

# 2013 - 2014

Development of Public Sector Performance in the Arab Region within the perspective of the Rule of Law and Good Governance (The Iraqi Experience)



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#### Preface

The Quality of services provided by governments and public institutions to the public, is one of the most important pillars of society, it generates trust of the people and strengthens their sense of patriotism, whether they are residents or citizens. The poor performance of public administration has lead to the secession between people and government, and consequentially resulted in the loss of the state's presence and functions that lie under the public services and the improvement of sustainable development.

The most important factors are citizens' feelings of dignity and justice either for the acceptance or rejection of rulers /governments that manage public affairs. On the other hand there are principles of equality and equal opportunities between the public and public institutions.

The popular Arab movements that have been launched recently, are a result of citizens' loss of dignity and justice, the sense of injustice and tyranny have caused the echoing of the voice, loudly asking "to bring down the regime." These movements require, in other words, re- engineering the governance systems and public administrations performance.

It was necessary, within the so-called Arab Spring, that the Arab states pay special attention to the subject in terms of re-engineering public administrations and re-building its structure on a modern basis with concepts related to quality performance and best services.

There is a modern Arab experience in this regard, the Iraqi experience, which set up the inspectors general offices in 2004 aiming to evaluate and measure the performance of public administrations in the state. This experience formed numerous studies and approaches, including the study of Dr. Wassim Harb (the founder of the Centre) in favor of the United Nations Development Programme in Iraq.

The Arab Center for the development of the rule of law and integrity<sup>1</sup> considers this study an important tool for development, as well as contributive to the improvement of the public sector performance and good governance. Although the study conducted by Dr. Harb was limited to the role of inspectors general, it nonetheless shed light on the importance of mainstreaming its benefits and impact in the Arab region. It may assist in providing the best service to citizens and residents.

Lastly, the Arab Center for the Rule of Law and Integrity has published this study on its website: www.arabruleoflaw.org

<sup>&</sup>lt;sup>1</sup> For more information: www.arabruleoflaw.org

ACRLI appreciate the initiative of the United Nations Development Programme in Iraq and the outcomes of the IG project, and is pleased to develop further complementary projects in the near future.

This study is divided into four main sections. These are the following:

First Section: Assessment of Current Practices in Organizational Performance Measurement and Inspection: Trends and Applications on the International Scene and in the Context of Iraq

Second Section: Performance Evaluation Protocol and Tools for the Iraqi Offices of Inspectors General

Third Section: Good Governance Frameworks and Practices: A Window to the latest international developments and Prospects for Iraq

Fourth Section: Governance and performance indicators

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First Section: Assessment of Current Practices in Organizational Performance Measurement and Inspection: Trends and Applications on the International Scene and in the Context of Iraq I. Objective of the Report

This report aims at assessing the current international and Iraqi practices in organizational performance measurement and inspection. This research attempted to look for institutional frameworks (tools and protocols) that have been established to evaluate the performance of public establishments. Work Plans, Annual or Special Reports, Assessments conducted by international organizations and Practical Guides followed in Iraq and in other countries have formed the basis for this Assessment Study.

Therefore, the report is divided into two parts:

1- The first section covers the international best experiences that have been issued by international and regional organizations, or those issued by countries with distinct experiences.

The main purpose of this section is to set examples and experiences for the offices of inspectors general in Iraq and for the Iraqi government. These case-studies and experiences may lead the IGs as well as the ministries to formulate policies and standards, which are compatible with the Iraqi situation.

2- The second section will focus on the role of the Inspectors General in measuring the performance, as well as on the mechanisms that can be adopted to achieve their mandates.

II. The Concept of Performance Measurement: the Vehicle for an Output-Oriented Culture

Through performance measurement, organizations plan and monitor their progress towards goal attainment by applying performance indicators, Government efforts to reform the public sector and to make it more competitive with the private sector (contestability and market testing), especially with the emergence of the New Public Management school of thought in the early 1980s that gained its full momentum in the 1990s, have been focused on the *achievement of results*.

Accordingly, Governments across the world have been engaged in establishing performance management and measurement systems to:

- Improve the quality of service delivery,
- Span the gap between them and their citizens and;
- Deal with their fiscal and economic constraints

prudently aiming at reducing waste, and achieving maximum utilization of the available resources.

Value-for-money has become one of the main administrative reform priorities to promote economy, effectiveness and efficiency. Such efforts have been institutionalized through legal and management frameworks to urge public entities to adopt and apply the necessary arrangements for an **output-oriented culture**. In contrary, the traditional public administration had been based on input-oriented systems whereby compliance with rules and regulations were seen as a guarantee for achieving results. III. Historic Roots of Performance Measurement in the International Trends of Public Sector Reform

In order to understand the evolution of the performance management and measurement concept across the world, a sample of countries have been chosen to detect the integration of the concept into their administrative reform programs. The experiences of the USA, the UK, Australia, New Zealand and Canada have been highlighted since they were amongst the first countries that have institutionalized the concept, knowing that the Iraqi's IG inspection system is closer to the American system than to any other inspection system in the world.

In the United States of America (USA), a turning-point in their federal public sector reform programs was the endorsement of the *Government Performance Results Act (GPRA)* in 1993 that was born in the context of the *National Performance Review*. The ultimate objective was a *"Government that Works Better and Costs Less"*. According to this legislation, Government Departments were supposed to develop strategic and annual plans through which they set goals and develop performance indicators to measure their progress towards goal-attainment. The GPRA was amended in the year 2010 under the title GPRA Modernization Act that became effective as of 2011. The amendments were focused on reporting arrangements within time intervals with more emphasis on performance areas that include more than one agency. Chief Performance Officers have been designated in federal Departments. Together they form the Performance Improvement Council<sup>2</sup>.

