

## **Performance indicators, do they improve the effectiveness of development assistance?**

**Ousmane SIDIBE, Professor at the University of Bamako**

Performance indicators are increasingly used to measure the effectiveness of public policies. Inspired by benchmarking techniques currently used in the private sector, they stem from the idea that to survive in a competitive context, each country must continuously test its organization by the importation of "best practices" <sup>1</sup> currently used by its "competitors" (what Professor Alain Supiot calls "the dogma of universal competition"<sup>2</sup>). Thus, countries are ranked through a battery of quantitative indicators, referring to a normative implicit reality that takes the form of targets in the context of Results Based Management (RBM), which imposes on the "less efficient" continuous improvement of their scores. These indicators are increasingly used by funding agencies to serve as a basis for providing development assistance through a change of strategy regarding "Project support" towards supporting budget<sup>3</sup> in accordance with the Paris Declaration on the effectiveness of development assistance from March 2, 2005.

What are the objectives of such measures of performance? What is the relevance of, such indicators considering the results on the field? We try to answer these questions through three lines of analysis, namely the challenge of appropriation of budget aid (I), the achievements and limitations in the use of indicators (II), and the problem of the autonomy of countries receiving assistance in the conduct of their policies (III). We illustrate the analysis with examples drawn mainly from the Strategic Framework for Growth and Reduction of Poverty (CSCR) of Mali.<sup>4</sup>

### **I. The challenge of appropriation of budget support**

The objectives for budgetary support are designed to enhance efficiency through appropriation and more responsibility of recipient governments, as well as alignment with national procedures and the mobilization of resources at lower cost. In addition, the system of budget support is supposed to help not only to disburse large amounts with less bureaucratic constraints, but also to strengthen the coherence of government policies in recipient countries. In practice, there are overhangs (A), but also room for improvement (B).

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<sup>1</sup> OECD, World Bank (2008), Reference Document: Emerging Best practices for Results Based Management for Development - Third Edition, [www.mfdr.org / sourcebook](http://www.mfdr.org/sourcebook).

OECD (2008), Incentives for Aid Effectiveness in Donor Agencies: Good Practice and Self-Assessment Tool, available at [www.oecd.org / dac / effectiveness / results](http://www.oecd.org/dac/effectiveness/results)

<sup>2</sup> Alain Supiot, Justice sociale et libéralisation du commerce international, Droit social n°2, février 2009, P133

<sup>3</sup> Be they managed within frames of units of project or with institutional support more or less directly managed by funding agencies " Projects support" are particularly criticized for their low rate of disbursement, management costs, and low involvement by recipient countries. For these reasons, several donors including the European Union committed more and more to budget support, that is to say to aid paid directly in national budgets to fund all budget activities without targeting (GBS) or for supporting specific sectors (sectoral budget support), mostly health and education.

<sup>4</sup> See the 2008 Report for implementation of CSCR Mali, Ministry of Economy and Finance, May 2009

## **A. Progress in the implementation of budget support**

In Mali, the budget supports are taking place under the Framework Agreement (GBS) signed between the Government and funders in March 2006, and through specific arrangements in areas of education, health and decentralization / institutional development (sectoral budget support). These, respectively, signed July 18, 2006, July 19, 2006 and September 11, 2009, condition disbursement of funds in the sectors concerned to achieve quantified indicators<sup>5</sup>.

This means that the Malian experience in this area is very recent compared to the countries of Southern and Eastern Africa (Uganda, Tanzania, Mozambique) who are the pioneers on the continent. Despite this insufficient hindsight, the Malian experience is viewed with interest thanks to its efforts of alignment with national procedures (programming assistance based on CSCR), but above all because of the appropriation and mobilization of resources, particularly those of the European Development Fund (EDF)<sup>6</sup>. There is a consensus that the process of managing Project support is largely controlled by the funding agencies. In addition, it removes responsibility from the recipient governments, increases the mobilization of resources and increases transaction costs.

However, if we put aside the fact that funding through budget support is criticized by non-state actors, as far as their own activities are concerned, because it goes through procedures administered by national governments,<sup>7</sup> there is a consensus to recognize its advantages, especially its ability to mobilize maximum resources and a beginning of alignment with national procedures<sup>8</sup>.

