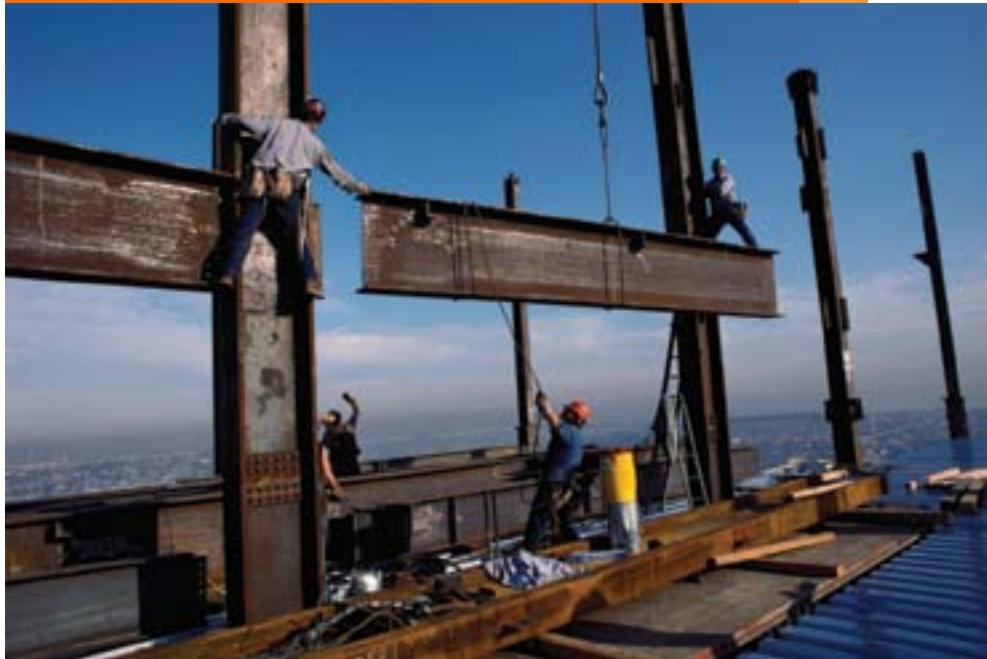


Staying ahead of the crowd

Getting the Middle East
Public Sector to perform

*A publication by PwC
Middle East Public Sector
Institute*



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Why performance management in the middle east governments?

Over the past years, improving the quality of public sector services has been a pressing issue for governments worldwide. In the middle east, as with other regions, a number of factors have driven the focus on performance management as a means of improving the quality of public sector operations and service delivery:

The economic financial crisis

The global recession and the consequent zeal for cost-cutting and efficiency have set performance management as a key priority on the agenda for governments across the region. Budget cuts and instructions to “do more with less” have pushed governments to identify areas for improvement and weed out inefficiencies in the system.

Rising citizen expectations

The media revolution, and the rise in communications and social networks has heightened citizen awareness of the role of government and the range and quality of services that it should be providing.

Competition and the rise of new governance models

Competition over trade flows, investment and resources has pushed governments to become more efficient and responsive. As a result, new governance models that are reflective

of “public choices” and represent co-production between the public, the private and the third sectors have become prevalent.

The advantages of instituting an effective performance management system are many. First and foremost, public sector organizations that implement efficient performance management systems can fulfill their ultimate goal of creating public value, as well as operating efficiently and ensuring the accountability of civil servants. To this end, performance management supports informed decision-making by policy makers and contributes to the development of the capabilities of civil servants.

Public Sector Delivery in the Middle East: A Snapshot of Performance to Date

Considerable discrepancy exists between the countries of the region, both in the drive and the success in their implementation of performance management systems.

Differences in the contexts and institutional histories is a key factor in this regard, as the absence of complex well-established bureaucracies and a strong drive for competitiveness backed by financial capability has distinguished the countries of the gulf. This is reflected in a number of indices and variables including the failed states index of which its “economic decline”, “de-legitimization of the state” and “public services” components are of direct relevance¹. Other indicators such as transparency international’s corruption perception index (cpi) also show this trend; with the exception of jordan – the top 5 arab countries that were perceived as least corrupt were from the gulf.