The Government Accountability Office (GAO) in the USA, a parliamentary aide, conducts performance audits to help the legislature in holding Government accountable. The reviews include the adequacy of management structures and systems, as well as of performance measurement systems that are applied by Government agencies. Therefore, the objective of the GAO evaluations is to improve the extent to which programs meet the stated policy objectives. Inspectors General within Departments are offices of internal audit. Although they are under the supervision of the Head of the agency and they report to him/her, they are considered to be independent units. They also report directly to Congress. They conduct evaluation, review and audit activities. They were criticized by the National Performance Review on the ground that they focus on catching mistakes instead of improving performance. In response to that criticism, Inspectors General issued a

<sup>&</sup>lt;sup>2</sup> In Search of Results, Performance Management Practices, an OECD Publication, 1997; pp.107-110.

"Reinvention Statement" in which they have expressed their commitment to work with management on improving performance.<sup>3</sup>

In the United Kingdom, *value-for-money* with its 3Es (economy, effectiveness and efficiency) was one of the main pillars of the Citizen's Charter that was officially endorsed by the Prime Minister in 1991. The Citizen's Charter announced the principles that should underlie public services. A relevant principle was *Standards*. According to this principle, the British administrations were requested to set and monitor standards for public services and to measure actual performance against the set standards. Moreover, performance measurement was part of the Next Steps Initiative according to which contractual frameworks have been established between Departments and their executive agencies for better accountability. The National Audit Office (NAO) examines the economy, effectiveness and efficiency of government operations without questioning the merits of the Government policy objectives.<sup>4</sup>

In Australia, the Department of Finance played a pivotal role in promoting performance management across the public sector through the Financial Management Improvement **Program (FMIP)** and **Program Management and Budgeting (PMB).** Management reforms and sharing good practices have also been promoted by special committees, mainly the Management Advisory Board (MAB) and its subcommittee, the Management Improvement Advisory Committee (MIAC)where quality measures and benchmarking exercises have been developed, especially in the fields of human resources and financial management. Departments started to develop performance measures of all types with special emphasis on outcome measures. Although the Australian Departments have experienced weaknesses in measuring their actual performance, they have been able to provide considerable information about the purposes and philosophies of their programs. Improving performance information was the objective of the Performance Information Review (PIR). Accordingly, Annual Reports have become the main performance reporting document that helps parliamentarians to hold Government agencies accountable.<sup>5</sup>

In New Zealand, the Treasury, State Services Commission and the Department of the Prime Minister and Cabinet have played a significant role in performance management reforms. In contrary to the Australian experience, the emphasis in New Zealand was on outputs (volume, cost and quality) rather than outcomes. Quality Measures include: accuracy, completeness, accessibility, timeliness, risk coverage, compliance with legal standards, customer satisfaction, quantity and cost. Financial factors were also important for commercial activities. Managerial powers have been devolved to Departments and thus, the prime responsibility for organizational performance evaluation rests in the Departments

<sup>&</sup>lt;sup>3</sup> In Search of Results, Performance Management Practices, an OECD Publication, 1997; pp.110-113.

<sup>&</sup>lt;sup>4</sup> In Search of Results, Performance Management Practices, an OECD Publication, 1997; pp. 97-104.

<sup>&</sup>lt;sup>5</sup> In Search of Results, Performance Management Practices, an OECD Publication, 1997; pp. 31-37.

themselves. The Audit Office also conducts studies of economy, effectiveness and efficiency where management systems are evaluated to check whether Departments and agencies are including **performance information** that is accurate and comprehensive in their annual reports.<sup>6</sup>

In **Canada**, the Expenditure Management System included requirements to develop strategic business plans and improved performance reporting to Parliament.

The first phase of the **Expenditure Management System** that began in 1995 included: Business Plans with focus on results.

The second phase, **Improved Reporting to Parliament Project (IRPP)**, applied results focus in reports to Parliament aiming at better consistency in performance information used by Department managers for better resource allocation in the budgetary process by parliamentarians.

The Canadians have followed the **Planning, Reporting and Accountability Structure** (**PRAS**), "a single Department-wide framework that links corporate objectives, expected results and performance indicators with reporting practices". Accordingly, performance information is provided to managers, Members of Parliament and central agencies. Integrating the framework into the day-to-day operations of Departments was emphasized to apply the PRAS as a self-management/monitoring tool to ensure that things are on track. Program Managers became responsible for measuring performance and for providing performance information. Benchmarking results achieved by public units against the results of other units was one of the framework's objectives that would help in identifying best practices in the Canadian public administration. **Departmental Performance Reports** that present results of the last fiscal year and previous years became one of the key documents that improved the accountability process. The Departments themselves, the Treasury Board and the Office of Auditor General have worked collectively to ensure accountability for performance by providing Departments with managerial flexibility while holding them accountable for financial results.<sup>7</sup>

<sup>&</sup>lt;sup>6</sup> In Search of Results: Performance Management Practices, an OECD Publication, 1997; pp. 81-87.

<sup>&</sup>lt;sup>7</sup> In Search of Results: Performance Management Practices, an OECD Publication, 1997; pp. 39-47.