Nevertheless, despite these advances, there are some margins for improvement.

## **B. Margins of improvement in the implementation of budget support**

In terms of harmonization, it is true that there are important gains in the internal coordination of funding agencies, including through the thematic groups, and much work remains to be done on a national level to coordinate action internally in order to set priorities in a dialogue with funding agencies. This is explained by the weak institutional capacities of administration that - it must be said - does not meet the conditions of management by results. In this regard, one can only regret the fact that in the 1980s, these countries, under the Structural Adjustment Programs (SAPs), had been led up to "cut back" so severely public administrations, which in fact were already flimsy, and

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<sup>5</sup> On the choice of indicators in budgetary support, see: Introduction of performance indicators in supporting the Structural Adjustment Programs in ACP Countries, Study commissioned by the European Commission, Summary Report, Vol.1, CERDI, June 2002

<sup>6</sup> On the evaluation of development assistance by civil society in Mali visit: Federation of NGO community in Mali, Workshop Report: Official Development Assistance, an engaged civil society, Bamako, July 2007.

<sup>7</sup> The fact that national procedures for managing budget support are controlled by the governments of recipient countries, is seen by NGOs as an obstacle to their independence.

<sup>8</sup> Not only many funding agencies continue to use project support through their own management units, but even among those who opted for budget support, many are spending part of the assistance through institutional support, managed by their own procedures, which increases transaction costs.

multiply the units of management programs, which not surprisingly has not helped create a stable institutional environment. In Mali, for example, any administrative reform during those years had as guiding principle "the control of structures and staffing," culture that still marks the Malian government. During this period several cells of Planning and Statistics (CPS) within ministries were closed, thereby weakening the ability of countries to develop sound policies based on reliable statistics, all things that the current Government, encouraged by the funding agencies, are correcting in recreating these services which are now playing a central role in supplying indicators. Despite this and despite the progressive introduction of Medium Term Expenditure Framework (MTEF), most governments can not make firm commitments beyond the budget cycle, because the planning and budgeting are separate processes under different administrations with often divergent interests.

Furthermore, if there is a beginning of alignment of some funding agencies on national procedures, the coexistence of both types of aid, sometimes within the same programs with the same funding agency, imposes to national administration heavy constraints in terms of reports, reducing the time spent on providing services to people, which is, after all, the purpose of this aid.

## **II. The achievements and limitations of performance indicators**

Results based management is centered around setting targets for national policies and measuring their results. It incorporates principles of so-called "good governance", including clear and measurable objectives, a decision-making process based on evidence, transparency and continuous improvement.

Proponents of this approach see it as a way to bring the governments of developing countries accountable to their citizens and to the funding agencies who fund some of their programs. To link actions to results and make more systematic monitoring of performance, they establish chains of results through logical framework linking objectives, activities developed in order to achieve them, the resources mobilized, the results achieved (compared to what was expected) and the impact obtained. This is where the famous indicators designed to measure objectives in relation to results step in. In fact are they relevant?

The analysis of the situation on the ground shows that there are achievements (A), but also limits (B) in the use of indicators.

### **A. The gains in the use of performance indicators**

The analysis of the situation on the ground shows that this exercise is of some use in the conduct of public policy, at least for some indicators. This is true for example for several indicators (reforested areas, percentage of population which have access to drinking water<sup>9</sup>, immunization coverage of children under one year, rate of assisted delivery, rate of prevalence of HIV-AIDS, rate of budgetary devolution, rate of staff decentralization,

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<sup>9</sup> In the Global Report on Human Development 2007/2008 UNDP, the Human Poverty Index (IPH1) evaluated for Mali in 2001 to 58.2% decreased, thanks to achievements in the access to basic social services ,especially access to water having improved a lot.

etc. ..). Indicators of devolution (budget and staff) that measure the efforts of Governments in their commitment to devote a growing share of the State Budget to regional and subregional service, and to assign more personnel (thus closer to the people ) seem particularly relevant when we know that in 2002, in Mali, on average nearly 80% of the state budget was spent in the capital city and on average nearly 50% of country officials worked there<sup>10</sup>. The use of these indicators has led governments to provide significant effort of budgetary devolution in recent years, the devolution of human resources appearing to be much more problematic because of the reluctance of officials to serve in the region, particularly in those of Timbuktu, Gao and Kidal, considered as difficult. However, the tree should not hide the forest. You can not manage all aspects of public policies with indicators.