Indirect indicators of government performance include the world bank’s

“ease of doing business” in which the gulf states, with saudi arabia, at a ranking of 13 lead the region, followed by bahrain, the united arab emirates, qatar and oman². No doubt the implementation of excellence programs such as the sheikh khalifa excellence program in abu dhabi, and which focus on strengthening institutional strategy and performance will further strengthen and improve state systems and structures in these countries.

¹ The Failed States Index is a joint collaboration between Foreign Policy and the Fund for Peace http://www.foreignpolicy.com/articles/2010/06/21/2010_failed_states_index_interactive_map_and_ranking

² <http://www.doingbusiness.org/economyrankings/?regionid=4>

No doubt the implementation of excellence programmes which focus on strengthening institutional strategy and performance will further improve state systems and structures in the Middle East.

Table 1: Arab Ranking on the Failed States Index													
Country	Demographic Pressure	Refugees / IDPs	Group Grievances	Human Flight	Uneven Development	Economic Decline	De-legitimization of State	Public Services	Human Rights	Security Apparatus	Factionalized Elite	External Intervention	Total
Somalia	9.6	10	9.7	8.3	8.0	9.6	10	9.6	9.9	10	10	9.6	114.3
Sudan	8.8	9.8	9.9	8.7	9.5	6.7	9.9	9.3	9.9	9.8	9.9	9.6	111.8
Iraq	8.5	8.7	9.3	9.3	8.8	7.6	9.0	8.4	9.1	9.5	9.6	9.5	107.3
Yemen	8.6	8.3	8.2	7.2	8.6	7.9	8.7	8.6	8.0	8.9	9.2	7.8	100.0
Lebanon	6.8	8.9	9.0	7.0	7.2	6.1	7.3	6.0	6.8	8.9	8.8	8.1	90.9
Mauritania	8.5	6.4	8.0	5.2	6.8	7.7	7.5	8.3	7.3	7.9	7.9	7.6	89.1
Syria	5.9	8.9	8.3	6.6	7.8	6.3	8.6	5.5	8.8	7.6	7.8	5.8	87.9
Egypt	7.4	6.7	8.2	6.0	7.4	6.8	8.4	6.1	8.2	6.5	8.1	7.8	87.6
Comoros	7.5	3.9	5.6	6.4	6.1	7.6	8.2	8.5	6.8	7.5	8.0	9.0	85.1
Djibouti	7.9	6.8	5.9	5.5	6.5	6.4	7.2	7.3	6.6	6.0	7.1	8.7	81.9
Algeria	6.7	6.5	8.2	6.1	7.1	5.1	7.5	6.5	7.6	7.5	6.8	5.7	81.3
KSA	6.3	6.2	7.8	3.5	7.3	3.1	8.2	4.1	9.1	7.8	7.8	6.3	77.5
Jordan	6.8	7.9	6.9	4.8	7.2	6.2	5.9	5.2	7.0	5.9	6.5	6.7	77.0
Morocco	6.8	6.6	6.6	6.4	7.6	6.5	7.2	6.6	6.8	5.4	6.2	4.3	77.0
Libya	5.7	4.3	5.8	4.2	6.9	5.3	7.3	4.2	8.3	5.2	7.1	4.8	69.1
Tunisia	5.7	3.4	5.4	5.2	7.0	5.0	6.4	5.7	7.5	6.5	6.0	3.7	67.5
Kuwait	5.5	4.1	5.1	4.1	6.1	3.8	6.0	3.1	6.5	4.9	7.2	5.1	61.5
Bahrain	4.5	2.6	6.5	3.5	6.0	4.0	6.7	3.1	5.4	4.7	6.1	5.7	58.8
UAE	4.4	3.2	4.7	3.3	5.7	3.9	6.7	3.4	5.9	2.7	4.0	4.5	52.4
Qatar	4.5	3.0	5.2	3.4	5.3	4.1	6.3	2.6	4.7	2.7	5.0	5.0	51.8
Oman	4.7	1.1	3.0	1.7	2.7	4.5	6.0	4.5	6.7	5.2	6.6	2.0	48.7