# IV. Benefits of Performance Measurement

Governments that included performance measurement systems in their reform initiatives were expecting to reap considerable benefits. These systems were instrumental to improve public service delivery by seeking to:

• Support the creation of <u>a result-based administration</u> by setting goals and measuring progress towards goal-attainment;
• Generate information on the actual implementation of Government programs and projects and hence, <u>nourish the decision-making process with facts and figures;</u>
• Upgrade the level of preparation of Government budget by establishing solid links between financial resources and performance;
• Ameliorate the level of reporting, in format and content, by enriching annual, or semi-annual, or quarterly reports with quantitative and qualitative data;
• Emphasize programs and projects that contribute to development goals, eliminate or readjust the ones that are not conducive to the fulfillment of these goals;
• Promote the concept of accountability within the administration;
• Provide the legislature with solid grounds to hold Government accountable by building the accountability process on supportive evidence;
• Improve Government transparency by providing better accessibility to information about its services;
• Encourage top managers to think and manage strategically instead of being plunged in mere bureaucratic functions. Accordingly, Annual Plans and Performance Reports become a practice;
• Motivate public entities to improve their performance by conducting benchmarking exercises.

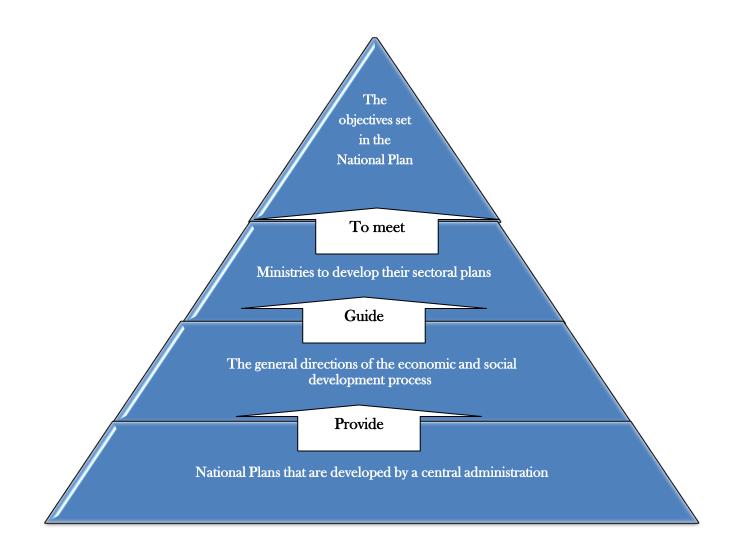
#### V. Best Practices: Establishing Logical Models

#### A. Developing Multi-Level Performance Indicators

An overview of **worldwide practices in performance measurement** has revealed that Governments and international organizations have been trying to establish logical models, tools, or frameworks to better manage their programs and projects.

**Performance measurement represents** a planning and control system that produces information to be shared with internal and external users aiming at higher organizational effectiveness.

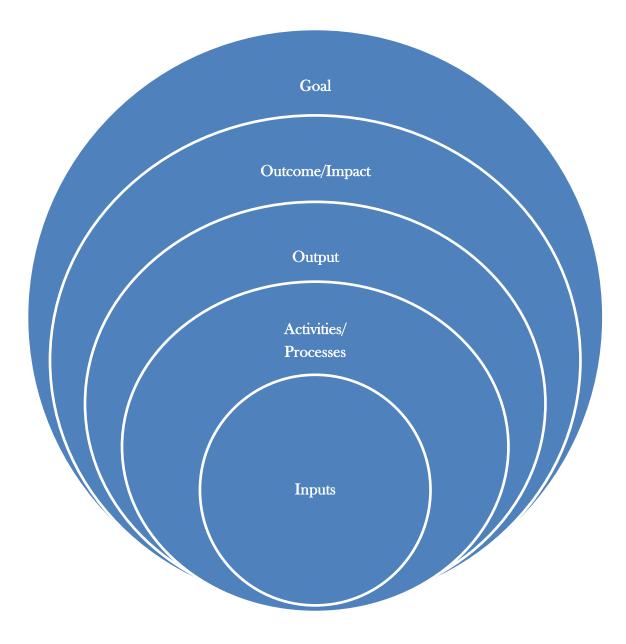
National Plans that are developed by a central administration, like the Ministry of Planning or any counterpart agencies, provides the general directions of the economic and social development process. Ministries are expected to develop their sectoral plans in order to meet the objectives set in the National Plan. At the organizational (Ministerial) level, plans will be developed for each managerial category (at the departmental levels). Accordingly, objectives at the individual level shall be developed to translate the departmental objectives into specific actions.



This hierarchy of objectives generates performance measures that tie the planning and controlling functions together in the management process.

Performance measurement, the subject of our report, concentrates on the organizational (ministerial) level.

Performance indicators help organizations in managing and improving what they do. Setting and applying *performance indicators* are crucial, targeted exercises to operationalize the performance measurement system. Performance is measured along the various levels. The World Bank and other donors, Governments of the USA, New Zealand and other countries have developed almost the same levels:



Performance indicators are developed at the various stages of the management process, from inputs (the lowest level), to goals (the highest level). Any Government program needs inputs (financial resources, human resources, technology, premises, etc.) through which activities are executed (manufacturing, training, research, etc.) targeting a specific audience (clients/users), to produce outputs (goods, services, information, policy, etc.) that will lead to outcomes (changes in behavior, practices, knowledge, etc.) that would contribute to the achievement of goals (the creation of new conditions, be they human, economic, environmental, etc.).

Therefore, at the macro level(Goal; Impact / Outcome): Assessments take place to measure the development impact or effects of projects or initiatives (eg. health improvement levels) that are generated by the results of the delivered service (eg. local citizens receiving timely medication).

Then, we dig into a lower level that is made up of Outputs, eg. completion of the construction of a public hospital, number of trainees who completed a training program, etc. .

At a lower level, we measure the progress of Activities and Processes (number of cases of non-compliance with the Terms of Reference in the construction of the public hospital, number of registered trainees, number of contacts completed out of the scheduled contacts, etc.).

At the lowest level, we measure Inputs (money, employees, equipment). Example: the budget allocated to the hospital, number and value of additional requests for resources, cost of trainers, etc..