## **B. The limits of performance indicators**

The analysis of the situation on the field shows that there are some limitations related to the adverse effects of certain indicators (1), difficulties of interpretation (2) and measurement of values (3), the issue of a harmonized methodology for collecting and processing data (4), and the choice of priorities and target values (5).

### **1. The perverse effects of performance indicators**

With a closer analysis, we realize that using multiple indicators produces effects that sometimes go against the stated objectives. This is so with all the indicators designed to measure the budgetary effort for certain priority sectors. Thus, although the indicators that measure the share of national budget indeed devoted to education (25.7% in 2008) and health (11.6% in 2008)<sup>11</sup> encourage a further concentration of budget at the level of these sectors, the fact remains that they have the disadvantage of encouraging the concerned administrations to spend budget allocations in activities which contribution to improving the academic status or health of populations could seem questionable.

In the field of justice, if the indicators on the number of judges per capita and the number of justice infrastructure (courthouses, prisons, homes of judges, etc..) built or rehabilitated, give an idea of the budgetary efforts for the sector, it remains clear that they do not inform on the quality of justice, its independence, still less on the satisfaction of litigants. It must be said that the combined use of these two indicators is likely to push governments to concentrate their efforts on the recruitment of magistrates and the construction of courthouses, to the detriment of all essential issues related to fair earnings for judicial staff and to difficult reforms for the raising of moral standard in the judiciary system.

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<sup>10</sup> Commissioner for Institutional Development (CID), Institutional Development Program, 2002, P10.

See also: Mission Decentralization and Institutional Reform (MDRI), Administrative Decentralization in Mali: overview and definition of a national program to strengthen devolution and support decentralization, 2000

<sup>11</sup> Ministry of Economy and Finance, 2008 Report of implementation of CSCR, May 2008, P11.

In addition to the issue of absorption capacity and quality of public expenditure recorded in these sectors (which can be described as concentration of Budget: Education, Health), the use of this indicator leads each ministerial department to analyze its budget, not in terms of its operating needs, but now in terms of percentage of the national budget, which, and it is already evident, create bidding wars without end around budgetary decisions. In this regard, we observe in the latest generation of Documents about the Strategy in the Reduction of Poverty (DSRP), a shift in priorities towards the infrastructure sector, and since the vertiginous rising of the prices of grain on the world market, agriculture, yesterday abandoned, begins to go high on the agenda. If, in this case, we can only welcome this development, in general, the permanent changes of priorities, illustrate the fragility of choice when not worn by the peoples concerned. The succession of reforms sometimes abandoned before being completed, often depending on the international agenda, without consultation with interested countries, constitutes a real source of instability of public policy in developing countries, Africa appearing in this regard, as the field of all experiments.

In the field of education, although the indicators in relation with the enrolment gross rate in fundamental cycle 1 (80% in 2008)<sup>12</sup>, and the completion rate of the fundamental cycle 1 (53.3% in 2008)<sup>13</sup>, have been vectors of universal schooling, the fact remains that each has adverse effects. Indeed, given the practice on the field, it is reasonable to think that the idea to raise the enrolment rate made administrations less fussy in the supervision of schools like community koranic schools and madrasahs which also contribute to the recovery of this indicator (up to 11% in 2008)<sup>14</sup>. This same concern has led almost all African countries since 1990 to recruit teachers overwhelmingly low-skilled, with serious consequences on educational systems, especially since most of these non-professional teachers have great difficulty in acquiring the ethics of the profession. But the paradox of this situation lies in the fact that it was indeed the structural adjustment programs that had led the authorities in some countries, including Mali, to close most schools for the training of teachers and to conduct a program of voluntary departures proposing early retirement in the 1980s, creating a sudden shortage of qualified staff in the education sector<sup>15</sup>. When in the 1990s, priority was given to social sectors, not only was there more than enough professional teachers available on the labor market, but it encouraged the recruitment of contractual staff underpaid. Moreover, in order to control the wage bill, in many African countries classes are functioning with over 100 students, or with so-called dual systems division and double shifts<sup>16</sup>. Today, the consequences of these contradictory policies on the quality of education are such that everywhere in Africa these policies should be questioned again

