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*GLOBAL INSIGHTS*

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Performance Measurement  
and Global Governance:  
The Experience of the World Bank



*Beryl A. Radin*

Performance management and performance measurement have become central topics in public sectors across the globe. Dissatisfaction with the performance of government organizations has become a pervasive element in the world we live in. Increasingly citizens are unwilling to blindly accept the level of work of a range of institutions within their societies. These include not only government institutions but also organizations in the health sector, education, foundations, and other areas. Yet it is not always clear why these concerns occur. There is an array of possible explanations. Some citizens worry about the expenditure of funds and are skeptical about the way that limited fiscal resources are allocated. Other citizens are dissatisfied with the results of the decisions made by various organizations and seek to modify or even eliminate those programs and projects that make up organization agendas. Still others believe that organizations are not responsive to those who are the beneficiaries of their work and, instead, have devised processes that insulate staff of those organizations from those who are supposed to be served by them. And yet others simply want to make sure that institutions are able to adapt to the changing circumstances of the twenty-first century.

All of these developments have led to a belief that assessing the outcomes of organizations is a way to improve their activity. Various methods have been adopted to make that assessment; these have been termed performance measurement activities. Some of the methods emerge from an attempt to encourage governments to create market conditions within countries; others focus on the role played by civil society groups within those settings. They occur in national government settings as well as local and regional jurisdictions.

It is not surprising that they are also surfacing within the multinational institutions concerned about global governance. Assessment of performance of

public sector entities and contractors is linked to concerns about accountability, transparency, decentralization, and good governance. This discussion focuses on such activity within the World Bank but clearly has wider implications for other multinational organizations both within their own management structures and in their expectations for countries that receive their support.

### **The World Bank Context**

As the concept is applied to developing countries, there is a clear challenge: How can one link the concerns of public sector management reforms with the values of nongovernmental organizations (NGOs) and civil society advocates. There is increasing attention to the role of NGOs and civil society advocates in addressing development needs. This was the challenge faced by the World Bank as it attempted to support performance activities within the context of its relationships with developing countries.<sup>1</sup> The Bank actually supported two types of activities related to performance. One was called “civic engagement” and focused on a bottom-up process by which NGOs defined performance outcomes and were involved in assessing the achievement of those outcomes. The other drew from the experience in New Zealand and was a top-down effort that emphasized efficiency outcomes and market-based solutions.

This discussion illustrates two faces of the performance movement and uses examples of activities within the World Bank (or recommended by the Bank) that are viewed as part of that movement. The two approaches within the Bank rarely interact with one another. At the same time, the Bank has adopted techniques such as report cards and budget analysis without acknowledging that there are different values that undergird the use of these techniques. For example, when a government agency devises report cards to compare different program settings with one another, that agency focuses on program implementation within the government structure. By contrast, when a civil society group advocates use of report cards, it is often attempting to show how the government does not serve a particular citizen or client group.

The two strategies undertaken in the World Bank illustrate the impact of different value sets in approaching performance activities. The examples that are included in this discussion emerge from the Social Development Group, which emphasizes civil society activity and uses the term “social accountability” to describe its approach, and from the Public Sector Management group, which emphasizes administrative reform, decentralization, and anticorruption activities.

## The Social Development Group

This World Bank group seeks to find a way to determine how what they call “civic engagement” fits into a macro system that includes the policy framework, regulatory environment, resources (information), and capacities. Civic engagement, or social accountability, according to this approach, includes budget formulation, budget analysis, budget tracking, and performance monitoring.

Many of the issues related to social accountability are associated with an array of initiatives and coalitions of actors subsumed in the expression of “Corporate Social Responsibility.” The effort began with concern about the lack of government enforcement of requirements involving environmental issues. It soon was expanded to include social justice issues involving labor practices; trade unions, businesses, and NGOs were committed to voluntary standards for workplaces based on International Labour Organization and other human rights conventions.