For each of the above levels, indicators shall be developed. There is a causeeffect relationship or means-ends relationships that exist between the vertical levels. Inputs (the resources to be used), the activities (the actual work to be done) and the outputs (the good or service to be delivered) are often measured by indicators related to time, cost, quantity and quality. Therefore, they are viewed from the efficiency perspective (doing things right). (Examples of efficiency metrics: number of reports written; cost per unit produced; percentage of re-work required.)

The outcomes and goals are the most difficult to measure since most of the time they involve more than one Government agency with multiple factors that interact with each other amid uncertainties that might emerge unexpectedly. However, outcomes remain appealing to the public and politicians. As for outcomes and goals, they are viewed from the effectiveness perspective (doing the right thing). They are often determined in the Strategic Plan.

(Examples: percentage of customers retained; percentage of employee turnover; mortality rates, etc.)

(See Annex 1: Program Logic Model derived from the US experience that explains the cause-effect relationships).

## B. Types of Performance Indicators

#### **4** Performance Indicators are measurement standards. They can be:

- GENERIC (applied in all ministries and agencies across the public administration, eg: indicators that deal with human resources management and financial indicators), or
- SECTORAL (applied to specific ministries or sectors, eg: the educational sector, public works, public health).

**Ferformance Indicators** are of various types. They can be:

- Simple, made up of a single dimension (example: number of transactions, number of errors, number of certified employees, elapse of time to fix hardware, sale in dollars, etc.); or
- They can reveal the variation in a process or deviation from the set standards or specifications.

However, more complex indicators are frequently used. These are multi-dimensional indicators that are expressed in ratios of two or more basic units. (Examples: number of accidents per X number of working hours to measure a safety program; number of timely deliveries by suppliers out of the total number of deliveries to measure the speed of service delivered).

# Performance indicators have different classifications. To keep it as simple and clear as possible, the following classification is considered to be relevant to the development of a performance inspection system:<sup>8</sup>

- Ø Logical Indicators (YES/NO): They measure whether something exists or not. They are simple, but might deprive management of deep analysis. Thus, it is advisable to convert them into more measurable indicators to be able to make the necessary analysis. (Examples of logical indicators: the existence of an annual business plan, the existence of an HR Information System).
- Ø Categories or scales: the five [TUAGE] categories: <u>Totally unsatisfactory</u>, <u>Unsatisfactory</u>, <u>Average</u>, <u>Good</u>, <u>Excellent</u>. These categories can be converted into 0%-25%-50%-75%-100% scale for calculation. Example: Average client satisfaction rate.
- Quantitative (metric) indicators: number, currency (Ex. Dinar, Dollar), km, persons/day, etc. (Examples: number of questionnaires that have been completed; the area that has been asphalted in km; the cost of the project in Dinar).

<sup>&</sup>lt;sup>8</sup> RuddiVaes; Organizational Performance Inspection Workshops; Beirut, 2002.

- Ø Composite indicators: are indicators that are composed of a number of related components, each of which has a weight within the composite indicator to reflect their relative importance. [Ex: percentage of women participation in the labor force by region; number of road accident casualties per type of road user: (pedestrian, pedal cyclists, two-wheeled vehicle users, truck users).]
- Ø Proxy indicators: They substitute direct indicators that are difficult to measure. According to a World Bank publication on the subject in 2004, *"it is better to be approximately correct than precisely wrong"*. Proxy or Indirect indicators shall be used only when data for direct indicators is not available, or when it is too costly to collect such data, or if it is not feasible to collect data at regular intervals. [Example: if it is not possible, for security reasons, to conduct household surveys, the number of television antennas can be used as a proxy indicator to measure increased household income.]

#### Characteristics of Robust Performance Indicators'

According to the State Services Commission and the Treasury in New Zealand, performance indicators must have the following characteristics:

- ✓ *Relevant:* the indicator must accurately measure what is supposed to be assessed;
- ✓ Avoids perverse incentives: the indicator must not discourage improvements, or encourage unwanted behavior (eg: emphasis on quantitative dimensions can encourage employees to produce more outputs at the expense of their quality);
- ✓ Well-defined: the indicator must be expressed clearly in order to collect the evidence we need. It must not be ambiguous (eg: employees' satisfaction is ambiguous. While the percentage of employees who rated their level of satisfaction with their jobs as good and above based on the latest survey is a more well-defined indicator).
- ✓ Timely: indicators must provide information in time for action to be taken. (eg: if we measure our clients' satisfaction once every two years we might not be able to correct any wrong actions before we lose our clients);
- ✓ Reliable: the indicator must be tested by appropriate specialists and must be responsive to change. (eg: it should reflect actual change in the clients' satisfaction with our service over a certain period of time while the service is undergoing certain changes);
- ✓ Comparable: the indicator must allow comparison with past performance, or with other agencies delivering the same service (eg: if more than one training provider is delivering the same training topic to the same type of employees, can the indicator compare their performance?);
- ✓ Verifiable: the indicator must be supported with means of verification (eg: documentation, surveys, plans, statements of top managers, etc.).

See Annex 2: Performance Indicators for all Schools-an Australian Example.

<sup>&</sup>lt;sup>9</sup> Performance Measurement: Advice and Examples on How to Develop Effective Frameworks; State Services Commission and the Treasury in the Government of New Zealand; 2008; p.42.

#### C. Key Performance Indicators (KPIs)

The focus is on Key Performance Indicators (KPIs) It is essential to design indicators that are meaningful and relevant to the Government business at large, and to the specific work of a ministry. Managers and consultants can come up with a myriad of performance indicators, but it is much better to concentrate on a small number of relevant indicators that can be applied instead of developing dozens of indicators that are unlikely to find their way for implementation due to different constraints (technical, managerial, statistical, or even political). Therefore, the focus is on Key Performance Indicators-KPIs.

