, there will be no overlap among line ministries, so that each function is in accordance with its task and function.

Figure 9: Cluster outcomes, activities and indicators re national priorities

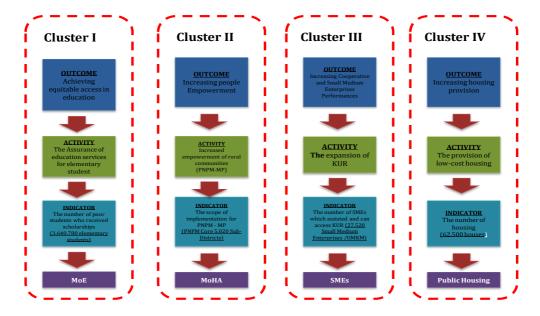The outcome action plans are derived from the national priority. Each year, agreements are reached on action plans that best describe their national priority. After this, they issue presidential instruction/decrees (but currently these are not signed). The second phase is reporting from line ministries appointed to be in charge of the specific action plan. They report quarterly. UKP4 checks and monitors and consolidates reports – focusing on outputs rather than outcomes. It also verifies the reports doing random spot checks, which also serve a troubleshooting role. It does challenge the Ministries on evidence of progress and makes changes where necessary and appropriate. UKP4 then reports on progress, and sometimes directly to president or cabinet (see Figure 10).

Figure 10: UKP4's reporting and monitoring cycle

Monitoring and reporting

Presently, the monitoring system (described below) collects information on 370 indicators, related to 155 action plans, representing 70 programs implemented by 45 line departments and agencies. Essentially, the President's Delivery Unit reports directly to the President and Cabinet on the President's priorities and 155 indicators and BAPPENAS supports them in this work but are actually responsible for more than 1000 indicators.

Each Ministry is responsible for implementing its action plan, supported by related agencies. Each action plan has a measurement of success at bimonthly checkpoints on the 4th, 6th, 8th, 10th and 12th months. Line Ministries report quarterly. They use an 8 column format for reporting (see Figure 11), which is simple yet powerful. It is useful for monitoring of action plans with the Coordinating Minister as well as related agencies, given that Ministries cannot do the work by themselves and some of the agencies can delay the process. The format is used to communicate with the line ministries. If progress is below target the department is asked to explain.

Figure 11: Model of the 8 column report format

They track the output and not the outcome eg the progress on track construction. UKP4 mainly engages directly with the coordinating ministry and not really with the other agencies. If there are delivery challenges related to poor coordination, UKP4 than calls the other departments to ensure strategic coordination. They do not engage if the delay is technical – they leave that to the coordinating ministry to resolve. However in the troubleshooting example the quoted, they did an inspection with the coordinating ministry and jointly identified problems. They also work with fact-based visuals and coordinates (satellite-based M&E).

In terms of monitoring and verification the output is categorised according to type – examples include:

- A **process** eg revision of a law, or a study on effectiveness

- Secondly, an **event**, eg distribution of rice (verification for document and event action plan includes document review/analysis)
- Thirdly, **construction** action plan which includes road and bridge and Kuala Namu Airport – for verification site visit, mostly unannounced

On-site monitoring helps to identify problems to the lowest level of details.

The President has a **Situation Room** which permits on-time viewing by the President and the Deputy President, as they wish, at any given time. There is a tele-presence facility which allows communication with governors.   The focus is usually the economy and social indicators (see Figure 13).

Figure 12: Situation room at Bina Graha

2.3.2   How is the coordination of outcomes across departments managed

To ensure coordination across the national priorities, there are implementation fora that consist of BAPPENAS, the Presidency, Finance, MENPAN and, more recently, Home Affairs, especially because state and regional monitoring and evaluation is complicated.

2.3.3   What action is undertaken and how as a result of issues emerging from monitoring progress towards the outcomes

UKP4 monitors the debottlenecking of strategic issues, but only in response to requests by the President and the Deputy President. Examples of debottlenecking issues include oil lifting-far behind; geothermal and power supply-capacity; sea port and airport development; Jakarta traffic and the Trans-Java Highway. They accord their debottlenecking efforts, with status of whether it is complete or not. Balancing the debottlenecking with the monitoring can be a challenge, given limited capacity (see Figure 12).

UKP4 copies in the President in communications with ministries where serious problems are identified. If there are delivery challenges that might be related to poor coordination, UKP4 then calls the other departments for strategic coordination. The UKP4 does not engage if there is a technical delay – they leave that to the coordinating ministry to resolve.

At the moment, there is no direct reward or punishment for progress or lack thereof, but rather warnings and checks as to whether this is a planning or implementation issue. There is a monitoring and evaluation forum with the line department, mainly to understand what is

the cause of the problem. In following years, performance as measured against the numerous indicators will provide the basis for a recommendation for "rewards and punishment" through budget allocation.
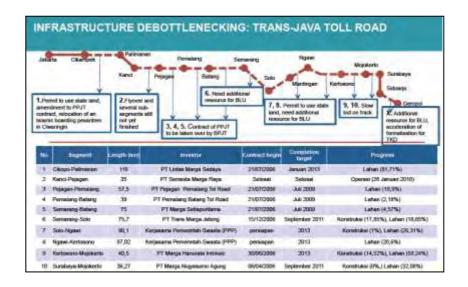
Figure 13: Infrastructure debottlenecking

2.3.4 How is this translating into improved outcomes for the people

In general, performance of national priorities in 2010 met the development goals as planned, such as:

- Participation in higher education reached 26.34% against a target of 24%;
- Participation in secondary education reached 75.64% against a target of 74%;
- The proportion of villages that were self-sufficient in food reached 1994 against a target of 1750 villages;
- Health clinics for the poor reached 8967 units against a target of 8481.

However, additional progress is required in the following areas:

- The use of geothermal for electricity reached only 1189 MV against a target of 1261 MW;
- The development of Sumatera, Java, Bali, Kalimantan, Sulawesi, Nusa Tenggara and Papua causeways (roads) reached only 2530 kms against a target of 3660 kms;
- Access to clean water reached 45,7% against a target of 62%;
- Immunization coverage reached 53,8% against a target of 80%.

2.4 Rural PNPM – community-level planning, implementation and M&E

Indonesia has an innovative system of community-level planning, with grants given to sub-district structures which implement and monitor locally. The programme was originally the Kecamantan Development Programme (Kecamantan is a sub-district structure) but is now called PNPM. The components are shown in the table below. It is primarily an infrastructure program at the kecamantan level and the approach is now national policy, integrated into the fiscal system. It covers about 60,000 rural villages in all provinces except Jakarta, in all 4,805 rural kecamantan/sub-districts. Up to 2009 about $2.3 billion had been distributed and in

2010 alone about $1.3 billion was planned, without calculating local village contributions. A presentation was made to the team on the programme, but these notes are drawn from a proposal made to the South African Government for a similar system called a Community Development Grant (DCOG, 2009). A great fear about this type of system is local level corruption. However in Indonesia where corruption is a major problem, local transparency meant that the audited levels of corruption were less than 1%.

Table 4: Components of KDP/Rural PNPM

Element	Indonesia
What community structure is funded	The block grant is to the villages of a sub-district. Villages prepare proposals for consideration by peers elected from each village--the village head and 5 others, 3 of whom must be women. They only vote on which proposals get funding and which cannot be funded either because they are considered less of a priority, not feasible or funds are not sufficient. The funds go to the village and are managed by a team selected by the village assembly at large. The village head ratifies decisions by the village assembly but cannot change decisions (only ratify or reject).
Type of plan developed (integrated, sectoral or only project etc)	In the beginning only **sub-projects** were permitted, but now the villages are preparing **multi-year development plans** and lists of priority investments for more than one year and for funding other than the block grant they themselves control. In other words, they started small and are now expanding as projects have been realised and villagers see a value in participating and trust in the system.)
Grant covers what (social infrastructure, services, maintenance etc)	"Open menu" with a small negative list, but mostly funds are used for basic village **infrastructure** (lots of access roads and bridges), social infrastructure and **facilities** (health facilities, schools,scholarships etc.) and up to 25% can be used as **capital for women's savings and loan groups, for revolving funds**.
Size of grant	Grant is by sub-district. Now between about $75k to $450k, depending on location (on Java & Bali or off), population and level of poverty. Each sub-district was guaranteed grants for at least 3 years. Now many have been involved for 6 or 7 or even 8 years and the government is saying the program will run until at least 2015 (and is linked to the Millenium Development Goals).
Grant handled through community structure's own bank account or in local government account)	Villages open a joint account at the sub-district, where the banks are located. 4 to 5 signatures are required for withdrawals, including 1 representative from a village, 2 project facilitators and the head of the sub-district financial management unit, The sub-district financial management unit is staffed solely by villagers, elected in open village and inter-village assembly meetings.
Role of local government in the process	Local government signs off on the list of selected projects (agree or reject but NO line item veto), signs off on all disbursements from the local branch of the national treasury, monitors planning and project construction and calls monthly or biweekly coordination meetings to review progress and help to resolve problems. Local government oversees and pay consultants (with funds provided from the national budget). Initially the process was very problematic and had to be handled carefully, but local government is now extremely supportive and very informed.

Some of the lessons from this programme are:

- Well trained facilitators are key to the success of the program;
- One year of funding is a waste of time; must have at least 3 or 5 cycles;
- DO NOT micro-manage village decisions, and be prepared for some mistakes;
- Invest in financial management and informal "audits";
- Institute a robust complaints handling mechanism;
- Keep everything as simple as possible and then make it simpler. Supervise intensely;

- Make sure funds are available to disburse when the planning starts and let the planning process trigger disbursement;
- Expect resistance--no one thinks villagers are smart enough to do what they can do so well and more cheaply than others;
- Local government support will grow over time but provide evidence and promote the program's achievements actively.

2.5   Lessons, what works well and less well and why in Indonesia

What is interesting or appears to work well

- There appears to be a well-developed planning system with a long-term development plan, medium-term development plan and annual work plans, driven by a Ministry responsible for planning and M&E (BAPPENAS) and with founding legislation. Spatial planning is a key component.
- There appears to be stronger legislative oversight than is the case in RSA, and the legislature is able to change budgets.
- The 11+3 national priorities are driven by a small Presidential Delivery Unit (UKP4). They have focused on outputs from the national priorities rather than outcomes, and have action plans for each which are monitored (now around 400);
- There is a strong verification system, including random sampling of physical projects which are visited;
- They have specifically identified the function of debottlenecking and invest in this area;
- UKP4 engages directly with the President, and he uses the reports in his assessment of Cabinet performance;
- The 3 coordinating super ministers dealing with social issues, economic issues and the regions appear to contribute to coordination (but not when it crosses between them).
- The Presidency has a situation room to track progress across the main priorities.
- Many Ministers have strong technical capability (only 18 of 34 Ministers are politicians).
- The IT component seems to be well established within the Presidency and the monitoring of priorities is entered directly, as well as supporting documentation to provide evidence.
- The MOF appears to have been engaged in the reforms from the beginning.
- There is a strong internal audit function, at least in MOHA which deals with the regions, which audits both financial and performance information.
- MENPAN has a different role to South Afria's DPSA and an explicit role of administrative reform. They came across as very professional, and their work relates closely to DPME, eg around the BRISA bureaucratic reform self-assessment tool which includes both management performance as well as results. MENAPN also handles the main reporting of administrative units (quarterly reports, annual reports), rather than Treasury in our case.
- Indonesia has a very interesting system of supporting subdistricts and villages through what used to be known as the Kecamantan Development Programme (KDP) but is now called the MNPM which is operating at a large scale across Indonesia and directly funding local communities at scale, with extremely low levels of corruption.
- **What works less well**
- The auditor general only monitors financial performance, not non-financial.
- Various regulations and different systems of M&E lead to different types and times of reporting creating a burden for ministries/agencies, and a compliance culture on reporting.