About the same time, similar issues were surfacing within the World Bank. The Bank’s Independent Inspection Panel recommended that the Bank’s Board of Executive Directors authorize a full investigation of the Yacyreta Hydroelectric Dam, located on the border between Argentina and Paraguay. A claim had been filed in September 1996 that asserted that the project had “serious impacts on [local people’s] standards of living, their economic well-being and their health.”<sup>2</sup> During the 1980s and 1990s there was increased pressure to adopt policies that were sensitive to environmental and social impacts of multilateral development bank projects (MDBs).<sup>3</sup> These activities resulted in a commitment within the Bank to attempt to assess the impact of their projects on grassroots populations. It assumed that it was not possible to get such information only from governments; thus the bottom-up approach to performance became a point of emphasis.

## NGO Budget Analysis

As an increasing number of critics pointed to the lack of effectiveness of top-down, global approaches to change, a number of activities were undertaken by NGOs committed to social change and empowerment of otherwise powerless groups within a particular country. The International Budget Project of the US Center on Budget and Policy Priorities was created in the 1990s to assist NGOs and researchers in their efforts both to analyze budget policies and to improve budget processes and institutions. It became a model for similar activities supported or encouraged by the World Bank. Besides informing the specific budget debates in a number of countries, the

goals of these projects include the possibility that they can serve as model analyses that could be used in other countries.

### **NGO Report Cards**

Unlike the budget analysis, which tends to focus on the various stages of the budget process (budget formulation, budget analysis, and expenditure monitoring), another technique that was devised by NGOs in the 1990s focused on performance monitoring through report cards. The report card potential received significant attention from the World Bank and was highlighted by the Participation and Civic Engagement Group of the Social Development Department. Often the use of the report card was not linked to the agenda of particular NGO groups but, rather, was used as a mechanism to compare performance of government agencies.

According to one of its major proponents, Samuel Paul of the Public Affairs Centre in Bangalore, India, this intervention was devised to assure that citizens who are also consumers of public services are watchful and able to assert their rights.<sup>4</sup> Paul has written: "By withholding information, public service agencies tend to weaken the bargaining power of their customers or the public they are meant to serve."<sup>5</sup>

Although report cards and customer service have been used in developed countries for some years (particularly in the private sector and in the public sector to compare performance of public organizations involved in delivering the same service),<sup>6</sup> Samuel Paul was able to adapt the technique to the values of NGO agendas. He focused on citizen (not organizational) report cards and has argued that it is a "cost-effective way for a government to find out whether its services are reaching the people, especially the poor. Users of a public service can tell the government a lot about the quality and value of a service."<sup>7</sup>

The first report card done by the Public Affairs Centre was issued in 1994 on Bangalore's municipal services, water supply, electricity, telecommunications, and transport. The report card is based on random sample surveys of users of services and involved public ratings on different aspects of service quality (such as availability of services, usage, satisfaction, service standards, and perceived level of corruption). The ratings were issued publicly and received significant media publicity. Public discussions that followed brought the issues into the open and civil society groups began to organize themselves to voice their demands for better performance. The report cards approach is constructed on the assumption that citizens have access to information they need to assess their satisfaction with services or government. It provides a means for accountability in contexts where people do not want or cannot commit themselves to other forms of participation.

The first Bangalore citizen report cards were followed up with a second rating in 1999 and improvements were reflected in somewhat better ratings than the agencies received the first time around. At the same time, some agencies remained indifferent and corruption levels continued to be high. A third survey was done in 2003 and resulted in what Samuel Paul called “a surprising turnaround” in the city’s services. It noted a remarkable rise in the citizen ratings of almost all of the agencies. Not only did public satisfaction improve across the board, but problem incidence and corruption seem to have declined perceptibly in the routine transactions between the public and the agencies.<sup>8</sup>

### NGO Anticorruption Efforts

Over the years, a number of NGOs across the globe have become increasingly concerned about citizens’ ability to access information about their governments. They believe this information should be transparent and available to all citizens. As one of the groups involved in what they call the “global integrity approach” has noted, “Corruption erodes public trust in government, undermines the rule of law, weakens the state, and hinders economic growth by discouraging investment. Corruption has an extremely negative impact on social and civil society maturation and the establishment of effective and responsive democratic government.”<sup>9</sup> Both the Center for Public Integrity and Transparency International have released indices that rate the existence and effectiveness of mechanisms that prevent abuse of power and promote public integrity.