³ http://www.transparency.org/policy_research/surveys_indices/cpi/2009/regional_highlights

Five key challenges to performance management are common to Arab governments

Table 2: Arab Rankings on Transperancey International’s 2009 Corruption Index ³					
Rank	Regional Rank	Country/ Territory	CPI 2009 Score	90% Confidence Level	
				Lower Bound	Upper Bound
22	1	Qatar	7.0	5.8	8.1
30	2	United Arab Emirates	6.5	5.5	7.5
39	3	Oman	5.5	4.4	6.5
46	5	Bahrain	5.1	4.2	5.8
49	5	Jordan	5.0	3.9	6.1
63	6	Saudi Arabia	4.3	3.1	5.3
65	7	Tunisia	4.2	3.0	5.5
66	8	Kuwait	4.1	3.2	5.1
89	9	Morocco	3.3	2.8	3.9
111	10	Algeria	2.8	2.5	3.1
111	10	Djibouti	2.8	2.3	3.2
111	10	Egypt	2.8	2.6	3.1
126	13	Syria	2.6	2.2	2.9
130	14	Lebanon	2.5	1.9	3.1
130	14	Libya	2.5	2.2	2.8
154	16	Yemen	2.1	1.6	2.5
168	17	Iran	1.8	1.7	1.9
176	18	Iraq	1.5	1.2	1.9

Focus on outputs and results

The implementation of performance management systems in the arab world is generally characterized by a focus on outputs and results and a general emphasis on quantitative indicators as opposed to impact, and a general emphasis on quantitative indicators. This focus and the linking of these performance indicators to

Challenges to performance management in the middle east:

From our experience working with governments across the region, five key challenges exist that are common to arab governments. While these challenges are more pronounced in some countries more than others, in most instances, a targeted and committed intervention by the leadership in the organization aptly addresses the underlying issues and problems at hand:

Performance assessment, has meant that in many cases managers have become more intent on attaining immediate results to the detriment of the long term vision, goal or purpose of the organization/ or the service that it is providing.

Lack of integration/ ad-hoc measures

Many organizations use a variety of measures for local activities. More often that not, these measures are developed using a bottom-up approach with very narrow focus. As a result, measurement is not necessarily linked to the organization’s overall strategy and in cases where integration has not taken place, results in reporting that doesdo not present a comprehensive/ cohesive picture.

Internal bias

The development of targets is usually adopted against an internal baseline that does not take international benchmarks and the performance of similar entities into account.

“Data rich – information poor”

In many instances in the arab world, reporting is made on too many performance measures with little linkages between the indicators and the overall organizational goals. As a result, the information that is presented is often retrospective information, that cannot be used by the leadership to support or facilitate decision making.

Weak capacity/ understanding of performance management

In many instances, strong performance management systems are developed with little or no understanding of how they will be cascaded down.

Addressing the performance challenge in the middle east

As noted above, a supportive leadership team is integral to ensuring the effective and efficient implementation of a performance management system. Supportive leadership plays an important role in terms of:

■ *Setting strategic direction and ensuring that performance measures directly relate and contribute to the overall goals and direction of the organisation*

The performance management system should directly relate to the strategy and should be understood by employees as the means by which they contribute to its implementation. Relating the strategy to the performance measures also enables effective reporting on achievements and enables decision making

■ *Performance measures should be supported by performance goals*

Organizational goals must be developed in a way that enables the overall strategy. These goals are broader at the higher management levels and become increasingly specific further down the organization chart. In order to ensure competitiveness, these organizational goals need to be both outward looking (comparable to similar entities and organisations) and not only inward