- The Indonesian government indicated the system is also very fragmented and that coordination is a big problem, especially when issues cross the 3 coordinating ministers dealing with social issues, economic issues and the regions.
- Failing to use the results of M&E (both by central and regional governments) leads to low quality of implementation.
- The legislative basis for certain areas is unclear, eg the budget.

3   Malaysia

3.1   Background to the country[2]

During the late 18th and 19th centuries, Great Britain established colonies and protectorates in the area of current Malaysia. The area was occupied by Japan from 1942 to 1945. In 1948, the British-ruled territories on the Malay Peninsula formed the Federation of Malaya, which became independent in 1957. Malaysia was formed in 1963 when the former British colonies of Singapore and the East Malaysian states of Sabah and Sarawak on the northern coast of Borneo joined the Federation. The first years of the country's independence were marred by a Communist insurgency, Indonesian confrontation with Malaysia, Philippine claims to Sabah, and Singapore's secession from the Federation in 1965. During the 22 year term of Prime Minister Mahathir bin Mohamad (1981-2003), Malaysia was successful in diversifying its economy from dependence on exports of raw materials to expansion in manufacturing, services, and tourism. Current Prime Minister Mohamed Najib bin Abdul Razak (in office since April 2009) has continued these pro-business policies.

Of the population of 28 million, Malays make up 50.4%, Chinese 23.7%, indigenous peoples 11%, Indians 7.1%, others 7.8% (2004 est). A significant proportion of wealth is held by the Chinese population and under the New Economic Policy of 1970 Malaysia has implemented special economic and social preferences for ethnic Malays to rebalance the economy and access to opportunities. Prime Minister Najib has raised possible revisions to this policy but has encountered significant opposition, especially from Malay nationalists and other vested interests.

Malaysia's chief of state is nominally the paramount ruler (commonly referred to as the King) who is selected on a rotational system from among 9 sultans. The position of the king is primarily ceremonial. There is a bicameral Parliament consisting of a nonelected upper house and an elected lower house.

The Cabinet is appointed by the prime minister from among the members of Parliament, with the consent of the king. The bicameral Parliament or Parlimen consists of the Senate or Dewan Negara (44 members appointed by the king, 26 elected by 13 state legislatures to serve 3 year terms with a 2 term limit) and House of Representatives or Dewan Rakyat (members elected by popular vote to serve up to 5 year terms). In the last election for the House of Representatives which was held on 8 March 2008, the BN coalition won 50.3% of the vote, with opposition parties 46.8%, and others 2.9%. The drop in votes for the BN coalition has put pressure on the governing coalition, and a drive for the government to be seen as effective.

There are 13 states with three "components", the cities of Kuala Lumpur, Labuan, and Putrajaya. Powers of state governments are limited by the federal constitution and relate to traditional authority over land and water, while most services are provided by deconcentrated offices of national departments. Local government has little power.

Malaysia has transformed itself since the 1970s from a producer of raw materials into a middle-income country. Malaysia is attempting to achieve high-income status by 2020 and to move farther up the value-added production chain by attracting investments in Islamic finance, high technology industries, biotechnology, and services. Exports remain a significant driver of the economy, particularly electronics, oil and gas, palm oil and rubber. As an oil and gas exporter, Malaysia has profited from higher world energy prices, although the rising cost

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[2] Largely drawn from www.cia.gov, as well as Wikipedia.

of domestic gasoline and diesel fuel, combined with strained government finances, has forced Kuala Lumpur to begin to reduce government subsidies. The government is also trying to lessen its dependence on state oil producer Petronas, which supplies more than 40% of government revenue.

Urban areas have benefited heavily from government investment, but rural areas less so, hence the drive in the recently applied NKRAs (outcomes) for rural basic infrastructure.

3.2   Malaysia's planning, budgeting and PM&E system

3.2.1   Roles of key players at national level

The Prime Minister's Office

The Prime Minister's Office is not only the apex of planning, programming and budgeting, but also the highly centralised driver of performance monitoring and evaluation. The Prime Minister's Office includes the Performance Management and Delivery Unit (PEMANDU), the Implementation Coordinating Unit (ICU) and the Economic Planning Unit (EPU).

Performance Management and Delivery Unit (PEMANDU)
The Performance Management & Delivery Unit (PEMANDU) was formally established in September 2009 in the Prime Minister's Department. PEMANDU's main role and objective is to drive the progress of the Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP), overseeing implementation, assessing progress and facilitating and supporting delivery. The Chairman of the PEMANDU board is a Minister in the Prime Minister's Department, in charge of National Unity and Performance Management. The post of Deputy Chairman and Chief Executive Officer of PEMANDU is held by a Minister in the Prime Minister's Department YB Senator Dato' Sri Idris Jala. To allow PEMANDU to carry out its responsibilities effectively, it combines the best talent from both the civil service and private sector.

While the responsibility for end-to-end delivery of key result areas of the GTP ultimately rests with the respective ministries, and the success of the national key economic areas of the ETP (NKEAs) rests with the private sector, PEMANDU has been mandated to catalyse bold changes in public and private sector delivery, to support the ministries in the delivery planning process and provide an independent view of performance and progress to the prime minister and ministers.

In relation to the ETP, PEMANDU has been tasked with facilitating the implementation of the Entry Point Projects (EPPs) and Business Opportunities (BOs) that have been identified to ensure that Malaysia is transformed into a high-income nation by 2020.

Implementation Coordination Unit (ICU)
The ICU is responsible for the Project Monitoring System within the Office of the Prime Minster and through this project monitoring interacts with the various departments and regions. It has some 2000 staff at headquarters and in the states. ICU hosts the main IT system, the SPP II, which is a shared repository of all data related to projects and programmes. The system provides a comprehensive and up to date view of the status of current projects via a single interface. The 3 main roles of the ICU are:

o   To coordinate, monitor and evaluate implementation and outcomes of the Malaysian Five Year Development Programme **– Delivery Transformation**;
o   Management, implementation and monitoring of the allocation of the Prime Minister's Programme/Special Projects – **Special Projects Coordination;**
o   To coordinate, monitor and evaluate programmes and projects for People's Welfare – **Strategic Development.**

In addition, the ICU:

o   Coordinates, implements, monitors and evaluates project infrastructure maintenance and the maintenance of public infrastructure projects;
o   Coordinates and monitors the effectiveness of policies and strategies for the 'One Village One Product' programme;
o   Provides the Secretariat for main government meetings;
o   Coordinates and monitors the effectiveness of key policies and strategies, notably the Restructuring Society of Penang Bumiputra Participation (affirmative action) and the Penang Regional Development Authority.

So ICU is responsible for "business as usual" monitoring, while PEMANDU is responsible for the national key result areas and national key economic areas.

Economic Policy Unit (EPU), in Prime Minister's Office
EPU is the main planning unit. It was established in 1961 and its roles are to:

- Formulate policies and strategies in development planning;
- Prepare long and medium term plans;
- Prepare development programme and project budgets;
- Monitor and evaluate the achievement of development programmes and projects;
- Advise government on economic issues;
- Initiate and undertake necessary economic research;
- Plan and coordinate the privatization programme and evaluate its achievement;
- Coordinate Malaysia's involvement in the development of the Growth Triangle Initiatives;
- Initiate and coordinate bilateral & multilateral assistance;
- Manage the Malaysian Technical Cooperation Programme.

The Finance Ministry
The Prime Minister is also the Minister of Finance in the Malaysian Government. The ministry under the political leadership and management of the Prime Minister is responsible for budgeting and taxation. Its key responsibilities are:

- To formulate and implement fiscal and monetary policies;
- To formulate financial management and accounting processes, procedures and standards to be implemented by all Government;
- To manage the acquisition and disbursement of federal Government loans from domestic and external sources;
- To monitor that Minister of Finance Incorporated companies are managed effectively;
- To monitor the financial management of ministries, government departments and statutory bodies.

Note that development fund expenditure is planned and approved by EPU, not Finance.

Example of a National Ministry – the Ministry of Women, Family and Community Development
The central role of this Ministry is to eradicate what are referred to as "hardcore" poor households, to train and develop women and to offer housing for sale to current tenants, including housing for rent to low income households. The Ministry also provides training and initial income support to women entrepreneurs from low income households. The facilitation and development of women entrepreneurs draws women in all sorts of business such as agriculture, services, manufacturing, farming and business. The Ministry's contribution to the *Reducing Poverty* programme includes:

- Upgrading of dilapidated schools by serving as an agent to the Ministry of Education;

- Nutrition basket programme for malnourished children implemented in conjunction with the Ministry of Health;
- Facilitating low cost units for sale under DBKL where the extremely poor and poor have their monthly maintenance fees paid, thereby increasing home ownership and rental among low income households;
- Shelter homes for marginalised groups, especially HIV and AIDS patients;
- School Uniforms and Bag Programme for school children from extremely poor and poor communities;
- Nutrition assistance.

3.2.2   Legal basis and evolution of the PM&E system

Planning system

Malaysia developed a 2020 vision in 1991, with the goal of becoming a developed country. That target is very apparent. The First Outline Perspective Plan (OPP1) was for the period 1971-1990, a Second Outline Perspective Plan (OPP2) covered the period 1991-2000, and a Third Outline Perspective Plan (OPP3), 2001-2010.

Figure 14: Malaysia's development planning system

There is a system of 5 year national development plans, which is currently in the tenth plan period which runs from 2011 to 2015 (see Figure 14). The short-term plans are the annual budgets (Husin, 2006). The custodian of planning is the Economic Policy Unit (EPU) which covers macro-economic planning, sectoral planning and also is responsible for the Development Fund (capital projects).

A logframe format is used for both programmes and projects which are part of the development fund and which are entered on ICU's SPP II system. The term 'programme' is used for non-physical interventions, and project for physical interventions, but a programme also refers to a group of projects.

Monitoring and evaluation

Routine performance monitoring is carried out by ICU. ICU hosts the SPP II database which is a shared repository of all data related to projects and programmes. The system provides a comprehensive and up to date view of the status of current projects via a single interface. It is mandatory for Ministries to enter data directly into the system, and this is part of their KPIs.The ICU verifies the data partly through project visits. There have been some 94 000 projects monitored during the 9th national plan. The states monitor many of these, those that are priority are monitored by ICU directly, and PEMANDU monitors the NKRAs which represent the top priority projects. The ICU has some engineers for project monitoring but there are not sufficient numbers. They have seen a fall in the proportion of projects delayed.

Evaluation appears to be seen as logging achievement against outcome targets (outcome monitoring), rather than a deeper evaluative learning process which interrogates why impacts

are or are not achieved. 8343 programmes and projects have been evaluated. There is a module to assist ministries to prepare evaluation reports in a simple manner and the results are stored on the SPP II. Project evaluation reports are sent to the National Action Working Committee and the National Action Council. They sometimes do the evaluations themselves.

The ICU has 3 sessions with the Ministries in a year where they present information on the outcome evaluations. Evaluations are given to Parliament once a year.