Despite the fact that countries have developed performance measurement systems in their public sector, regardless of the level of development and scale of implementation, they are still experiencing difficulties in applying such systems. What aggravates the measurement dilemma is the breadth of Government services that stretch from construction of roads to providing advice on security or safety issues.

The difficulty in setting and implementing performance indicators varies between one type of function and the other. Functions that are of a non-material nature like policy advice are harder to measure. Therefore, the nature of public service that shall be measured determines the types of indicators that will be designed and used.

International experience shows that more indicators have been developed for tangible work, <u>for inputs than for outputs</u> (Ex: more indicators on the budget allocated and staff employed), <u>and for outputs than for outcomes</u> (Ex: more indicators for number of reports produced than for how the reports have been utilized). Even in the same country, there are differences in terms of the level of implementation of performance indicators between one ministry and another. For instance, entities like the Ministry of Education or Ministry of Public Health have developed more indicators than the Ministry of Foreign Affairs.

VI. The Performance Measurement Process

Establishing a reliable performance measurement process requires a series of steps that stand like the building-blocks of the system. The steps may vary between one organization and the other in terms of sequence. Perhaps specific components of the undertaken steps need to be refined or adapted to fit the organizational context and operations.

A practical approach to building the process has been suggested in 2010 by the Canadian Performance Reporting Solutions, a group of consultants who have worked closely with the public sector.



This step is focused on:

- Preparing the employees of the organization.
- Spreading awareness of the context, concept and language of performance measurement.
- The employees' concerns that performance measurement might be a tool to be used against them, must be alleviated.
- Negative perceptions must be eliminated.
- A campaign of education and communication is useful, in this respect.

Once awareness is established, the organization must start identifying the staff who have the skills that may be useful in building the system. Interviews and focus groups can be applied to select the people. The designated people can start collecting information about the program, or project, or activities of the work unit to design the logic model. They should document ongoing or planned improvements and any applied performance measures.

#### Step 2: Build the Framework

Programs and projects exist to change people's behavior. The program <u>logic model</u> shall be built by answering a series of "why" questions: The program consumes inputs to conduct activities (WHY?), to produce outputs (WHY?), to influence our clients (WHY?), to alter behavior that generates a change in conditions.

Inputs	Activities		Outputs/Outcomes	Immediate	Intermediate	Final
What we	What we	Who we	What we produce?	Learning	Action	<u>Conditions</u>
use?	do5	reach?				
S. M	D	<b>D</b> 4 <sup>1</sup> 1 4		•	D 1 ·	тт
Staff,	Researc	Participants	Goods, services,	Awareness,	Behavior,	Human,
money,	h,	, clients,	information, policy	knowledge,	Practice,	economic,
volunteers,	worksho	users		attitudes,	Decisions,	civic,
technology	ps,			skills	Policies	environme
	product					ntal

#### Step 3: Create Performance Metrics (Indicators)

After reaching a consensus on the outputs and desired outcomes, the team would start developing performance metrics (indicators). "The team should focus on:

- Defining what they would like to know about how well their organization is delivering its outputs and achieving its outcomes.
- Making explicit linkages between desired outcomes and the activities and outputs that drive them".

The organization needs to have a handful of relevant indicators.

In order to operationalize the framework, the team needs to:

- Look for performance data. For instance, if one of the indicators is the satisfaction rate of clients,
- Collect the available information about the level of satisfaction (surveys conducted, observations recorded in files, etc.).
- Get the data themselves.

Once collected, the team must determine how the data will be organized to be presented appropriately. For each indicator, data shall be presented. The reports may include comparisons of data between the current and previous reporting period.



Once established, **the framework should be pilot-tested**, using and reporting actual data where possible. The team can start with:

- Indicators for which data is easy to collect, or
- With indicators for work aspects that are crucial for internal decision-making.

Adjustments and refinements of the indicators can be done based on the **conducted test**. Deficiencies may be identified like incorrect or incomplete data (data input or collection error), or selection of wrong or irrelevant indicators. These can be corrected throughout the process.

**Once the test is over**, an implementation plan shall be developed for the actual launching of the framework. The plan shall identify responsibilities, resource requirements, phases or scope of implementation, risks expected and mitigation strategies, and a communication strategy.

All the way through the above "journey", the people who are responsible for every single step shall be identified. Interactions within the organization, as well as with external organizations are expected to be intensified. For instance, the sources of data can be external to the organization, or some independent consultations might be required to do the actual measurement.

VII. Performance Tools /Data: The Backbone of the Performance Measurement System

The essential part of performance management and measurement is *data* or *information* that is very much associated with the policy-making, decision-making and budgeting cycles. However, data might be scattered among different sources. Hence, it is essential to develop a **DATA COLLECTION STRATEGY** that will help manage the process of gathering and analyzing **performance data**.

According to the **Practical Guide of Canadian Performance Reporting Solutions** that was published in 2010, *"A Data Collection Strategy should:* 

- Identify and document data sources, data types, data collection frequency, data reporting frequency, and other information necessary to begin actual data collection.

Identifying and collecting data or information represent the backbone of performance measurement systems

- Maintain this record. The person generating or collecting the data this year may not be there next year. Maintaining a record of the data collection process also helps ensure accuracy and consistency in **performance reporting**. This is especially important if the data is to be manipulated (that is subjected to calculation) to support the performance measure.

The team should be aware that there are known gaps in the data, or some inconsistencies in data capture at the source".

## The Practical Guide suggests a format for a data collection template to be used to record and organize information to support the Data Collection Strategy:

Indicator	Data	Data Collection	Is this Data Currently	Collection	Reporting	Concerns
	Source	Lead	Collected / Reported?	Frequency	Frequency	
1.						
2.						
3.						
4.						