The Public Integrity Index, a compilation of detailed data and comparative country perspectives of mechanisms in place to prevent abuses of power and promote public integrity, was released by the Center for Public Integrity in May 2004. Using a blend of social science and journalism, in-country teams of independent social scientists and investigative journals report on the reality of corruption and anticorruption mechanisms in twenty-five countries. The Public Integrity Index measures three things: (1) the existence of public integrity mechanisms, including laws and institutions that promote public accountability and limit corruption; (2) the effectiveness of these mechanisms; and (3) the access that citizens have to public information to hold their government accountable. Indicators of existence assess the laws, regulations, and agencies or equivalently functioning mechanisms that are in place in a particular country. Indicators of effectiveness assess such aspects of public integrity as protection from political interference, appointments that support the independence of an agency; professional, full-time staff and funding; regular reports to the legislature; independently initiated investigation; and imposition of penalties. Indicators of citizen access

assess the ready availability of public reports within a reasonable time period and at a reasonable cost.

The information that is developed by all of these activities has a life of its own. It can be used by the press, it may be used to organize and focus demonstrations and other forms of social protest, and it may also be used as a part of a legal strategy.

According to Anne Marie Goetz and Rob Jenkins, many of the NGO efforts involving accountability have come from dissatisfaction with state-led experiments, which, they note, often seem driven by public relations concerns. They argue that “the suggestion that those worst afflicted by abuses of power ought to be directly involved in checking those abuses is hugely unfair.”<sup>10</sup> Further, they note that “it is, moreover, unrealistic to expect relentlessly valiant behavior of ordinary people, who often lack the voice resources of other social groups—elite connections, education, media savvy. In many cases, voice initiatives—for instance, certain democratic decentralization programs and right-to-information laws—have resulted neither from pressure by the poor, nor from pure altruism.

### **The Public Sector Management Group**

Still another stream of change that is related to performance activity in the World Bank stems from the field that has come to be known as the “New Public Management.” This international movement has focused on such interventions as institutional rules and organizational routines affecting expenditure planning and financial management, civil service and labor relations, procurement, organization and methods, and audit and evaluation.<sup>11</sup> For the most part, despite its advocacy of decentralization and the market model, this approach relies on a top-down approach inside government. Its focus has been on government-wide strategies and central management agencies. While the best known examples of its approach have been found in the UK, New Zealand, and Australia (largely in the 1980s), it has also reached into the management reform efforts in the US (the National Performance Review during the Clinton administration) and structured the program of OECD’s public management activities (known as PUMA).

The New Zealand activity received significant attention within this movement because its agenda took place across a wide range of areas (expenditure planning, financial management, organization, civil service, and labor relations) within a three-year period and because its arguments were developed in terms of economic theories of organization and government.<sup>12</sup> As one analyst noted, the public choice theory that underpinned the effort attempted to “institutionalize a clear distinction between ‘outputs’ and ‘outcomes’”; he



described the reliance on policy markets as “usually imagined rather than real.”<sup>13</sup>

For more than a decade the New Zealand experience became the model for management reform activity in the Bank and other international bodies without attention to a number of attributes in these activities that limit the ability of other countries to follow the New Zealand model. The attempt to use the New Zealand experience as a model for change in developing countries was roundly criticized by Allen Schick, a noted financial management academic and a consultant to the Public Sector Management group of the World Bank. Schick noted that the Bank and other international organizations had showcased New Zealand’s reforms and “some of the architects of the reforms have crisscrossed the globe extolling the virtues and portability of their country’s version of results-oriented public management.”<sup>14</sup> Schick argued that “there are important preconditions for successfully implementing the new public management (NPM) approach; these should not be ignored by countries striving to uplift themselves after decades of mismanagement.”<sup>15</sup> Further, he asks, “Can a country which gets things done by relying on informal practices that violate prescribed management rules sensibly broaden the discretion of managers while resorting to contractual formalities to safeguard public values and interests?”<sup>16</sup>

Despite Schick’s warnings, both developed and developing countries were attracted to strategies that involved both an increase in managerial discretion and a reliance on performance contracting. OECD noted that “devolving responsibilities and providing flexibility are cornerstones of reforms aimed at improving performance. Managers and organizations are given more freedom in operational decisions and unnecessary constraints are removed. In exchange, managers can be held accountable for results. Detailed control of input and processes is replaced by new incentives and focus on performance.”<sup>17</sup>

Many of the proponents of this approach are trained or are at least comfortable with an economic perspective on performance and change. As such, they are able to influence the country-assigned staff within the Bank with responsibility for the loans and projects supported by the international organization. In many instances they have more weight within the power structure of the Bank than do the proponents of the social accountability approach.