The comment was made that the ICU has a lot of data but doesn't analyse a lot of it, while PEMANDU is more focused and analyses and tracks ruthlessly.

Budgeting

A modified budgeting system (MBS) was introduced in 1989. Under the MBS, all government agencies, federal departments and statutory bodies are required to enter into a programme agreement with the Treasury, specifying the inputs to be used and the expected outputs/impacts of a particular programme/activity for the financial year. Expenditure for each government agency is broken down into its activities and discretion is given to managers in terms of virement. This is intended to enable them to effectively respond to changing circumstances and develop a more accountable system of management not only in terms of compliance with rules and regulations but also in terms of efficiency and effectiveness of program performance. Unlike in the past, the performance of each agency is measured in terms of quality and quantity of outputs, costs, timeliness etc. (Siddiquee, 2006).

The stages in planning and budgeting, showing the link with the programme agreements, are as follows (drawn from Trivedi):

Step 1: Call for proposals for projects and programs to be executed during the next five years
Before the start of the 5 year plan, the EPU compiles a list of projects and programs proposed by various ministries and determines the demand side for the resources. The ministries and agencies send proposals before knowing the exact size of the total envelope but base it on past trends and changing national priorities.

Step 2: Determine the overall resource envelope for the plan period
The EPU macroeconomics division works out the resource availability for development projects and associated recurrent expenditure during the forthcoming plan period. This estimate does not include recurrent expenditure for on-going projects and has to be consistent with the relevant Perspective Plan and Vision 2020. EPU uses iterative macroeconomic modelling to determine the resource envelope for the Plan.

Step 3: Determine sectoral allocations for the plan period
The EPU sectoral division allocates the resources among various sectors by looking at future needs and past performance of the sectors. The plan allocation for development expenditures and associated programmes/projects, once approved, become sacrosanct and should not change unless there is a shortfall in predicted revenue. There is no explicit ranking of programmes and projects at this stage. The concerned parties, though, do have an implicit idea of the relative importance of the projects.

Step 4: Announcement of expenditure targets
A Budget Call Circular is issued at this point. It outlines past trends, future projections and expenditure targets for each ministry. It acts as a guidance document for drafting programme agreements and also contains "threshold" limits for respective ministries. All new budgetary proposals arising out of new policy initiatives must exceed this threshold limit to be considered by the budget committee at the Treasury. If the

threshold limit is RM 50,000 and the cost of the proposal is RM 150,000, then the agency will get 100,000 from the Treasury and will have to fund RM 50,000 from its savings. The rationale behind this concept is to provide incentives for agencies to effect savings and encourage them to make only serious proposals. That is, agencies have to put their money where their mouth is. Expenditure targets include recurrent expenditure for new policies and projects in addition to the recurrent expenditure for planned projects and development expenditure approved earlier.

Step 5: Preparation of budget proposals
This step involves internal discussions and decisions within each ministry. Sub-expenditure targets are decided and each ministry sends a Call circular internally asking various units to submit proposals. Each ministry also decides on its long-term strategic plan. This includes long-term, medium–term and short-term targets. Malaysia has moved to a multi-year budgetary framework and thus each ministry is required to submit annual targets for two years.

Step 6: Preparation of programme agreements
This step starts with a review of the previous programme agreement for which data is available. In view of past performance and future requirements (as per the strategic plan for the agency), new activities are added or saving proposals made for the proposed program agreement for the next fiscal year. That is, ministries put their budget proposal in the form of a program agreement. As we shall see later, the focus in presenting program agreements is on what value the nation can expect for requested budgetary support (see Annex I for a sample performance agreement).

Step 7: Review of the programme agreements by MOF
The review of performance agreements involves both the budget officers from MOF and sectoral experts from EPU. They look for consistency between the proposals in the programme agreement and the plan and emerging national priorities. They examine and approve new proposals, savings proposals and one-offs.

Step 8 Review of the budget (programme agreements) by the Cabinet
Each member of the Cabinet examines all performance agreements to ensure that there is cross-sectoral consistency among policies. Comments and proposed changes are forwarded to respective agencies with instructions to incorporate proposed modifications.

Step 9: Approval by Parliament
The performance agreement documents are presented to Parliament as part of the budgetary papers for approval and information.

Step 10: Final submission of programme agreements to the MOF

Note that development fund expenditure is planned and approved by EPU, not Finance. However the recurrent and development fund expenditure is being merged in 2016 as part of the outcomes-based budgeting process.

Performance-based budgeting and programmes

In an attempt to establish linkages between performance and rewards, the National Remuneration System (NRS) has introduced a matrix salary schedule which replaces the linear salary scale followed earlier. Based on employees' performance, the salary may move in four different directions: static, horizontal, vertical and diagonal. Dynamic performers can move diagonally and enjoy double annual increments compared to average performers. On the other hand, poor performers will receive no salary increments for a particular year. With such features, the NRS was expected to satisfy the long-standing concerns of public servants.

The introduction of NRS has been quickly followed by a new performance evaluation, which has been designed to minimize elements of subjectivity in the performance appraisal system. The new system is expected to provide for a more systematic, transparent and reliable measurement of employee performance. The whole task of performance appraisal has been decentralized: a panel is empowered to examine, consider the performance of an employee, decide on the salary progression and determine the number of officers who are eligible for various types of salary increase without disregarding the specified quota for the respective categories (Sarji, 1996c).

The ICU indicated that outcomes-based budgeting is being introduced for 2013. They are piloting with 5 ministries next year. It will be implemented fully from 2016.

3.2.3 Roles of states

Each state has a unicameral state legislative chamber ("Dewan Undangan Negeri" in Malay) whose members are elected from single-member constituencies. State governments are led by Chief Ministers who are state assembly members from the majority party in the Dewan Undangan Negeri. They advise their respective sultans or governors. In each of the states with a hereditary ruler, the Chief Minister is required to be a Malay, appointed by the Sultan upon the recommendation of the Prime Minister. Although Malaysia is a federal state, its states have limited powers and its federalism appears to be highly centralised.

The local government or local authority (kerajaan tempatan or pihak berkuasa tempatan in Malay) is the lowest level in the system of government in Malaysia, after federal and state. It has the power to collect taxes (in the form of an assessment tax), to create laws and rules (in the form of by-laws) and to grant licences and permits for any trade in its area of jurisdiction, in addition to providing basic amenities, collecting and managing waste and garbage as well as planning and developing the area under its jurisdiction. Local authorities in Malaysia are generally under the exclusive purview of the state governments and headed by a civil servant with the title Yang Di-Pertua (President).

The enactment of the Local Government Act of 1976 established in essence only two types of local council - one for urban municipalities and one for rural areas. Apart from those mentioned by Act 171, there are many other agencies established and charged with the role of a local council, established under special Acts of Parliament or state ordinances. There are currently four types of local government in Malaysia:

- City - called City Hall or City Council (eg Kuala Lumpur City Hall)
- Municipality - called Municipal Council (eg Ampang Jaya Municipal Council)
- Rural area - called District Council
- Special and modified local authority - called Corporation, Development Board, Development Authority or simply Pihak Berkuasa Tempatan.

Currently there is a total of 151 local authorities in Malaysia: 12 city councils, 39 municipal councils, 98 district councils and 5 modified local authorities. (http://en.wikipedia.org/wiki/Local_government_in_Malaysia).

Relative to South Africa, the states or provinces in Malaysia are constitutionally and legislatively weaker. The roles of states were recently changed to become deconcentrated implementing agents of central government. It appears that the various Ministries, and in particular PEMANDU, ensure collaboration with State and District Offices to assure the successful implementation of the various undertakings within the GTP. Implementation of individual projects involves various federal and state departments and agencies. This is especially demonstrated in the nationwide effort to fight crime where specific emphasis was placed on the four hotspot states – Kuala Lumpur, Selangor, Penang, and Johor.. State agencies also assist in the implementation of the NKRA initiatives.

3.3   The outcomes approach in Malaysia

3.3.1   Background to the Outcomes Approach in Malaysia

Following the drop in electoral support in 2009, the government decided it had to take a more dynamic approach and focus on a few key priorities. The electoral slogan was "1 Malaysia – People First, Performance Now" and "Big Results Fast". An experienced Malaysian private sector turnaround manager (Senator Dato' Sri Idris Jala) was employed as a Minister in the Prime Minister's Office to establish a Performance Management and Delivery Unit in the Prime Minister's Office (PEMANDU) to focus not on performance but delivery. PEMANDU started by using survey information, opinion polls and dialogues to identify people's key priorities and 6 priorities, the national key result areas (NKRAs) were selected, and in July 2011 a seventh was added. These were identified as the Government Transformation Programme (GTP), with a timeframe of 1-3 years to achieve significant results. The idea has been not to fix government across the board, but to focus on a limited number of outcomes, and very selected areas within these and so a **vertical rather than horizontal focus**. They have also focused on using existing capacity. The timeline is shown in Table 5.

The NKRAs represent a combination of short-term priorities to address urgent public demands and equally important long-term issues affecting people that require immediate attention. To reflect the importance of the NKRAs, they are collectively owned by the Cabinet, with accountability for delivery resting on a lead minister, who is appointed and formally monitored by the PM.

The NKRAs have been incorporated in the Tenth Malaysia Plan, 2011-2015, which outlines the Malaysian government's overall outcomes-based approach (OBA).   The Plan is seen as "a new way for the government to deliver" and sees the management of priority outcomes as an effective means to accelerate delivery in a transparent and accountable manner.

The Tenth Plan, published in 2010, makes a commitment to adopt an outcomes-based approach for planning, resource allocation, monitoring and evaluation. This, according to the Plan, means "establishing a clear set of outcomes for national priorities measured by objective KPIs" (Tenth Plan p329). Among the benefits of the outcomes approach identified in the Tenth Plan is more effective resource management and therefore greater value-for-money from public investments. The Plan identifies the following key steps for the outcome-based approach:

- **Defining national priority outcomes**: These were developed based on consultation with multiple stakeholders and include the the Tenth Plan key result areas (NKRAs) and national key economic areas (NKEAs).

- **Leveraging broad expertise to develop strategies and plans**: Cross-functional technical working groups were formed to develop strategies and plans to deliver the outcomes. In the case of the GTP, labs and open days were held, drawing on the expertise of public, private sector and civil society participants.

- **Establishing single-point accountability for outcomes**: To ensure accountability, the system attributes KPIs to measure performance against outcomes of Ministers and senior civil servants. Both the KPIs linked to the NKRAs and those linked to the Tenth Plan KRAs are cascaded from national level to project implementation level within ministries and agencies. This helps ensure alignment with the outcomes at all levels of government.

- **Creating transparency about performance**: Transparency about performance is seen as reinforcing accountability for outcomes, with a commitment in the Tenth plan to report regularly and transparently to the public. Targets and initiatives are provided in the GTP Roadmap and its annual report, as well as in the Tenth Plan.