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<sup>12</sup> Ministry of Economy and Finance, 2008 Report of implementation of CSCR, May 2008, P33.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> Certainly, in principle, teachers and health workers were not eligible for the program to preserve these social sectors, but in fact they were the most affected because their personnel lived under relatively more difficult conditions than other officials.

<sup>16</sup> It was a system that due to shortage of staff was operating two classes held by the same teacher at the same time in two rows in the same room (double division) and two cohorts of the same class held alternately in the morning and the afternoon by the same teacher (double shifts).

in order to give a minimum of coherence. The projections announce a workforce of around 180 000 students for the University of Bamako in 2015, when higher education is by no means the priorities followed by indicators!

It is also the use of completion rates in fundamental cycle 1 who has led the Ministry of Education to issue directives to schools to enable a maximum of pupils to moving into the upper classes to complete this cycle even when they were well below the necessary level, which to many observers is a major weakness in the Malian education system.

## **2. The challenge of interpreting the indicators**

Furthermore, some indicators should be handled with care and should be analyzed by crossing them with some other data. Thus, even if the pupil-teacher ratio of fundamental cycle 1 is relevant in principle, in that it gives an indication of the level of supervision of students, the fact remains that it is still relative since in schools that concentrate the most teachers (in fact in the cities) many teachers are used more in school administration than in the classroom, or are overstaffed. It is also not surprising that this indicator is not indicated in the reports on the implementation of CSCRIP.

In health sector, the indicator on the percentage of population living within 5 km of a functional health centre (58.2 in 2008<sup>17</sup>) doesn't give enough information on the actual accessibility of health care. It is well known that because of the destitution of centers in drugs and often in medical personnel (as soon as we are away from major cities), people see only a very limited interest to attending, preferring, particularly for the poorest, to use traditional medicine (when there are still trees!), or worse go to "street pharmacists" real quacks who prescribe counterfeit drugs. It is clear from the report of implementation of the PRSP in 2007 and 2008, that barely one in three residents attended a health center<sup>18</sup>, even if it is rare for a person living in Mali not to suffer at least once in a year from health problems, especially malaria, a disease that is prevalent at an endemic level. In truth, health in developing countries who do not have a system of compulsory health insurance, with the poor population in majority (human poverty index from 56.4% in 2008 in Mali<sup>19</sup>), the real challenge remains affordability.

## **3. The difficulties in measuring indicators**

Although relevant, some indicators are not easily measurable. For example, in the field of social security, the percentage of population covered by a mutual insurance company and that of the poor supported medically. It is a real concern since the safeguards of traditional social protection are being weakened, and thus play less and less the role of social shock absorber for the poorest. However, it is difficult to gather reliable information on mutual insurance companies, their members, and the actual benefits offered because it is an informal sector which operates in a legal and institutional inappropriate frame. In such a context, how to build a new social contract imposing

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<sup>17</sup> Ministry of Economy and Finance, op. cit. p. 35

<sup>18</sup> Ministry of Economy and Finance, op. cit. p. 36

<sup>19</sup> Global Report on Human Development 2007/2008 UNDP.

reciprocal obligations on families, communities, local governments, civil society and the state to ensure access of the poor to social protection? What efforts for dialogue, reconciliation and openness between the actors in order to renovate the approaches and means of action against the realities of the sector? Indicators do not give information to all these questions.