### **The World Bank’s “Take” on Social Accountability**

The World Bank’s concern about issues related to social accountability stems from two very different parts of the Bank’s structure. The Public Sector Management group is in tune with the New Public Management agenda,

highlighting administrative reform, decentralization, and anticorruption. This part of the Bank does not use the term social accountability and is focused on government-wide activities. In contrast, the Social Development Group emphasizes NGO and civil society activity and often uses the term, “social accountability.”

There have been attempts to reconcile the two approaches within the Bank. There is an effort within some of the African grants to develop what have been called Socially Sustainable Development strategies. This activity is centered on the use of report cards to assess consumer satisfaction with the availability and quality of a range of mostly municipal services. Attention in these activities has been given to the involvement of NGOs and other community groups in the process, both as informants to the report card questionnaires and as groups that can draw on the findings to organize citizens.

## Conclusion

The discussion of the two strategies related to performance within the World Bank illustrates several issues. First, the value orientation of the advocates for change makes a real difference in terms of the players in the process as well as the strategy for change. A top-down, government focused approach is likely to define outcomes in aggregate efficiency terms unless the relevant government’s political agenda emphasizes equity or redistributive values. In contrast, a bottom-up approach that is constructed around nongovernmental organizations committed to change is likely to focus on impacts of programs and policies on specific population groups. Second, the predominant professional orientation of the organization makes it difficult for individuals from other orientations to have an impact on decision-making. The community organization community that advocates the social accountability approach does not speak the same language or conceptualize issues in a way that convinces economists.

While this discussion focuses on the experience of the World Bank, the competing values that are found in that organization are not unique and are often present in other international organizations as well. The variability of national structures and political cultures makes it difficult to devise any single strategy that would work in all countries. While there are examples of useful efforts around the globe, these efforts are usually modest in scale and designed to meet the unique elements within a particular country. They are developed as problem-solving approaches that have been created as targets of opportunity. When these efforts have been successful, they have been tailored to meet the specific attributes of the demographic and political realities of the relevant country. As in so many other areas, adopting a “one size

fits all" approach to change is less than effective. Similarly, it is useful to assume a posture that acknowledges that performance measurement is not a panacea. Modest expectations, rather than overreaching, emerge from the World Bank experience. 🌐

## Notes

Beryl A. Radin is scholar in residence at the School of Public Affairs, American University, Washington, DC. This article is drawn from Beryl A. Radin, *Challenging the Performance Movement: Accountability, Complexity and Democratic Values* (Washington, DC: Georgetown University Press, 2006).

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6. See William T. Gormley Jr. and David L. Weimer, *Organizational Report Cards* (Cambridge, MA: Harvard University Press, 1999).

7. Samuel Paul, "Citizen Report Cards: An Accountability Tool," Development Outreach, The World Bank Group, available at [www.worldbank.org/devoutreach/article.asp?id=235](http://www.worldbank.org/devoutreach/article.asp?id=235) (accessed July 2004).

8. Other citizen report cards were undertaken by the Public Affairs Center in the Mumbai, India, slums. A similar effort was undertaken within the Philippines where dissemination included consultation with public service providers, consultations with parliament, and public advocacy groups. See also [www.worldbank.org/participation/events/workshops/gambia0303/clientreportcard.pdf](http://www.worldbank.org/participation/events/workshops/gambia0303/clientreportcard.pdf).

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11. See Michael Barzelay, *The New Public Management* (Berkeley, CA: University of California Press, 2001) p. 156.

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16. Ibid., p. 2.

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