In enabling the outcomes-based approach, the Tenth Plan identifies key initiatives to enable the outcomes-based approach, including resource allocation. Key initiatives include:

- **Adopting outcomes-based budgeting:** This ensures an integrated view of the funding requirements of a programme and helps ensure that resources are allocated in line with priorities.
- **Introducing a 2 year rolling cycle within a 5 year planning horizon:** This allows for greater flexibility in the reprioritisation of programmes and projects, which are allocated budgets based on 2 year rolling cycles, with an annual review process to ensure seamless planning and implementation.
- **Embedding an integrated approach to planning:** An integrated approach requires all stakeholders to examine economic, social and environmental costs and benefits prior to project selection. It also takes into account the national physical plan, state structure plans and local plans as a guide in planning and sharing of resources, particularly in relation to land use, infrastructure, utilities and services.
- **Regular monitoring and evaluation of outcomes:** This is seen as the most critical factor in the outcomes-based approach. The strengthening of management information systems is identified as a key component to enable systematic and regular performance monitoring, evaluation, reporting and ensuring remedial actions where necessary.

3.3.2   How the outcomes approach is planned, funded, implemented

The overall OBA system of planning, implementation, monitoring, reporting and budgeting in Malaysia can be divided into two key categories:

- **Business unusual:** This relates to the government's dynamic strategic transformation and delivery agenda, in particular the GTP/ETP, the NKRAs and their related implementation plans, budgets, indicators and targets. This focuses on short-term activities and problem-solving to deliver visible and tangible results which results are tracked at the highest level and communicated to the public on a regular basis. There is a strong emphasis on transparency and direct accountability of Ministers both within government and to the public. This aspect of the system falls under PEMANDU.

- **Business as usual:** This deals with the ongoing day-to-day activities of the government, which are implemented by Ministries and Departments in line with the 5 year plans and budgets (10th Malaysia Plan). Key projects are monitored by the ICU, which has been part of the Prime Minister's Office for a long time and is part of the established bureaucracy. ICU also has regional offices and conducts onsite monitoring.

The 6+1 NKRAs which form part of the GTP are:

- Reducing crime (led by the Minister of Home Affairs)
- Fighting corruption (led by the Minister in the PM's Department, Law and Parliamentary Affairs)
- Improving student outcomes (led by the Minister of Education)
- Raising the living standards of low-income households (led by the Minister of Women, Family and Community Development)
- Improving rural basic infrastructure (led by the Minister of Rural and Regional Development)
- Improving urban public transport (led by the Minister of Transport)
- Reducing the cost of living.

The NKRAs were chosen as a combination of short-term priorities to address urgent, people's demands and equally important long-term issues affecting the public that require government's attention now.

The outcomes-approach is applied, not just in identifying the high-level country outcomes (NKRAs) but also in relation to the methodology used to set indicators and targets in each area of work.

Developing the GTP and NKRAs
According to PEMANDU, the development of the GTP roadmap entailed a radical and transformational approach, which sought to "draw on the best minds in both the public and private sector". This included the following key stages (see Table 5):

- 6 week intensive labs;
- Open days to involve the broader public;
- An extensive investment in communication.

6 week intensive labs (workshops) were held for each of the NKRAs, to plan and establish in detail what needed to be done in each area, with around 30-40 middle level public servants attending, involving up to 500 stakeholders during the process, and not completing until a full action plan was produced and signed by the key departments. Initially McKinsey facilitated the lab process, but government leaders were identified to lead on each of these NKRA labs. The Prime Minister and Ministers attended weekly at which point the labs had to present where they had got to, which added a competitive spirit to the process. The targets set were very ambitious and short-term – 1 year, and included a mix of outcome targets, and output targets that would be easier to monitor. In order to achieve the targets the methodology required doing more with less money. An example was provided from crime, where they decided to reallocate the "bobbies on the beat" and concentrate on the 50 top hotspots. In a very practical way they decided how many people they needed, and then worked out how to allocate the policemen – initially moving people from areas with low crime, then reallocating policemen doing back-office jobs, then getting soldiers to man the borders thus freeing up the policemen there for reallocation.

Table 5: Timeline for implementation of outcomes system (GTP)

Activity	April 09	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-Mar 10	Apr-Jun 10	Jul-Sep 10
PM sworn in	X											
Cabinet workshops select 6 priorities		X	X	X								
PM agrees KPIs with ministers			X									
PM engages top 3000 civil servants in town hall				X								
PM announces 6 NKRAs targets on 100th day					X							
PEMANDU established					X							
PM chairs delivery task force for all NKRAs					X							
Labs for detailed implementation planning							X	X				
Open days									X			
PM-Minister perf reviews									X			
Roadmap launched										X		
Weekly communications plan with impact delivered per NKRA										X	X	
5 year plan redirecting resources to NKRAs											X	

Open Days were held to share the outputs of each of the labs with broader stakeholders, including members of the public and to obtain their feedback. 3 labs were held for each NKRA in different parts of the country with a total of around 10 000 people participating.

The **GTP Roadmap** and commitments to the public were published and communicated in 261-page, 37-page and 20-page versions, as well as on CD and the internet, reaching 28 million Malaysians, so that "people knew what we were going to do".

There is a very active process of informing and actively **communicating** with the public on a weekly, monthly and annual basis as to what government has delivered. This takes the form of inserts in newspapers and on television and other mass media.

Each NKRA has National Key Performance Indicators (NKPIs) and targets which, if effectively implemented, will bring about the desired positive outcomes. A set of action plans are drawn up to achieve these. According to the GTP 2010 annual report:

- The targets are ambitious, "stretched targets" in line with the purpose of delivering quick and significant improvements and the development of a high-performance culture in the Malaysian public service and the country in general. This is based on the philosophy that, "only when you challenge yourself are you propelled to grow and facilitate ground-breaking results".
- The implementation of the GTP/ NKRA and OBA takes place against a backdrop of deliberate attempts to bring about a paradigm shift in the mind-set of the bureaucracy and government in general.
- The approach has fuelled significant learning opportunities.
- Part of the key to the success of the GTP, according to the government, is that it is an "integrated, drilled down programme" rather than a macro-plan. This is key, as a GTP report explains: "One of the key features is that we are able to drill down from the biggest to the smallest detail of every NKRA and NKPI. Every implementation stage, tactical initiative and action plan as well as individual persons or locations can be identified, tracked and monitored. Data, statistics and figures reflect the true nature of the situation without any round-ups. In essence, we have adopted a high degree of precision and accountability in the implementation of the GTP".

Ministerial KRAs

Another important feature of the OBA in Malaysia is the Ministerial Key Result Areas (MKRAs). According to the GTP 2010 Annual Report[3], "While the NKRAs address urgent needs of the *rakyat* [the people] for which the Cabinet is collectively responsible, the MKRAs consist of key functional areas that are within the purview of each Ministry. These function areas are centred on improving the wellbeing of the rakyat." They are the business as usual targets. Once again, though, these are outcome-based and not output-based. "Each MKRA has specific Key Performance Indicators (KPIs), known as Ministerial Key Performance Indicators (MKPIs). The MKPIs are key deliverables that each Minister is accountable for in a particular year... MKRAs and MKPIs are focused on impact to the rakyat as well as specific outcomes rather than outputs." The MKRA process was rolled out in tandem with the NKRA initiative, "with the realisation that the collective efforts of the Ministries were needed – directly or indirectly - to support the NKRAs."

A standard format was applied across all ministries for the development of MKPIs, including: key result areas (developed on the basis of the Ministry's Vision and Mission); MKPIs, which

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[3] Government Transformation Programme, Annual Report 2010, Jabatan Perdana Menteri, p216

are outcome-oriented and which address the rakyat's needs; specific KPI targets which are bold, stretched and which deliver results fast, and identification of interdependencies relating to the participation of other ministries and touch points on how each KPI brings about a positive impact on the country and the rakyat.

The implementation of the MKPIs entailed the following steps:

1. Establish ministers' KPIs
2. Develop ministry implementation plan
3. Performance monitoring of KPIs
4. Prime Minister-Minister performance reviews twice a year
5. Rewards, consequences and actions.

While the first four steps have been concluded, attention is still being paid to the issue of rewards, consequences and actions.

Budgeting plan
The 5 year plans (for example, the Tenth Malaysia Plan 2011-2015) lay the basis for the budget allocations and are referred to as budgeting plans. The plans developed in relation to the 7 NKRAs are directly funded in addition to the baseline budget based on the 5 year plans. Further, performance information in relation to the KPIs and actions for each NKRA area are reviewed against expenditure information.

Intensive monitoring
Delivery management offices (DMOs, see Box 1) have been established in the coordinating ministries to drive the NKRAs, and these report to PEMANDU with weekly data. This data is entered every Thursday and reports are produced every Friday and sent to the Minister. Monday is a troubleshooting meeting where the Minister meets with staff responsible for each NKRA for an hour and a half to hear problems they cannot solve and to try and solve these. If they do not have problems they do not come, but that is rare. And if problems are not identified but there is little progress then questions are asked. On Tuesday/Wednesday the problem-solving is taken forward. So much of PEMANDU's work is around problem solving, and they report that they really enjoy the intervention part of the work.

PEMANDU conducts monthly meetings with MKPI officers to assist them in preparing reports and in monitoring results on a monthly basis. PEMANDU's template on monthly trajectory and dashboard serves as reference material for the twice yearly review sessions between the Prime Minister and each Minister.

Administrative champions
PEMANDU is responsible for monitoring delivery on the NKRAs. The ICU is responsible for monitoring delivery of key projects across government and for the broader Information Management System which is used. Within each department a Delivery Management Office (DMO) has been established (and one department we visited had 12 people in this unit), so ensuring that the lead department is able to drive the NKRA (see Box 1). The DMO is responsible for the following:

Box 1: Role of the DMO in the Low Income NKRA
There are 15 people in the DMO, 12 professional and 3 supporting staff. The roles of the DMO are:

1) Monitor progress of all initiatives implemented by champions.
2) Prepare a biweekly progress report to PEMANDU.
3) Provide the Secretariat to the Delivery Task Force (DTF) chaired by the Deputy Prime Minister every 6 weeks.
4) Provide the Secretariat to the monthly Pre-DTF meeting chaired by the Secretary General of the Ministry of Women, Family and Community Development.
5) Update the Minister of Women, Family and Community Development on progress and problem of all initiatives weekly.
6) Provide Secretariat to all ministry community programmes on the ground.

▪ Coordinating and assist transfer of initiatives from the lab to ministries/agencies;
▪ Providing performance management and tracking of progress on initiatives;
▪ Providing analytical support to initiative implementation teams;
▪ Preparing delivery task force (DTF), NKRA leadership and management meeting materials;
▪ Preparing an annual scorecard and reports to PM;
▪ Revising the KPI targets;
▪ Planning and initiating new initiatives and strategies to improve performance.

Political champions

A key feature of the success of the outcomes approach in Malaysia is the fact that its implementation is driven from the highest political office in the country. The Prime Minister himself is directly involved in regular meetings to review performance, based on PEMANDU reports, together with the key PEMANDU champion, the Minister in the Prime Minister's Office, Idries Jala.

The leading role of political champions, including the Prime Minister, has been critical in making the Malaysian system OBA effective. This includes ensuring that the OBA/ NKRA system:

• Is taken seriously by Ministers, Ministries and Departments;
• Incorporates the philosophies of the key champions, the Prime Minister and Minister Jalal and mandating organisations;
• Is imbued with a sense of urgency;
• Has the necessary authority and resources;
• Is effectively institutionalised and embedded throughout the government system;
• Is uniformly and consistently applied across government to enable comparisons across ministries.