#### **4. The risks associated with international comparability of indicators**

Sources of information are based on methodologies whose international comparability (which is underlying the choice of these indicators) is sometimes far from assured. Thus, the 2008 Report of implementation of CSCRIP indicates an unemployment rate of 7.7%<sup>20</sup>, which does not fail to surprise, when compared with the situation in industrialized countries. But when you consider that this figure<sup>21</sup> takes into account people of working age to meet simultaneously the following two conditions (not having economic activity during the reference period or not having kept a formal link to employment and being available for employment), we understand that it hides a massive underemployment of over 80% in most African countries. The vast majority of people regarded as not affected by unemployment are indeed active in traditional agriculture or in the informal sector and work only a few months a year. In reality the expansion of the informal economy is one of the most significant changes in the labor market in Africa over the past two decades. The employment structure has been significantly transformed by shifting dynamics of formal sector employment into the informal sector, which has become the reservoir of the urban workforce. The ability to adapt to the realities of the labor market and the ease of entry and exit made it attractive for entrepreneurs in particular as regards sensitive groups like women.

#### **5. A difficult consensus for building around indicators**

One of the challenges of results based management, is certainly the definition of relevant and legitimate objectives. The consensus in this matter is a challenge because of the difficulty of defining priorities. If, in a company, a consensus can be obtained without much difficulty over the choice of goals (cost reduction, productivity, profit, etc..), the issue is much more difficult in regard to public policy. Because the goals of public policy are manifold and often contradictory, the same problem can be solved in different ways, the consensus can be extremely laborious.

Moreover, if in the spirit of the Paris Declaration indicators should be chosen in the matrix of PRSP or logical frameworks of sectoral programs, in fact, we must recognize the weight of the funding agencies in the process of choosing some indicators and setting targets. These words of a representative donor illustrate the situation: "The Government of Mali led the aircraft, we ensure that there is a good flight plan, the altitude is well controlled, if the needles (of the gauge) are not good, we are providing

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<sup>20</sup> Ministry of Economy and Finance, op. cit. p. 41

<sup>21</sup> This statistic is derived from the Permanent Survey of Households (EPAM) conducted in 2007.

better ones"<sup>22</sup>. This might surprise observers, but we know that taken by the throat states are sometimes forced to accept harsh conditions, hoping to gain later margins of maneuver. In fact, in order to regain margins of maneuver, the real challenge now for developing countries is to rebuild their capabilities undermined by decades of structural adjustment, isn't it?

### **III. Strengthening the autonomy of developing countries in the conduct of public policy**

While managing public resources wisely and being accountable to citizens is a matter of common sense, which justifies in principle the results based management, we must also agree on the meaning and content to be given to this concept, since everything cannot be quite quantified. The culture of results is also not the same everywhere. Each country must develop its public policy from its own realities, without being imposed an external model. A country can draw on successful experiences elsewhere, it is a matter of common sense in an open world, but it must be intentional and thus with the necessary adaptations. The issue is about respecting the dignity of states, including the most vulnerable among them, allowing them to afford a real autonomy in the conduct of their policies.

This movement must be carried by democratic government enjoying legitimacy and popular support for real, with the full involvement of civil society and parliament. For, it must not be mistaken, the choice of indicators is not politically neutral. In a country like Mali, heir to an ancient culture, with buildings classified as World Heritage of Humanity in the old city of Djenne, Timbuktu and Gao, and thousands of ancient manuscripts, how can we understand that in the CSCRIP there is no indicator to safeguard these treasures?

RBM should not be seen as a new ideology or a tool in the hands of a few technocrats, who would decide what is good for everybody, and thereby impose changes on society. It can be legitimate only as an inclusive approach to support the nation in a collaborative research to make an optimum use (intelligent, balanced and fair) of public resources. In a system of good public policy, indicators should be designed primarily to the implementation of national policies, and then has to reward the achievements through concerted management of aid

In this approach, politicians, parliaments and citizens organized into associations must take their place. In order to help people to appropriate this debate, we must give correct information on these issues, spaces for free expression, and reasonable consideration of different opinions, especially those of weaker groups.

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<sup>22</sup> As reported by Isaline Bergamashi in: Strategic Framework to fight against poverty, budget support and policy dialogue in Mali. Budget support in question: How effective, for whom? GRET Collection debates and controversies, n2, pp 27 and following.