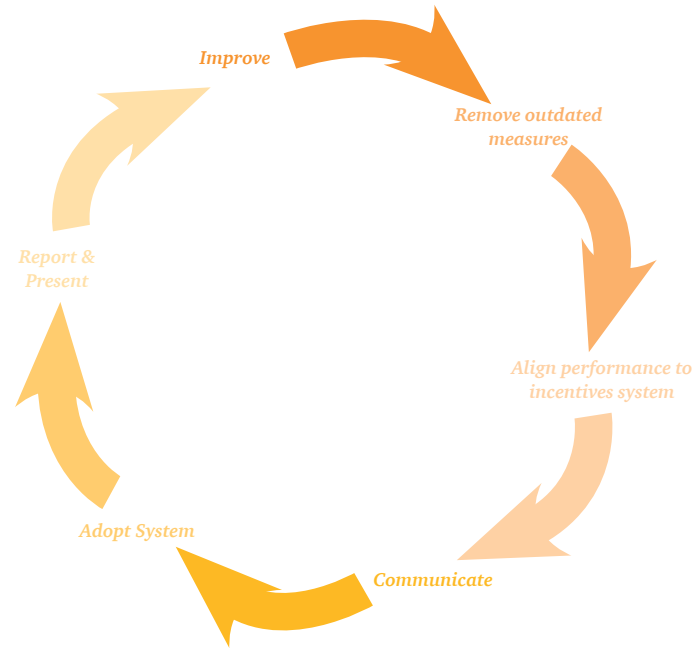
As noted above, a supportive leadership team is integral to ensuring the effective and efficient implementation of a performance management system

looking.

■ *Performance measures should look beyond outcomes to include impact and results*

Performance measures should be designed to examine the processes and impact – in terms of public value that has been generated - as opposed to outcomes alone. To this end, the measures should take the multi-dimensional nature of organisations, both in terms of the internal processes and input measures as well as the external outputs and outcomes. Taking this into account entails examining both leading and lagging measures, as well as cost and non-cost measures

Figure: 1 From Design to Implementation: “Getting Performance Management Right”



From Design to implementation: Getting Performance Management “Right”

1. Remove outdated measures:
To optimize the efficiency of a new performance management system, it is wise to start with a “clean slate”. Adding new measures to outdated ones will undermine the new measures and will hinder the organisation’s flexibility to respond to new changes and challenges.

This is a particularly pressing issue in the middle east where bloated bureaucracies and systems of patronage have set static

measures that in many instances, inhibit progress and development

2. Align performance to incentives
If aligned properly, the performance measure will serve both employees and management by structuring their responsibilities and enabling accountability respectively.

3. Communicate
The goals, objectives and measures of

Performance management is a key driver for the strategy-focused organisation

the performance management system and how it links to the organization’s overall strategic objectives should be clearly articulated and communicated to employees at all levels.

- 4. Adopt the system**
Adoption of the new system should be done comprehensively to ensure that all aspects of performance are measured and that the information presented is not mis-leading
- 5. Report & present**
Clear reports tailored to the information needs and requirements of each management level are key to ensuring efficient monitoring and evaluation. Furthermore, they are key essential to ensuring that the system supports decision making as opposed to merely functioning as a reflector of current/previous performance.

6. Improve
A good performance management system is a radar that sets future direction and identifies areas that require improvement. Flexible response and implementation of these changes is the distinguishing factor for a high performing organization.

Conclusion
Performance management is a key driver for the strategy-focused organization. If effectively communicated and cascaded throughout the hierarchy, it ensures that the organisation “stays on track” and achieves its vision and strategic goals. In public sector organisations, where the ultimate objective is the creation of public value, it has direct bearing on a government’s legitimacy, as well as national competitiveness and economic growth.

Now more than ever, governments in the region need rigorous measurement and monitoring systems that enable them to track and manage performance. Only those governments that remain strategically focused from planning through to execution will be able to distinguish themselves and *stay ahead of the crowd*.

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