Review by the Prime Minister

Ministers meet with the Prime Minister (PM) twice a year for 15 minutes in a very functional meeting to review progress, with a simple process where they present the results against the targets, and the Prime Minister picks up the red and yellow flags. Ministers wanted to have the DGs there, but the PM insisted that the Minister had to be alone so he/she had to really know their situation and issues. They present a simple score sheet of target, mid-year target, achievement, status, and remarks to explain under or over achievement. 90% of the score is directly from the targets, but there is a 10% flexibility to allow for factors that may be out of their control. The rating against target is then matched by a self-assessment by the Minister on each target, and then a rating by the Prime Minister. Minister Idris Jala attends these meetings acting as the secretariat for the Prime Minister. After the meeting, the Prime Minister sends a letter to the Minister confirming the score and actions needed. A comparison of the scores is shown to all ministers which has a powerful effect and has influenced reshuffles. In Malaysia they also mentioned key staff being put in "cold storage", not sacked but effectively parked out of harm's way.

Communication

The overall results are presented in a printed annual report which is made available to the public. In addition weekly media messages are drawn out and communicated. To ensure the credibility of the data, a panel of international experts is used to validate the process, and Price Waterhouse Coopers audits the data in the reports.

A general comment made by PEMANDU is that the system by itself is not a panacea, equally important is the human commitment to making the system work by the Prime Minister, the Ministers, and by Idris Jala and his team and counterparts. They see the major risk facing PEMANDU is that it becomes the tall poppy which is brought down. People felt the system was sustainable despite the high pressure.

3.3.2   The coordination of outcomes across departments

PEMANDU plays a central role in the coordination of the NKRAs and the MKRAs across government departments.   Each NKRA has an NKRA task force and PEMANDU interacts with the NKRA lead ministry and with the delivery management office in each Ministry. Where other ministries contribute to the achievement of an outcome coordinated by a particular lead ministry, officials from the ministry are invited to participate on the relevant task team and inter-ministry joint efforts are undertaken on specific issues. An example was given from the Education Ministry in relation to the literacy and numeracy sub-NKRA, where the achievement of targets was affected by learners with learning difficulties. The Education Ministry worked with the Health Ministry to identify the children and ensure that they were given special education. Similarly, in the task force on pre-school Sub-NKRA, the Education Ministry works with the ministries responsible for rural development and national unity.

3.3.3   Action undertaken as a result of issues emerging from monitoring progress towards the outcomes

On-going interventions are undertaken as a result of regular review meetings. The focus of the weekly meetings with the Minister, and within the NKRA group is on problem-solving to speed up implementation. In the case of the MKRAs, key issues for follow up are incorporated into the MKRAs and MKPIs and tracked for implementation.

3.3.4   The impact on improved outcomes for the people

In terms of **outcomes** these have been very good even just within one year. According to the government, the GTP has delivered 121% on its targets and has resulted in improved outcomes in many areas, including:

- Reducing index crime (15%) and street crime (35%);
- Better use of urban public transport, including increases in Bus Expressway Transit ridership (192%) and LRT (2,43 million) and the upgrading of infrastructure;
- Close to 55,000 children are benefitting from an additional 1500 pre-school classes;
- Improvements in results in poorly performing schools;
- Expanded rural infrastructure including roads built or upgraded, the renovation of houses, and thousands of additional houses with access to clean or treated water and 24-hour electricity, affecting more than 2 million people living in rural areas;
- A 99% reduction in the number of people living in extreme poverty;
- Clamping down on corruption and an improvement in Malaysia's standing on the Transparency International Global Corruption barometer.

3.4   Case study of the NKRA on Education

The South African team met people from the DMO for the NKRA on education and also the former head of the NKRA team. They reported that at the initiation of the process bold steps were needed as the system was strongly bureaucratic. There was a big problem of literacy and numeracy, including in English, and the government did not want mediocrity but excellence. The medium of instruction changed from English to Bahasu Malay in 1975 and since then the standard of English has fallen. Primary education is now universal (and free). In secondary school there are no fees but some school PTAs decided to add some charges, although if people can't pay, these are waived. Note that the Deputy Prime Minister, whose rank is only slightly below the President, is also the Education Minister. There are 10,000 schools and 380 000 teachers.

The main targets were:

- Universal pre-school by 2020.
- Improvements in literacy and numeracy.

- High performing schools –a target of 100. Give them certain autonomy and provide them, in year 1, with RM700 000 to be used as they like eg renovations, training for teachers, to participate in events or visit other countries.
- Teacher reward system – they can link the performance of a student or a class to a teacher. Principals now sign a contract and take an oath.
- The School Improvement Programme supports all 10,000 schools. It offers training and mentoring and coaching for teachers, including one to one. The pupil-teacher ratio is 1:17. The programme can draw on a variety of resources to support - principal teachers, ICT, media teachers, extra subject teachers, classroom teachers, head teachers, a counsellor per 100 students.
- The School Improvement (planning) Toolkit provides standards and assessments, planning and analysis tools. The toolkit combines various systems. It is possible to captures the performance of every teacher, every class and every subject and from there develop a strategic plan for each school.

The work was very intensive. Some of the interventions are described below.

Ranking schools

During the lab they ranked the 10,000 schools, 70% based on national exam results (at primary 6 and in form 5), 30% self-assessed based on quality standards). There were complaints about the situation not being the same for different schools. There is no socio-economic weighting so that similar schools are compared (which is done in Mexico and Colombia). Partially in response to these complaints, this year they also announced which schools have improved the most. They also have 3 clusters: A (high performing), B (medium) performing, and C (poor). This ranking is made clear.

Systems established

The following systems were established to lead the NKRA:

- PEMANDU, and NKRA lead minister;
- Ministry of Education NKRA Task Force;
- NKRA Leader appointed;
- Delivery Management Office established;
- Taskforces created for each component - Pre-schools, LINUS (literacy and numeracy), High Performing Schools Taskforce, New deals Taskforce.

Embedding the system

In the beginning, the NKRA leader went to every state to explain all the issues: high performance, new deals etc. She called every education director, every district education officer, every principal and primary school teacher so that people on the ground would be informed about the NKRA process before implementation began in January 2010. Road shows were conducted in November and December 2009. District education officers explained to the teachers, and cascaded ideas to parents as well. Forums and workshops were held to encourage involvement of teachers and parents and awareness of the benefits of success of the programme; eg success of new deals, and if a certain standard is achieved, that teachers and principals will be rewarded monetarily. The NKRA is now part of the 10th Malaysia plan. This means it will be budgeted for and R212m has been allocated to 4 KRA areas, including allocations to pre-schools, training of pre-school teachers etc.

Priority areas selected to drive outcomes

These were:

- Attract and develop top teachers and principals - The quality of the system cannot exceed the quality of teachers and principals;

- Ensure world-class multi-lingual education;
- Enhance and revamp the curriculum;
- Comprehensive transformation (Vision 2020) - expand comprehensive reforms to create a world class education system: School transformation, Ministry transformation, system transformation.

Key issue is establishment of data system
In the beginning, states had their own data systems. The Ministry is so large that it has its own information system while a national pre-school information system was established in 2010. The previous system was manual and not reliable. If it was difficult to do data entry, the Ministry appointed a private company to do data entry. Most schools now enter the data directly.

For data integrity they use a standard quality Information Management System – the SAPS (School Examination Analysis System). This requires every teacher to put the exam results of the school into the system. It enables analysis of school exam results which previously was done manually. Parents can also log in and teachers like the system. Twice a year they can make comparisons. Results can be seen at state, district level etc. using the login. It is available to parents for their child, and they can check there is no cheating.

The cost of upgrading the existing system was low. A private company is running the pre-school system. For SAPS they used their internal experts including an urban planning expert and a GIS expert in developing an Education Management Information System and GIS.

McKinsey did a study on how good schools improve further… one factor is this kind of system.

Strengthening leadership
They have set up a system of leadership management coaches, as well as super-headteachers. This means people can get much higher salaries while staying in the system (move up without moving out), and the super-headteachers work with around 20 other schools, supporting the principals. They also had a headteachers programme, with 3 day sessions run by the super-headteachers who covered practical issues, and by training institutions which focused on theory. Now this is expanding to 4 days.

Strengthening teaching
One challenge was getting qualified teachers to rural areas. They developed a risk allowance which can be RM1500 a month (compared to a salary of around RM2500). They also have now encouraged the system to offer both the husband and wife a job, where teachers are married, and they get reasonable housing. This is a good incentive for newly qualified teachers, and those applying to return to urban areas has now dropped a lot. The system of super teachers allows people to earn more without moving out of teaching.

Improving the quality of English
Malaysia dropped English as the first medium of instruction in 1975 and they are now concerned about the quality of English. English is started in pre-school and continues to O levels. With the strengthening of English, the current curriculum in Primary 1 is going back to basics. They introduced phonics for reading and the language component includes drama and story telling. They are appointing 50 Fulbright teachers from the US to become English teachers and also have native speakers with 334 placed in teacher training centres and schools.

Residential schools
They have residential secondary schools to ensure that good rural students are able to access quality education. 70% of the children at these schools have to be rural, while 30% can be from the local town. These are very good schools. If pupils do well at the end of primary or in form 3 secondary they can move to these schools.

3.5   What works well and less well in Malaysia and why

What appears to work well

General issues

- Having the NKRAs has reduced distraction, and the sub-KRAs are very **focused**, pragmatic and **detailed action plans**, a form of implementation programme;
- Having a strong **champion** at different levels, prime minister, minister, NKRA champion, DMO;
- Building the **power and authority of the system** through the Presidency, driven by the centre;
- Continual **problem solving** at different levels, driven by the Minister;
- A **situational leadership** approach, directive in the beginning, but letting go as transformation happens;
- Building a winning **coalition**… collaboration with key partners and stakeholders, PTAs, private sector, using different styles of engagement for different stakeholders, and different techniques of negotiation;
- The overall approach is a more formalized, **systematic** and predictable system which is institutionalised and consistently applied across all levels of government;
- The focus on delivering more for less;
- The **weekly rhythm** with continuous monitoring and problem solving every week, a monthly rhythm and established 6 monthly meetings for Ministers with the President;
- At every level people are **aware of their targets**;
- Private sector involvement – more business principles, secondment, permeation across;
- A **virtuous cycle** of visible results, which in turn lead to greater self-motivation to maintain the momentum of success and drive projects forward.

Specific methodologies and tools

- The **Lab** as a model for intensive planning;
- Planning and tracking results frequently (daily, weekly and monthly) with a sense of urgency, short reporting cycles and extremely quick turnaround times;
- Rewarding and **celebrating success**;
- The **DMO** seems to be working as a mechanism for embedding the outcomes in a department;
- Having a **coherent data system** with direct entry by local facilities, eg in education, with the IT backbone provided by ICU, while some ministries such as Education provide for their sector. The **Information Management System** (IMS) and ICT systems are well developed and empower people – inputting data at decentralized points. When the system went electronic they saw huge errors in the manual system. The system also shows the relationships in performance with child, teacher, classroom, school, district, region. This appears to be a critical success factor, reviewed independently by the World Bank and McKinsey;
- The establishment of task forces to drive the outputs/action plans;
- Weekly communication to the public on issues around the outcomes.
- **What works less well**
- In Education they have 51 different information systems to link – which they are collapsing to one based on students and one based on schools;
- Evaluation to ask why and how questions. This does not appear to be a deep process but primarily outcome monitoring.

