



# **KEY CONCEPTS AND APPROACHES TO PROGRAMS AND PERFORMANCE**

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# PROGRAM

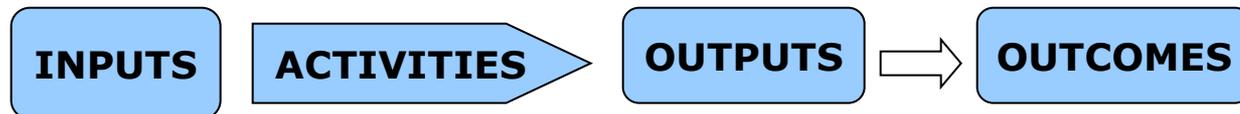
- A program is a group of activities intended to contribute to the realization of a set of government objectives.
- Programs should have a clearly defined objectives and outputs.
- Do not define a program as an activity!
- Programs should support political decision-making and expenditure prioritization.
- Programs can be the ministry-specific or multi-ministerial.
- It should always be made clear who is responsible for the results of the program.

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- All governments are under increasing pressure to produce and to demonstrate RESULTS.
  - Public concerns:
    - For what purpose is the money to be allocated?
    - How and where is it being spent?
    - What has it achieved?
  - The answer on the last question is given by performance measurements.
  - Performance measurement is the assessment of the efficiency and effectiveness of a program or an activity by measuring the relevant inputs, processes, outputs and outcomes.

## KEYs to PROGRAM PERFORMANCE MEASUREMENT:

- Inputs
- Activities
- Outputs
- Outcomes

The results chain





# INPUTS

- Resources used in the carrying out of activities to produce outputs.  
Example: Personnel, equipment, materials...
- Usually expressed as the amount of expenditure or staff time.
- Should include all costs.
- The input to one activity may be the output of an earlier activity.
- They measure efficiency and cost-effectiveness: as a ratio of outputs and outcomes.



## ACTIVITIES

- Activity is a subdivision of a program with specific objectives and outputs, thus facilitating the measurement and management of performance.
- Activity is a group of similar tasks to reach the objectives.
- Activities present the processes in which the inputs are transformed into outputs of the program.

Example: Program is responsible for stimulation of efficient energy usage and usage of renewable energy sources. Activity is preparation of publications for the population (to increase awareness about efficient energy usage).



# OUTPUTS

- Refers to goods and services produced by a program or activity.
- Immediate effect of a program or an activity.  
Example: Kilometers of road built.
- Difference between output and activity.  
Example: Program is responsible for stimulation of efficient energy usage and usage of renewable energy sources. Activity is preparation of publications. Output is the number of publications for the population.
- Outputs are important in setting targets for staff.
- It is common for an output to have more than one intended outcome.



## OUTPUTS cont.

- Outputs can be standardized (each product/service is the same) or heterogeneous (services and activities are different because of different needs of final users).
- Beside the quantity, the quality of outputs is important.
- Qualitative output does not guarantee the achievement of planned outcome, but it makes it more probable.



# OUTCOMES

- Refers to economic or social changes brought by a program. Outcomes present the intended impacts of outputs.  
Example: Improved accessibility of remote areas.
- Types of outcomes (impacts):
  - intermediate outcomes or proximate outcomes that are expected to lead to the ends desired, but are not themselves ends;
  - end outcomes or high-level outcomes that reflect the desired end or ultimate results that the program aims to achieve.  
Example: Promotion of healthy nutrition will decrease the number of diseases connected with blood veins. In long term it will improve health of people on the whole.
- Connection between outputs and outcomes is not always unconditional.



## OUTCOMES cont.

- Beside the program, the external factors influence on outcomes. Often a program is only one of the influences on an outcome.
- The external factors can be characteristics of the client or they can be reflection of context in which the public program is delivered.  
Example: student characteristics, education or economy, European Union, parliament (legislature)
- Outcomes sometimes occur only after many years.  
Example: Promotion of health will improve health of people in long term period.
- Also not-planned outcomes are very important for final result.  
Example: New road can decrease traffic jams and pollution but can cause more accidents and victims.



# PERFORMANCE INDICATORS

- Measures which provide information on the effectiveness and efficiency of public programs.
- Can be quantitative or qualitative.
- They should be compared against some base or standard:
  - past performance,
  - other comparable programs or organizations or standards in the field,
  - targets set in the budget or other policy statement.
- They are used as a proxy when direct measurements are difficult or costly to obtain.
- The indicators should be reviewed regularly.



# OUTPUT INDICATORS

- Outputs in public sector are usually the services. This is one of reasons why it is easier to measure the output quantity than output quality.
- Workload or activity level measures are often used as a proxy for output measures, especially because of quality measurement problems.  
Example: The number of inspections carried out.
- Used to assess efficiency – it can be measured by the ratios of inputs to outputs.
- In some sectors they can be used as a surrogate outcome indicator.



## OUTCOME INDICATORS

- Outcome indicators are more relevant in assessing the achievements of programs but output indicators are generally easier to define and measure.
- Usually difficult to distinguish the impact of certain program from the impacts of external factors and impacts of other programs that have common intended outcomes.
- External factors are the main problem of outcome measurement.
- The outcome should be defined even if it can not be measured.

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- Performance budgeting focuses on outcomes but it does not forbid measurement of outputs and inputs.
  - Other performance indicators:
    - customer satisfaction
    - service quality measures
    - work process measures
    - process indicators
    - social indicators etc.
  - Performance indicators should reflect the objectives of the program. They should be:
    - relevant
    - simple and understandable
    - cost effective
    - Have the capacity to monitor results
    - timely
    - reliable
    - comparable



# PROGRAM PERFORMANCE INFORMATION

- Two types of performance information:
  - performance indicators
  - evaluations
- Performance indicators are only one source of information on performance!
- Not everything can be measured.
- Performance information can help ensure that programs are implemented in conformity with their objectives; and help in preparing new programs.



## REPORTING

- It should be focused on critical things.
- It should compare current performance to that of prior periods.
- It should relate the results achieved to the stated goals.
- Different reports for different users.
- At the time of preparing and approving the budget, the information on past performance should be available.