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Implementation Strategies & Lessons Learnt with Results Based Budgeting (Malaysia)

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Presentation Outline

- Background to RBB in Malaysia
- Overall Implementation Strategy
- Preparatory Actions
- Institutional Arrangements
- Implementation Pilots & Phases
- Support Policies and Mechanisms
- Monitoring & Evaluation Arrangements
- Lessons Learnt & Way Forward

BACKGROUND & RATIONALE FOR MOVING TO RBB
RATIONALE FOR RBB IN MALAYSIA

► DYNAMIC DEVELOPMENT ENVIRONMENT
► RAPIDLY RISING EXPECTATIONS/DEMANDS
► DECLINING RESOURCES
► IDENTIFIED WEAKNESSES WITH PREVAILING BUDGET SYSTEM
► NEW PUBLIC MANAGEMENT MOVEMENT
► FOCUS ON IMPROVING PS ACCOUNTABILITY

WEAKNESSES WITH PPBS IMPLEMENTATION

► PPBS IN PRINCIPLE BUT TRADITIONAL IN PRACTICE!
► INCREMENTALISM PREVALENT, LEADING TO INCREASING BUDGETS
► SUPPLEMENTARY BUDGETS PERSISTENT
► LIMITED PERFORMANCE MEASUREMENT
► INADEQUATE PERFORMANCE DATA
► UNRELIABLE PERFORMANCE INFORMATION FOR CRITICAL DECISION-MAKING

WEAKNESSES WITH PPBS IMPLEMENTATION

► LIMITED CAPACITY OF BUDGET REVIEW OFFICERS AT MINISTRY OF FINANCE
► INADEQUATE CAPACITY AT LINE AGENCIES
► LIMITED FUNCTIONALITY OF REVIEW MECHANISMS
► PILOTS NOT SYSTEMATICALLY REPLICATED ACROSS GOVERNMENT
► LACK OF SUPPORT POLICIES
► LACK OF PROPER MONITORING MECHANISM
RBB IMPLEMENTATION STRATEGY

- Review and systematic addressing of earlier weaknesses
- Driving reform from the top with participatory development of performance agenda & framework at accountability levels
- Whole of government approach using existing mechanisms
- Top Management Buy-in & Commitment
- Systematic capacity-building

RBB IMPLEMENTATION STRATEGY

- Strengthening of institutional mechanisms at all levels
- Avoiding redundant institutional setups and work load at implementation levels
- Review and strengthening of incentive & sanction systems
- Strengthening of personnel performance at critical accountability levels
- Sustained program of change management
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PREPARATORY ACTIONS

- Review system weaknesses and come up with a modified but holistic approach
- Work with expert team and external TA to develop modifications needed
- Produce comprehensive implementation strategy and design
- Produce detailed/complete training package
- Initiate program of change management at critical accountability levels

PREPARATORY ACTIONS

- Integrate RBB as an integral part of ongoing reform/modernization initiatives in government through official policy
- Set up key institutional mechanisms at policy level to supervise and push RBB
- Review the personnel performance system to ensure compatibility
- Trial testing with select agencies
- Training of Trainers for sustained capacity building
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INSTITUTIONAL ARRANGEMENTS

- Critical aspect for implementing RBM and RBB in government
  - Policy Steering Committee chaired by MoF
  - Technical Steering Committee for guidance
  - Membership from key institutions (PSD, Training Institution etc)
  - Reciprocal Steering Committees at Ministry and Departmental levels – also headed by top management
  - Ministry level – existing Management Committee used to provide oversight

INSTITUTIONAL ARRANGEMENTS

- RBB implementation linked to ongoing mandatory Administrative Development initiatives with its own Review Panel
  - Review Panel reviews implementation of all reform initiatives in government & reports to Chief Secretary monthly
  - Evaluation Steering Committee at Ministry of Finance to oversee evaluation agenda
  - Reciprocal Evaluation Steering Committees at agency level headed by top management to ensure commitment and systematic implementation
INSTITUTIONAL ARRANGEMENTS

- Complementary links with personnel performance review panel at the Public Services Department and Ministry top management
- Complementary link with modernization of government review committee at MAMPU (Administrative Modernization Unit of PM’s Department)
- Parallel links with rewards & sanction system (personnel, financial, awards etc)

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IMPLEMENTATION PILOTS & PHASES

- Implementation with initial pilot testing
- Use of Phased approach but under a whole-of-government approach
- Five phases of implementation selected
- Five years for phased implementation
- Evaluation initiative commenced at end of five year phased implementation
- Review process for each phase by Technical Steering Committee
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SUPPORT POLICIES & MECHANISMS

- Strong policy level support for RBM/RBB
- Administrative vs. legal mandate
- Administrative Modernization Panel headed by Chief Secretary with Heads from key policy agencies
- Full endorsement by political leadership
- Synchronized with Malaysia Inc. policy
- Range of support admin and financial policies to ensure full commitment & buy-in at all levels
MONITORING & EVALUATION MECHANISMS
- M&E in-built into the RBM/RBB system
- Evaluation based on five year cycle
- Summative evaluation (mandatory)
- Formative evaluation (Internalized)
- Monitoring linked with monthly performance reporting with top mng’t
- Performance reports to Cabinet regularly based on KPIs
- Linked to policy modifications policy
- Linked to incentives/sanction system

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Lessons Learnt
- Need for sustained top management commitment & involvement
- Sustained capacity-building program for key levels
- Declining interest over time especially when RBB has become routine
- Monitoring & reporting time consuming
- Lack of e-enabled system for RBM/RBB
- Need to do more development work
Lessons Learnt

- Need to strengthen the performance planning process to be more zero-based rather than incremental
- Integrity of the Performance Agreement as comfort zone syndrome sets in after a time
- Declining interest over time especially when RBB has become routine
- Rewards & sanctions not commensurate at all levels
- Limited integration with other initiatives

Looking Ahead

- Need to strengthen the performance planning process & processes
- Adopt the Performance Agreement as strategic performance plan
- Work towards full vertical and horizontal linkages
- Work towards a fully e-enabled system
- RBB needs to be integrated within the larger Integrated RBM system

Looking Ahead

- Strengthen use of KPIs for top management to ensure sustained commitment & seriousness
- Avoiding disillusionment at both policy and operational levels
- Reviewing & strengthening all support policies and systems
- Strengthening strategic linkages & interface between RBB and Personnel Performance
- Working towards an integrated RBM System that focuses on whole-of-government performance