4   Singapore

4.1   Background

Singapore was founded as a British trading colony in 1819. It joined the Malaysian Federation in 1963 but separated two years later and became independent. Singapore, despite having no natural resources apart from its location, has subsequently become one of the world's most prosperous countries with strong international trading links - its port is one of the world's busiest in terms of tonnage handled. It has an area of 697km2, and a population of 4.7m, of which 76% are Chinese, 14% Malay, and 8% Indian (2000 census). Singapore has a highly developed and successful free-market economy. It enjoys a remarkably open and corruption-free environment, stable prices, and a per capita GDP of over $42 000, higher than that of most developed countries. The economy depends heavily on exports, particularly consumer electronics, information technology products, pharmaceuticals, and on a growing financial services sector. Real GDP growth averaged 7.1% between 2004 and 2007. The economy contracted 1.3% in 2009 as a result of the global financial crisis, but rebounded nearly 14.7% in 2010, on the strength of renewed exports.

4.2   Structure of the state

The chief of state is President Tony Tan Keng Yam (since 1 September 2011) while the head of government is Prime Minister Lee Hsien Loong (since 12 August 2004). The cabinet is appointed by the president and is responsible to parliament. The leader of the majority party or leader of the majority coalition is usually appointed prime minister by the president, with the deputy prime ministers. There is a unicameral Parliament of 87 seats with members elected by popular vote to serve 5 year terms, plus up to 9 nominated members. The last elections were held on 7 May 2011 (next to be held in May 2016) with the PAP winning 60.1% of the vote, WP 12.8%, NSP 12.1%, others 15%.

Apart from departments there are 60 statutory boards (agencies). The island has 5 community development councils, each headed by a mayor (all sitting parliamentarians), which perform basic social welfare and neighbourhood building tasks. The Prime Minister's Office has a permanent secretary (PS) as head of the civil service.

4.3   The planning, budget and PM&E system

Unlike Indonesia and Malaysia, Singapore has not felt the need to significantly reform its state by introducing more rigorous M&E or a delivery unit located within the head of state. As in SA's previous administration before 2009, the finance ministry in Singapore developed a performance budgeting system. They focussed on achieving a high performance government, efficient and effective use of resources, and achieving value for money. Their approach is to define what to measure, how to measure it, and to then create feedback loops to influence behaviour.

Planning
Singapore has no national development plan and in fact even in the 1990s extensive government intervention and planning were a key feature, though not a rigid central plan. In the 1990s Singapore set itself the target of becoming a developed country, which they have achieved. The main focus of planning in Singapore is around individual sectors, or urban planning, and individual projects. Singapore's experience illustrates an approach to economic planning which admits possibilities other than just 'the market' or 'the plan', and shows that this is not a polarised debate.

Singapore has adopted 6 whole-of-government strategic outcomes which are shared by ministries in a cluster system. The six outcomes (not in any particular order) are:

- Sustainable economic growth;
- Robust social security;
- World class environment and infrastructure;
- A secure and influential Singapore;
- Strong families, cohesive society;
- Effective government.

These outcomes were developed by technical staff and proposed to politicians, not the other way round. This reflects the long period of rule by a single party, the PAP, and also their belief that government staff are in touch with what citizens want.

The system is both bottom-up and top-down. The Ministry planning cycle starts mid-year. The financial year is April to March and corporate planning happens in the $2^{nd}/3^{rd}$ quarter. They have top-order objectives, and then divisions have to think bottom-up how to achieve those.

They have programmes at different levels, but don't have a fixed model across government – some call it a funding scheme, some a programme, but the spirit of practice is aligned. The budget may have a combination of these. The programme will have a problem statement, objective, mechanisms, resources, policy implications, partnerships, stakeholders, intended outcome, KPIs and targets. The ministry does its own M&E, which it has to be able to justify.

Some challenges around incorporating the outcomes in the performance budget process are selecting outcome based KPIs, the co-ownership of outcomes, and around the interpretation of results.

Monitoring and reporting
There is annual reporting by ministries that is both quantitative and qualitative. Qualitative reporting allows the Treasury to engage in strategic conversations, and review performance measures. Progress on outcomes is published by the Ministry of Finance in a magazine called SPOR, ie the Singapore Public Sector Outcomes Review (SPOR), which captures the shared outcomes and collective efforts of departments and agencies using narrative, graphs of delivery trends and textboxes highlighting topical issues. This assists in providing a whole of government perspective and in identifying emerging issues. The extent of distribution of this magazine is not clear.

Budget process
As in RSA, Singapore has budget dialogues between the Ministry of Finance and other ministries and agencies, which creates a feedback loop on performance. There are also cluster level dialogues as well as sector specific committees.

As Singapore is a highly developed nation, and can be considered a developed country on a tiny 700 square kilometre area, much of their budget interrogation revolves around projects dealing with construction of infrastructure, spatial development and attracting investment. Similar to RSA's development of infrastructure budget bids since 2003, Singapore has instituted a threshold-based system for the submission and evaluation of infrastructure budget bids.

For smaller projects below $80m, each ministry has an internal project approval authority that approves financing and implementation details of ministry projects, variations to project costs, and ensures that the need for projects remain valid. This Internal Approving Authority (IAA) comprises a Permanent Secretary (PS), divisional officers (DG and 2 DDGs), and officers appointed by the PS, as well as alternate members to cover conflicts of interest. For

projects between $80m and $500m, the approval authority is a Development Planning Committee (DPC) comprising the MOF (chair), Minister of Trade & Industry and the minister of the lead ministry. For mega-projects greater than $500 million, there is an elaborate gateway process involving initial in-principle approval by cabinet, design approval, DPC approval and then public announcement, the MOF checks and then the tender award process.

Interesting institutional mechanisms within the Ministry of Finance are the Development Projects Advisory Panel (DPAP) which examines project specifications and designs for large projects. It comprises current and ex-public servants with strong project expertise. This is similar in intention to the Big Projects Unit being set up in RSA Treasury, although not similar as regards expertise. Singapore also has a Centre for Public Project Management (CP2M) that provides advice on maximising value and enhancing design at whole-of-government level for selected projects. It also enhances coordination and management of the project pipeline at whole-of-government level, and works with agencies to ensure that projects are completed on time and within budget.

With regard to the monitoring of public sector projects, as in RSA, the lead agencies for specific projects are responsible for this through accounting for utilisation of public funds. The finance ministry sets out project review frameworks within the annual monitoring of expenditure. Value for money audits are also conducted by the Auditor General, and within this process the MOF flags projects that are not achieving delivery or are underutilising funds.

Coordination
Public servants repeatedly talk about the whole of government approach which seems to be well instilled in the civil service. An illustration of this is that if a member of the public asks a Department about youth arrest when is not that Department's responsibility, the Ministry of Children, Youth and Sport would follow up. Thus, government staff position themselves as representing the whole of government. That is why they have inter-ministerial committees.

4.4 Case study - Youth programmes in Ministry of Women, Community, Youth and Sports

Youth are defined as between 15 and 35 and they make up around 20% of the population. The overall objective of the youth programme is to build a cohesive and resilient society. The goals of the youth programme are:

- Socially responsible individuals;
- Inspired and committed youth;
- Strong and stable families;
- A caring and active community;
- A sporting people.

The Youth Policy Vision is inspired and committed youth, and the mission is to create an environment where youth have a say, plant a stake and get support. They have a focus on youth as in their formative years there is a chance to take a preventative approach to problems that could get worse later. So the government takes an integrated approach across issues, and tries and avoid young people going to prison. Gangs are not organized at the moment, but are rather street gangs, unlike in the past.

There is a 2 year national service (followed by 2 week-long annual camps). This is a character formation process, and gives them a chance to take on discipline.

The main partners in the youth programme are the National Youth Council, National Council of Social Services, Ministry of Education, youth organisations and voluntary or welfare organisations. Some of the programmes are listed below.

The **National Youth Council** (NYC) is the coordinating body for youth affairs – an advocate, enabler, connector.

The **National Youth Forum,** which is held every two years, helps youth gain understanding of policy-making and governance in Singapore. Youth visit ministries and dialogue with them, do case studies and learning journeys and come up with suggestions.

Dialogue with PM and Ministers – this is an annual dialogue. Youth are invited to a platform addressed by the Prime Minister or a Minister. Before the dialogue they start an on-line community, where young people can flag what they want to discuss. They don't plan what is covered but ask people to think deeply about topics so the debate can be substantial.

Youth.sg

Singapore youth are very technology aware, so there is a chance to reach out to youth via the internet. Youth.sg is a youth-led resource portal for community participation with 8000 unique visitors per week, and a Facebook and Twitter page. This is not seen as a government website and the content is by youth for youth. They have a database of 70 000 members.

Youth plant a stake

This programme encourages youth involvement and ownership in the community through developing common youth spaces, exchanges and volunteerism. There is a NYC programme grant scheme to co-fund (50%) youth projects – Young Change Makers - and young people do the grant-making. Also a Youth Expedition Project funds youth embarking on service-learning initiatives overseas – around 30,00 young people per year. They also do Youth Exchanges – bringing different nationalities together, creating regional and international platforms, organising youth Olympics. The SHINE Youth Festival is a one month long event for people to showcase their talents.

Youth get support

To help young people realize their potential, this programme encourages youth to provide social services to at-risk youth, and supports leadership development for youth and youth organisations. The Enhanced STEP UP programme targets at-risk youth in schools and out-of-school youth. Services are provided by voluntary welfare organisations which provide individual social work to youth and their families.

Youth interests

The topics young people raise are very varied but many are students, so there is a strong focus on educational issues. Other interests include job satisfaction, work-life balance, pressures, causes such as green issues, recycling and protecting mangroves. They also discuss controversial issues such as legislation on homosexuality.

At risk youth

The Central Youth Guidance Office focuses on those at risk of delinquency etc. Youth arrests were 4174 and there were 163 drug abusers under 20 (date not clear). The "at risk youth" programme targets youth aged between 12 and 21. The key target is reducing the dropout rate from school to 1.5%.

Support increases with increasing level of risk behaviour, from student care centres, family service centres, through to Beyond Parental Control, Honorary Voluntary Special Constabulary and Prison Educational Visits for Schools. Some programmes are community-based, some institutional. This is an example of a whole of government effort – a strategic focus on legislation, programme development, evidence-based research, review and evaluation, information management and inter-agency platforms. The NYGR Structure – the NYGR Working Group is a political group, chaired by the Minister of Home Affairs. The sub

committees are chaired by MPs – one focusing on review of laws on youth gangs and crime, one on apprenticeship, mentoring and employment, one on family-related issues and research. One of the subcommittees is looking at alignment and ensuring no duplication.

The strategies are:

- Creating alternative pathways to success;
- Building youth outreach services – getting the team to walk the streets in hotspots and try and build relationships;
- Engaging youth via sport – facilitating youth organisations to enter sports/art platforms, developing achievement and vocational pathways;
- Going the extra mile – the Youth Guidance System – try to link after 21;
- Matching the needs – planning programmes and services;
- Developing skilled youth workers – levelling up the standards of services and improving the capability of youth workers. They identified the competencies for youth workers;
- Youth Information System – an inter-agency system for seamless sharing of data to address information silos – including a research database module (which produces aggregated data for confidentiality purposes);
- Research on family related issues – strengthening programme evaluation and research.
- Workgroup on youth gangs.

They are trying to raise the salaries of social workers, as the post is less attractive than other professions.