The Canadian Guide for the Development of Results-based Management and Accountability Frameworks identifies three data sources:

- 1. Administrative data information that is already being collected in policy, program or initiative files or databases, or could be collected with adjustments to regular processes;
- 2. **Primary data -** information that needs to be collected through specialized data collection exercises such as focus groups, expert panels or surveys; and
- 3. **Secondary data** data that have been collected for other purposes, but which could also be used in this context, such as national statistics on health or economic status, for example.

In determining the method to be utilized, other considerations include the type of data needed (i.e. qualitative or quantitative) and the specific source of the data (i.e., clients, general public, specific files, policy, program or initiative documents, etc.)

#### VIII. Sources of Resistance to Performance Measurement

The difficulty in setting and applying performance indicators is not only related to the complexity of the exercise. It also lies in **bureaucratic resistance** that stems from the fear of civil servants that performance information might be misused to attack a program or to cut funding, or to replace employees. Sometimes they feel that certain factors go beyond their control. They are concerned that they will be held accountable for issues that they cannot fully manage.

Performance measurement constitutes a big volume of work that shall be shouldered by civil servants from thinking about indicators to applying them with the challenging jobs of identifying data sources, collecting data, analyzing data, presenting data in an understandable format, utilizing data that necessitate relevance and quality as a precondition for proper decision-making, looking for further data to improve the process and linking performance information to the budget. The existence of multiple layers of political decision-making circles complicates the picture amid conflicts over competing goals, demands and interests.

Such challenges are exacerbated in countries that lack political consensus (Iraq is one them). Politicians who have well-known office-terms are under time-pressure to deliver results for their constituents. They know in advance that they have to run for elections. They have to take decisions using information on a short-time horizon and in a fast-paced environment.

The entirety of the performance measurement system from establishment to operationalization is a process that consumes a big deal of time and efforts. Practitioners in the field must be cognizant of the concerns of politicians and must remember that policies and budgets are not expected to be a mere technical process. However, politicians must be aware that achieving results that performance measurement systems uncover can support their positions and consolidate the legitimacy of their authorities.

#### IX. Cases on Performance Planning and Reporting

Performance management and measurement has been integrated into the planning, budgeting and reporting systems in the public sector. It is not only the philosophy that inspires the content and format of Strategic Plans and Annual Reports, but in some cases it is one of the areas that have been clearly identified in Strategic Plans for further improvement by the Government Departments concerned.

**Annex 4** presents two relevant cases from the USA. The first case is based on the Strategic Plan of a Sectoral Department, and the second case is based on the Strategic Plan and Annual Report of the Office of Personnel Management, an oversight agency whose functions impact the entire public administration of the USA.

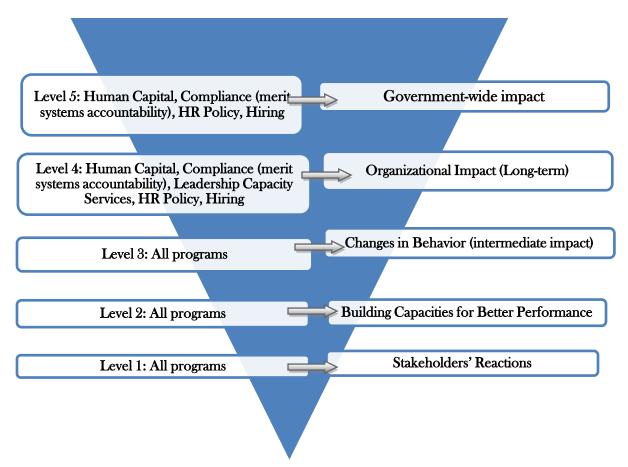
The Strategic Plan of the Department of Energy in the USA is a document that focuses on the capabilities and authorities of the Department. It is not a national plan for the energy sector. The document identifies what can be labeled as "Performance Areas". For each Area there is a stated goal, and for each goal there are actions and sub-actions to be taken to achieve the goal. The actions will lead to **Targeted Outcomes**.

Another case is taken from the experience of the **Office of Personnel Management in the USA (OPM)**, an oversight agency that has been trying to meet the requirements of the GPRA Modernization Act of 2010. Their latest, updated Strategic Plan for the Years 2012-2015 builds on their original Strategic Plan titled *"A New Day for Federal Service: 2010-2015"*.

After presenting their Vision and Mission in a very brief and simplified form, the Strategic Plan of the OPM identifies the main areas of concern that shall be labeled in this report as "Performance Areas". For each area there is a Strategic Goal that is broken down, in turn, into Strategies.

In order to improve its programs, the OPM has welcomed the audit and evaluation missions that have been conducted by the Office of the Inspector General, the Government Accountability Office and independent contractors. The OPM has also been working on the development of its own research and evaluation capabilities to assess and evaluate its programs and initiatives. Recently, the OPM has developed a program evaluation methodology in line with the requirements of the Office of Management and Budget (OMB). A five-level performance evaluation framework has been developed. The

framework has been inspired by the Kirkpatrick's Impact Assessment of Training that was presented in 1994.<sup>10</sup>



#### Levels of Impact Evaluation

In its Annual Performance Reportfor the Fiscal Year 2012 that was published in February 2013 (see Annex 5on Program Performance Reviews by the OPM), the OPM confirmed that: "as part of fulfilling its responsibilities under the GPRA Modernization Act of 2010, OPM is committed to conducting a program review process, which we have named OPM <u>Performance Point</u>. The goal of OPM Performance Point, which was initiated in October 2011, is to conduct inclusive, evidence-based reviews to evaluate agency priority goal progress, identify issues and potential solutions that will improve program performance. Performance reviews are undertaken in all program areas and occur on a rotating basis every six to seven weeks. The reviews are conducted with participation from the OPM senior management team, including the Director and all Associate Directors. Action items resulting from the reviews are recorded and tracked".

