

**Training Course on Program and Performance Budgeting:**

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

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**Presentation Outline**

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- **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**

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**BACKGROUND & RATIONALE FOR MOVING TO RBB**

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## RATIONALE FOR RBB IN MALAYSIA

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

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## WEAKNESSES WITH PPBS IMPLEMENTATION

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- ▶ 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

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## WEAKNESSES WITH PPBS IMPLEMENTATION

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- ▶ 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

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**RBB IMPLEMENTATION STRATEGY**

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- ✓ 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

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**RBB IMPLEMENTATION STRATEGY**

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- ✓ 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

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**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

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**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

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## 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**

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- 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

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### 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

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### 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

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### 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

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### 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

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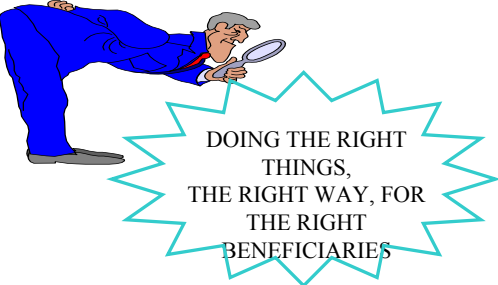
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**RBB &  
PERFORMANCE MANAGEMENT**

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DOING THE RIGHT  
THINGS,  
THE RIGHT WAY, FOR  
THE RIGHT  
BENEFICIARIES

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**REVIEW & DISCUSSION  
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