5   Lessons emerging for South Africa

5.1   Roles and coordination of key players at national level in the planning, budgeting and PM&E system

1. Both Indonesia and Malaysia have Prime Minister/Presidential **Delivery Units** that are very focused on the "business-unusual" aspect and on a limited number of outcomes.
2. Compared to South Africa, both countries have a much stronger and **well-defined planning function** and institution, in Indonesia BAPPENAS, and in Malaysia the EPU and these are supported by legislation.
3. BAPPENAS also integrates the planning and business-as-usual M&E into one organisation. In Malaysia they both fall under the Prime Minister's Office, but with separate structures to take responsibility for planning and M&E of the outcomes (PEMANDU), M&E of other government projects (ICU), and overall planning (EPU).
4. The Ministry of Finance plays an important role in both countries, although the roles are emergent, and performance-based budgeting is not yet in play. Indonesia in particular has come to learn from South Africa.
5. Indonesia has a system of **super-ministers** covering economic, social and subnational. This makes it easier to coordinate within those clusters, but hasn't solved the challenges across these, or between national and subnational.
6. Indonesia covers a huge area, and many islands, and has a relatively decentralised system, where **coordination** is a major challenge. Malaysia has a centralised system where states and local government have few powers, and Singapore is a small city-state, and so co-ordination is easier in these two cases. The strong articulation between levels of government in Malaysia cannot be achieved in RSA as the Malaysian system is much more centralised, but South Africa must find ways to build more effective cross-sphere working, and in our decentralised model this cannot be just from a control mode, but from a cooperation mode.
7. Malaysia was explicit about using a flexible **situational leadership** approach, directive in the beginning, but letting go as transformation happened. At this stage in RSA we have to build much more consensus but in a way that achieves. The emerging work on evaluation is demonstrating this. An idea that emerged during the visit is that a high level **DG Forum** where the DG DPME meets with the DGs of Provinces would help in building consensus and in driving PM&E as a mechanism for improving delivery.
8. Indonesia has also introduced an innovative system of **community-level planning**, budgeting and M&E called PNPM which is applied at scale and having major impacts, and the transparency is leading to very low levels of corruption. A similar proposal was commissioned by DCOG but at the moment is languishing. This could be a good model for South Africa.
9. Both Malaysia and Indonesia have **legislation** underlying the planning, budget and M&E systems, unlike South Africa where legislation covers mainly just the financial side. A more formalized, systematic and predictable system in South Africa would be helpful and legislation would assist with this.

5.2   Operation of the Planning, M&E and Budget system

10. Indonesia, but not Malaysia, has a long-term (20 year) **plan**, as South Africa will have, and both have a medium-term plan, which South Africa does not have, which integrates the outcomes into a broader planning picture. The medium-term plan helps to integrate and develop a sustained agenda for the term of government.
11. Implementation (as opposed to budget) **programmes** are identified in both countries, although they are not clearly defined, which is also true in South Africa. This contrasts with Mexico, where they have a clear and common structure, a theory of change, logframe and rules of operation. In Malaysia programme refers to a group of projects or a non-physical intervention.

12. In Indonesia and Malaysia the outcomes are elaborated into much narrower **action plans** than is the case in South Africa. The action plans are taken to a detailed level resulting in detailed implementation programmes (while in South Africa the delivery agreements are higher level sectoral/cross-sectoral plans). So the action plans are narrower even than the output component of the delivery agreements, and make the critical link with implementation, so are easier to implement and to drive.

13. In Malaysia and Indonesia the **monitoring of outcomes is split** from business as usual, with different structures responsible. This helps to keep the focus in the delivery units on achieving the outcomes quickly.

14. Indonesia has a developed system of **evaluation** and is explicitly looking at ex-ante, during implementation and ex-post evaluation. It would be useful to get more information on the system, as this was not a focus of this visit. Malaysia's system seems to be outcome monitoring rather than evaluation. The BRISA institutional assessment also looks interesting and there is room for sharing with the MPAT process in South Africa.

15. The ICU M&E system in Malaysia focuses on monitoring projects and provides a backbone for the M&E system of the country, reflecting also that Malaysia is a much more centralised country. Individual ministries such as Education have also invested a lot in information management systems. South Africa has no such system except the emergent Programme of Action (PoA) which means that aggregate reporting is a manual affair. The comment was made that the Information Management System empowers people – inputting data at decentralized points. When they made the system electronic they saw huge errors in the manual system. This was a critical success factor as reviewed independently by the World Bank and McKinsey. Child, teacher, classroom, school, district, region - relationships become apparent.

16. The focus on delivering more for less appears to be delivering results. Across the world, including South Africa, underspending is seen as negative, but underperformance should be differentiated from **achieving targets but spending less**. Our budget analysis doesn't focus on performance against spending. In Malaysia they have a system where savings can be used for spending over approved limits on interventions.

5.3   Application of the outcomes approach

General issues

17. Both Indonesia and Malaysia have Prime Minister/Presidential Delivery Units. Both are very focused on the "business-unusual" aspect and on a limited number of outcomes. DPME has a tension between its work on the outcomes and managing a range of other M&E functions and there is a danger of losing the focus and urgency around the outcomes. This brings a tension between the **roles of delivery unit (action) or M&E unit** (information). The dangers of covering both in DPME need to be discussed and how best to ensure both aspects can be covered effectively.

18. The bringing in of **external ideas and approaches** has brought a dynamism and can-do culture in relation to the outcomes in Malaysia in particular. It would be useful to explore more use of secondments to centre of government departments like DPME and Offices of the Premier to bring in different skills.

19. Another general feature observable in Malaysia in particular is an excitement and national pride around the outcomes, and as people want to be associated with success this creates interest. In addition the **problem-solving focus** of all meetings is helpful in generating a culture where problems are overcome and so implementation can speed up.

20. The degree of **visible political support** and profile behind the outcomes is stronger in Malaysia in particular, with a very hands-on approach by a Minister focused specifically on the outcomes, and on problem-solving to address the outcomes. In South Africa the outcomes are one among a number of priorities and so there is less focus. This means that Malaysia is seeing more quick and visible progress, which is self-reinforcing as this then builds confidence in the outcomes approach and

reinforces the focus. In Malaysia the success with the first set of priorities (Government Transformation Programme), then led to a second set (the Economic Transformation Programme), using a similar approach.

21. In South Africa the **President has met with the Ministers** once around the outcomes. It would be helpful if this could become a 6 monthly cycle. However this would need to be backed up by more confidence in the reporting.

22. The more focused plans behind the outcomes in Malaysia with much more specific implementation planning (action plans) has helped to speed up implementation. Part of the key to the success of the GTP, according to the government, is that it is an "**integrated, drilled down programme**" rather than a macro-plan. This is key, as the GTP report explains: "One of the key features is that we are able to drill down from the biggest to the smallest detail of every NKRA and NKPI. Every implementation stage, tactical initiative and action plan; as well as individual persons or locations can be identified, tracked and monitored. Data, statistics and figures reflect the true nature of the situation without any round-ups." South Africa is now focusing on strategic drivers, and development of a focused implementation plan (programme and action plan) would be very beneficial. This may specify locations as well as a much narrower emphasis where it will drive change, and be implementable in a shorter time period. Then a different element of an output could be selected for a programme and action plan.

23. The establishment of **task forces** on the outputs. This was not investigated but along with the DMOs within organisations, standing task forces across the action plans may be important for problem-solving and facilitating implementation.

24. The **intensive weekly monitoring and problem-solving** cycle is very impressive. A similar urgency would assist in South Africa, even if the cycle was monthly not weekly. This should be discussed to see how it could be taken forward, perhaps in sample outcomes, eg combined with the strengthening of delivery management units (see below).

25. The **unblocking/debottlenecking** role is much more developed in Indonesia and Malaysia than in South Africa. This role in relation to DPME and Offices of the Premier needs to be thought through much more consciously and capacity allocated for this. This is likely to have a big impact on performance.

Tools and methodologies

26. The intensive workshopping in **labs** helped to create the urgency and got the plans developed quickly and signed where this took up to 6 months in South Africa. 6 week labs are not practicable here, but perhaps 2-3 weeks would really enable a quality of focus and make the process much faster. As this was middle-level managers, who reported weekly to senior managers this should be possible, and if well facilitated could be very productive. This is also a lesson for other planning processes.

27. The **Delivery Management Offices** for outcomes in ministries would seem to be very useful as it creates a real nucleus for driving the outcomes as opposed to business as usual. Some departments in South Africa have set up similar structures (Education, Health) and the operation of these should be reviewed to see if some lessons could be drawn from Malaysia and how these can be strengthened. A delegation from Education and Health could visit the DMOs in Malaysia, and then some Malaysians could come as peer reviewers and assist in planning a way forward in RSA.

28. PEMANDU has a **Board** made up of politicians, as well as a group of international experts as a panel to verify its reports and give feedback on its approach. In addition the reports are audited by Price Waterhouse Coopers. The model of an **international advisory panel** could be relevant for DPME, eg using the CEO of CONEVAL in Mexico, of SINERGIA in Colombia, and someone from PEMANDU.

29. **Communication** around outcomes was very impressive in Malaysia, with structured involvement of stakeholders in the planning, outcomes documents available at different levels of depth (260-20 pages), weekly reports used for weekly messages for the media, and there are regular inserts in the newspapers. The NKRAs and PEMANDU are also high profile and mentioned frequently in the newspapers as we

could see ourselves. Singapore also has a very nice magazine-type summary of the delivery agreements which would be a good model.

30. There appears to be a stronger **verification** system in both countries, including random sampling of physical projects which are visited along with the relevant departments. How can verification be strengthened in South Africa?

5.4   Next steps

31. DPME discusses the report and tables it at an M&E Forum for discussion of areas to take forward.

32. There are some specific areas where sharing on tools and methodologies would be useful including the two mentioned above:

- o   Use of **labs** as a tool in Malaysia (consider using McKinsey or some Malaysians to facilitate);
- o   **Delivery management units** in Malaysia (Education and Health could share the experience with Malaysia and test out refining their models);
- o   Exchanges between **politicians** to explore how to raise the political profile;
- o   Sharing experience of BRISA in Indonesia and MPAT in South Africa on institutional assessment;
- o   Exploring with Indonesia their approach to **evaluation** in more detail;
- o   The Presidency's **situation room** in Indonesia where he is able to track progress across the main priorities;
- o   The **internal audit role** conducted by MOHA in Indonesia;
- o   The **PNPM model** of community-level planning, implementation, and M&E;
- o   **Development Projects Advisory Panel** (DPAP) in Singapore re the Big Projects Unit being set up in Treasury;
- o   The potential of using the **Civil Service College** in Singapore for training South African public servants.