<sup>&</sup>lt;sup>10</sup> The Strategic Plan of the Office of Personnel Management in the USA, 2012.

# The OPM identifies the Agency Priority Goals (APGs)":

- 1) Ensure high quality Federal employees
- 2) Increase health insurance choices for Americans
- 3) Reduce Federal retirement processing time
- 4) Maintain speed of national security background investigations
- 5) Improve performance culture in the five GEAR pilot agencies to inform the development of government-wide policies.

GEAR (Goals-Engagement-Accountability-Results) is intended to be a new way to manage the performance of employees. The five pilot agencies are OPM, the Coast Guard, and the Energy, Veterans Affairs and Housing and Urban Development departments.

# The OPM devoted a section in its Annual Performance Report on Performance Results.<sup>12</sup>

The goal of the OPM is to improve performance in areas where they set targets, surpass those targets when they can and making tremendous progress towards them. It is not about meeting targets for their own sake, but to advance a larger purpose and usually with multiple external factors affecting prospects for success.

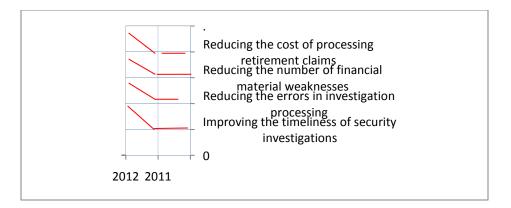
Of the 21 measures being reported in FY 2012 that were also reported in FY 2011, three are new measures, 17 measure results are either stable or improving, and only three results declined by more than five percent from FY 2011.

# Areas where OPM has improved in FY 2012 include:

- 1) Improving the timeliness of security investigations;
- 2) Reducing the errors in investigation processing;
- 3) Reducing the number of financial material weaknesses; and
- 4) Reducing the cost of processing retirement claims.

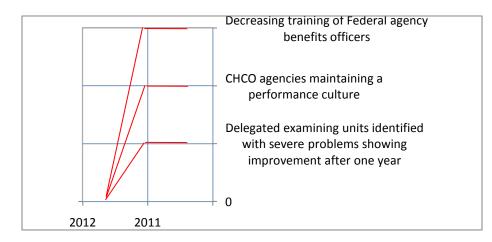
<sup>&</sup>lt;sup>11</sup> The Annual Performance Report of the Office of Personnel Management in the USA, 2012.

<sup>&</sup>lt;sup>12</sup> The Annual Performance Report of the Office of Personnel Management in the USA, 2012.



#### Areas where results have declined from the previous year include:

- 1) Delegated examining units identified with severe problems showing improvement after one year;
- 2) CHCO agencies maintaining a performance culture; and
- 3) Decreasing training of Federal agency benefits officers.



The OPM did not meet 11 performance targets in FY 2012, only three performance measures are in the declining category. This information will allow OPM managers to focus their efforts in the upcoming year to improve performance in FY 2013 and beyond. The GPRA Modernization Act requires agencies to report whether they met, or are on track to meet, specific targets.

# <u>The OPM Annual Performance Report for the Year 2012 posts Performance Results by</u> <u>Strategic Goal. The following is an example:</u>

Performance Measure	FY2008	FY2009	FY2010	FY2011	FY2012	FY2012	Met/Not Met	Year- Over-
	Results	Results	Results	Results	Results	Target		Year Trend
Percent of applicants that respond to the Chief Human Capital	n.a	70%	70%	69%	70%	72%	Not Met	Stable
Officer (CHCO)								
survey with a positive rating indicating								
satisfaction with the job application process								
Percent of agencies that meet or exceed their baseline goal for hiring veterans	n.a	n.a	n.a	91%	Undete rmined	83%	Undetermined	Undetermined
Percent of employeesintheFederalGovernmentwithtargeted disabilities	0.96%	0.94%	0.95%	0.96%	0.99%	1.25%	Not Met	Stable
Average number of days to complete the fastest 90 percent of initial national security investigations to meet the Intelligence Reform and Terrorism Prevention Act	n.a	n.a	30	40	36	40	Met	Improving
Investigations determined to be deficient due to errors in investigations processing	0.10%	0.08%	0.16%	0.15%	0.07%	Less than 0.03%	Met	Improving

# Strategic Goal # 1: Hire the Best

The above experiences demonstrate that there is a growing trend to measure performance at the organizational level and to integrate the performance measurement systems into the general management functions. The next sections of the report will focus on the role of the Inspection Bodies in performance measurement, with emphasis on the Iraqi experience. X. The Role of Inspection Offices in Organizational Performance Evaluation

The inspection function has been established by Governments to examine the actions of public entities to ensure that they are performing well and in compliance with the goals, rules and regulations.

#### A. The Inspection Structure from an International Perspective

In the **UK**, they have different agencies that perform the inspection function along sectoral lines. Each agency concentrates on its relevant sector. Examples: Her Majesty's Chief Inspector of Schools in England, Her Majesty's Chief Inspector of Prisons, Her Majesty's Railway Inspectorate, the Planning Inspectorate of England and Wales, etc.

In **the Netherlands**, they also have different agencies that perform the inspection function. Examples: the Dutch Inspectorate of Education, Inspectorate of Social Affairs and Employment, Human Environment and Transportation Inspectorate, etc.

In **Vietnam**, The Government Inspectorate is a ministerial-level agency of the Government, exercising the function of state management of inspection, all over the country by conducting inspection assignments, settling complaints and combating corruption in accordance with laws.