Annexes

Annex 1:　　　Programme

Note: reflection sessions were held on several evenings

Date/meeting	Meetings with	Issues to cover
4 October	13.40 MH204 Malaysian Airlines leave Johannesburg	
5 October	06.10 Arrive Kuala Lumpur 07.50 MH713 Fly to Jakarta Travel to Hotel Mulia Workshop to discuss the visit	Jl. Asia Afrika, Senayan, Jakarta 10270, Indonesia, Tel. + 62-21 574 7777 Introduce tour, discuss roles, decide on report outline and roles etc
Evening	Dinner with High Commission	Contact Ms Imas 081510533300
Thurs 6 Oct		
09.00 -10.30 Presidential Work Unit for Overseeing and Controlling Development	**Introduction to Indonesia and the system of government.** Meeting with Tara Hidayat, Deputy IV, Unit Kerja Presiden Bidang Pengawasan dan Pengendalian Pembanguan)	• Role of the Presidency in Indonesia's PM&E System in process of development • CP Ms Rara 085780260342/021 3522703
11.00-12.30 Ministry of Finance	**Performance Evaluation and the Budget. Role in PM&E** Rakhmat, Director General, Budget Section, Ministry of Finance	• The Performance Management System • The use of performance information in the budget process • The way they ensure value-for-money • Mr Nugroho/Evan 021 3451090
12.30-13.30	Lunch hosted by Ministry of Finance	•
14.00-15.30 National Dev Planning Agency (BAPPENAS)	**The planning/budget/M&E system** Edi Effendi Tedjakusuma, Deputy Minister for Development Performance Evaluation Wismana Adi Suryabata, Deputy Minister Funding Affairs National Development Planning Agency (BAPPENAS)	• Planning, budget, M&E process • Mr Afis 085714476866
Evening	Reflection on lessons	•
Friday 7 Oct		
10.00-11.30 Ministry of Empowerment of the State Apparatus	**Ministry of Empowerment of the State Apparatus (MENPAN)** Ir Herry Yana Sutisna, Deputy Minister for Accountability Apparatus	• Ministry's experience of operating the PM&E system, and of using the outcomes approach • Ms Inggrid 021 5251738
12.00	Lunch	•
13.30-15.00 Home Affairs	**Ministry of Home Affairs** Maliki Heru Sentosa, Inspector General	• Their experience of operating the PM&E system, and of using the outcomes approach • The role of local government in the delivery system • Mr Bambang Sucahayo 021 3849422/081317100124
16.00	Internal reflection session on emerging lessons	•
Saturday 8 Oct		•
Fly to Kuala Lumpur	Morning free 15.45 MH720 Fly to Kuala Lumpur 18.45 Arrive and transport to Prince Hotel	No. 4 Jalan Conlay, Bukit Bintang, 50450 Kuala Lumpur, Tel. (603) 2170 8888

Date/meeting	Meetings with	Issues to cover
Sunday 9 Oct		
	Free Kuala Lumpur Deputy Minister's delegation joins the team in Kuala Lumpur	
18.45	Briefing with McKinsey, Seelan Singham, Eoin Daly, Judy Malan	Background to the outcomes approach
Monday 10 Oct		
09.00	Depart for Putrajaya	•
10.00 PEMANDU	**PM&E system** PEMANDU John Toh, Head of Programme Management Team	• PM&E system in general • Transformation approach and role of outcomes • Experience in applying the outcomes approach • Experience in getting quality services into poor communities
	Lunch	•
14.30 ICU	**Implementation and Coordination Unit (ICU)** Dr Shahrazat Binti Haji Ahmad Deputy Director, Infrastructure Division	ICU, Prime Minister's Department, Putrajaya • PM&E system in general • Their role in the M&E system
16.00	Return to Kuala Lumpur	•
18.30	Dinner at SA High Commissioner	
Tuesday 11 Oct		
08.00	Noor Rezan Bt Bapoo Hashim, former head of NKRA on Education	• Their experience of operating the NKRA (outcome) on education
08.30	Part of team departs for Putrajaya	
09.30	**Ministry of Education** Dr Noliza, Zakuan lizkuan@gmail.com	Planning and Research Division, Putrajaya • Their experience of operating the NKRA on education, and of using the outcomes approach • Experience in getting quality services into poor communities
12.00	Lunch and reflective sessions	Out of Africa Restaurant
14.30	**Asia Strategy and Leadership Institute (ASLI)** Dato Dr Michael Yeoh, CEO	ASLI offices, 1718 Jalan Ledang • Malaysia Federal and State Government roles in implementing NKRA's • Non-government perspective on GTP process
16.30	**Ministry of Women, Family and Community Development** (NKRA low income) Dr Chua Hong Teck, PEMANDU Hazmi Samsudin, DMO	Ministry Office, Jalan Dato, KL • Their experience of operating the NKRA on low incomes, and of using the outcomes approach • Experience in getting quality services into poor communities
19.00	**Public Transport** Muh Dur Kamal, CEO, Land Public Transport Commission (former head of NKRA on Urban Public Transport)	Seiligh Restaurant, Petronas Tower • Issues around urban public transport • Working of the NKRA process

Wed 12 Oct	For those returning to Jo'burg Reflection/writing report Evening travel to airport	Daniel Plaatjies, Annette Griessel
Thursday 13 Oct	01.20 MH203 Fly to Johannesburg 06.00 Arrive Johannesburg	•

Wed 12 Oct	For those travelling to	Deputy Minister and her team, plus

	Singapore	Ian Goldman, Nolwazi Gasa, Mahesh Fakir from DPME
09.00-12.00	Reflection session/writing	
13.30	Depart for airport	
16.30	MH605 Fly to Singapore 17.25 arrive and travel to Carlton hotel	
Thursday 13 Oct		
09.30	Depart from hotel	
10.00-11.30 Ministry of Community, Youth and Sports (MCYS)	**Ministry of Community, Youth and Sports (MCYS)** Host: Mr Marcus Chee, Senior Assistant Director, MCYS Presenters: Ms Waileng Lee, Manager: Youth Division and Mr Lim Hwee Chong, Assistant Manager: Centre for Youth Guidance Office	Venue: MCYS Building, Level 13, Media Room, 512 A Thomson Road #02-01/09 SLF Podium, Singapore 275983 Contact: Ms Rachel Loh/Ms Lim Hwee Chong, Contact No: 65 6354 8159 / 65 6354 8296 • Youth Policy • Social Services available for delinquent youths
12.00-14.00	Lunch	Jumbo Seafood Restaurant, Dempsey Hill
14.00-16.00 Civil Service College (CSC)	**Civil Service College (CSC)** Mr Goh Kok Chye, Deputy Director Civil Service College, Mr Kelvin Chai, Assistant Manager: Civil Service College	Venue: Civil Service College 31 North Buona Vista Road, Singapore 275983 Contact: Mr Kelvin Chai, 65 6874 1925 • Overview of the role and functions of Civil Service College • Human resource policies – training and development • Principles of governance • Tour of the college
Friday 14 Oct		
10.00-12.00	**Singapore Ministry of Finance** Stakeholders meeting including various ministries and implementing agencies Mr Lim Hock Chuan, Deputy Secretary (Performance).	Venue: Ministry of Finance, The Treasury, 100 High Street, Singapore 179434 Contact: Ms Selina Tan / Ms Sharon Gwee Contact No: 65 6332 8987 / 65 6332 7088
17.00	Depart for airport	
21.15	MH610 Malaysian Airlines Fly to Kuala Lumpur arrive 22 15	
Sat 15 Oct	01.20 MH203 Fly to Johannesburg 06.00 Arrive Johannesburg	

Annex 2: List of participants in the study tour (some for part)

The Deputy Minister and her team were not part of the visit to Indonesia.

Name	Job title	Organisation
Ms Dina Pule (Malaysia and Singapore)	Deputy Minister	Ministry of Performance Monitoring, Evaluation and Administration in the Presidency
Agnes Borotho (Malaysia and Singapore)	Private Secretary to the Deputy Minister	Ministry of Performance Monitoring, Evaluation and Administration in the Presidency
Bonakele Dlamini (Singapore)	Chief of Staff to the Deputy Minister	Ministry of Performance Monitoring, Evaluation and Administration in the Presidency
Dr Ian Goldman	Deputy Director General/Team Leader, Monitoring and Learning Facility, PSPPD	Department of Performance Monitoring and Evaluation in the Presidency, and Programme for Support to Pro-Poor Policy Development (PSPPD)
Nolwazi Gasa	Deputy Director General – outcome facilitator, health	Department of Performance Monitoring and Evaluation in the Presidency
Mahesh Fakir	Deputy Director General – outcome facilitator, infrastructure	Department of Performance Monitoring and Evaluation in the Presidency
Professor Daniel Plaatjies	Director General PM&E	Free State Provincial Government
Annette Griessel	Deputy Director General	Gauteng Provincial Government

Annex 3:   List of people met

Name	Job title	Organisation	Telephone	E-mail address
Indonesia				
Ambassador N Lehoko	SA Ambassador	SA Embassy, Indonesia		LehokoN@dirco.gov.za
Yong-Taek Chung	First Secretary (political)	SA Embassy, Indonesia	081510363845	chungy@dirco.gov.za
Ms Tara Didayat	Deputy IV	President's Delivery Unit for Performance Monitoring and Oversight	+618161146913	Tara.hidayat@ukp.go.id
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Wismana Adi Suryabrata	Deputy Minister Funding Affairs	National Development Planning Agency (BAPPENAS)	+62 21 3193106	wismana@BAPPENAS.go.id
Ir Herry Yana Sutisna	Deputy Minister for Accountability Apparatus	Ministry for Administrative Reforms (MENPAN)	+62 21 7398341	herrysutisna@yahoo.co.id
<mark>Other Minister</mark>				
Maliki Hery Santosa	Inspector General	Inspectorate General, Ministry of Home Affairs	+62 21 381 4088	M4hesa@yahoo.com
Dr Kun Wildan	Inspector Wilayah 1	Inspectorate General, Ministry of Home Affairs	+62 21 3483 1837	
Nuryanto	Director of Community Institutions and Training	Directorate General for Village and Community Empowerment, Ministry of Home Affairs	+62 21 7942372	nuryanto@pmd.depdagri.go.id, nuryantohadisucipto@yahoo.com
Malaysia				
High Commissioner Thami Mseleku	South African High Commissioner	SA High Commission, Malaysia		mselekut@foreign.gov.za
Beaucus Mzingisis Gumana	First Secretary	SA High Commission, Malaysia	+603 2170	GumanaM@dirco.gov.za
Andre van der Venter	Counsellor (political)	SA High Commission, Malaysia		vandeVenterA@dirco.gov.za
John Toh	Head of Programme Management Team	Prime Minister's Delivery Unit (PEMANDU)	+60388727208	john.toh@pemandu.gov.my
Mohd Izhar Moslim		Prime Minister's Delivery Unit	+603 12 234 7460	izhar.moslim@pemandu.gov.my

Name	Job title	Organisation	Telephone	E-mail address
		(PEMANDU)		
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Dato Noor Rezan Bt Bapoo Hashim	Education Advisor	Khazanah Nasional	+603 2119 0068	noorrezan@khazanah.com.my
Dr Zahri Aziz	DDG: Education	Ministry of Education		
Dr Noorliza Zakuan	Head, DMO	Ministry of Education	+6 012 226 1064	lizkuan@gmail.com
Dato Dr Michael Yeoh	CEO	Asian Strategy and Leadership Institute	+603 2093 5728	dmyeoh@asli.com.my
Dr Chua Hong Teck	Director, Healthcare and LIH	Performance Management and Delivery Unit (PEMANDU), Prime Minister's Department	+603 8872 7249	chuahongteck@pemandu.gov.my
Hazmi Samsudin	Head of Delivery Management Office, NKRA on Low Income Households	Ministry of Women, Family and Community Development	+603 2693 0095	hazmi@kpwkm.gov.my
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Judy Malan	Partner	McKinsey and Company (RSA)		Judy_Malan@mckinsey.com
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Mr Andre van Straten	Counsellor Political	SA High Commission		
Mr Ng Chun Pin	Director, Youth Division	Ministry of Community, Youth and Sport	+65 6354 8537	Ng-chun-pin@mcys@mcys.gov.sg
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Annex 4:   Selected documents consulted

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