In the **USA**, Offices of the Inspectors General have been established in ministries as independent units. The Inspector General, the Head of the Office, is appointed by the President with the advice and consent of the Senate. Each Inspector General reports to the Minister or to the Head of establishment. He/she can be removed or transferred by the President who shall justify his decision to both Houses of Congress, not later than 30 days before the removal or transfer.

### B. Performance Inspection/Measurement Versus Investigation and Audit

One of the classical functions that the Inspection Offices across the world have focused on was **investigation**, whereby inspectors collect evidence based on complaints that are filed to the Inspection Office; or on a corruption case that was taken up by the press; or on requests for investigation that are submitted to the Inspection Office by the Minister, or Head of agency or by the Legislative authority.

Inspectors would gather and collate data, listen to the employees and managers concerned, and verify documents and accounts in accordance with applicable legal procedures.

Another classical function of the inspection function is **compliance audit**, whereby inspectors would check on the legality of operations that are applied by the inspected entities. Laws and regulations are the main references of the inspectors upon which they judge the appropriateness and correctness of the employees' work and hence, determine the regularity of the entities' operations.

Investigation and audit are intended to prevent and detect fraud, waste, and office abuse and identify defaulters to transfer them to the competent judicial authorities. The severity of penalties due to such criminal or administrative issues varies between dismissal, fines, settlements, recoveries and other measures.

The classical functions of investigation and audit have constituted the bulk of work of the Inspection Offices, until the concept of **performance inspection/measurement**, which is in essence *organizational performance evaluation*, started to draw further attention in the 1990s despite the fact that its legal roots date back to earlier periods. The importance of performance inspection/measurement can be detected by examining a sample of inspection reports.

**Iraq** has followed almost the same American organizational pattern. The Coalition Provisional Authority (CPA) issued Order Number 57 in February 2004 that established Offices of Inspectors General (IGs). The total number of IGs in ministries and some other Iraqi public institutions is 36. The Iraqi IGs are appointed by the Prime Minister subject to confirmation by the majority of the Council of Representatives in which legislative authority is vested. The IG directly reports to the minister concerned.

(Annex 3 includes excerpts of a Performance Inspection Report that was developed in November 2008 by the Social Work Inspection Agency; Midlothian Council in Scotland).

#### C. Performance Inspection Standards

The performance dimension of inspection has been climbing the priority agenda of the Inspection Offices in order to:

- Reduce the negative image of inspectors; and to
- Make the inspection process supportive to the inspected public entities instead of being punitive.

While the traditional way of inspection concentrates on legality of administrative actions, the latest international trends focus on organizational performance evaluation. Issues like program evaluation, preventive management and advisory services have been emphasized recently. Inspection bodies have started to institutionalize performance inspection frameworks by developing protocols for reviewing management issues and setting professional standards for performance inspection.

One of the famous documents that was published in 2012 by the Council of the Inspectors General on Integrity and Efficiency in the USA (CIGIE), an entity that gathers Inspectors General to address integrity, economy, and effectiveness issues that transcend individual Government agencies and that promotes professionalism within the Offices of the Inspectors General, is the "Quality Standards for Inspection and Evaluation".

According to this document, inspections and evaluations are defined as:

"Systematic and independent assessments of the design, implementation, and/or results of an Agency's operations, programs, or policies. They provide information that is timely, credible, and useful for agency managers, policymakers, and others. Inspections or evaluations can be used to determine efficiency, effectiveness, impact, and/or sustainability of agency operations, programs, or policies. They often recommend improvements and identify where administrative action is necessary".<sup>13</sup>

The Standards for inspections and evaluations must not be overly prescriptive leaving the Offices of the Inspectors General (OIGs) with some flexibility to develop internal written policies and procedures to ensure that their work complies with the Quality Standards for Inspection and Evaluation.

Performance measurement is one of the above standards in the sense that *mechanisms* should be in place to measure the effectiveness of inspection work. Performance

<sup>&</sup>lt;sup>13</sup> Standards for Inspection and Evaluation, A Guide published by the Council of the Inspector General on Integrity and Efficiency in the USA, 2012

measurement for inspections shall focus on the outputs (number of implemented recommendations), and the resultant outcomes (changes in policies). Optimum performance measurement, according to the *Quality Standards for Inspection and Evaluation*, captures the impact of an inspection and may include such things as monetary savings, enforcement of laws, or legislative change.

The relationship between the inspector and the inspected entity is a highly controversial issue. The modern trend concentrates on the need to establish a positive, professional relationship. One of the set standards in the document on *Quality Standards for Inspection and Evaluation* is Working Relationships and Communication. The inspector should seek to *"facilitate positive working relationships and effective communication with those entities being inspected"*. Channels of communication must remain open. The OIG must not cause severe work disruptions at the inspected entity and must act in good faith and with objectivity. The OIG must pay attention to the inspected entity's successful efforts to cope with the challenges, must provide useful information and must provide regular and timely feedback.

## D. The Establishment of the Offices of Inspectors General in Iraq (OIGs)

In an attempt to restore public confidence in the Iraqi public sector institutions, to reduce the scale of corruption and to improve the performance of ministries, the Coalition Provisional Authority (CPA) issued Order Number 57 in February 2004 that established Offices of Inspectors General (IGs). Partially, this unprecedented administrative arrangement was a reaction to the long-suffered office abuse, on one hand, and a modernization initiative that aimed at improving the performance of the civil service, on the other hand.

Iraq stepped into a new political phase in 2003 paving the way for significant Government restructuring. Integrating the inspection function into the organizational structure of every Iraqi ministry was one of the remarkable reform initiatives. The total number of IGs in ministries and some other Iraqi public institutions is 36, some of them have regional offices. They are represented in the Iraqi provinces by regional branches. The Iraqi inspection model was inspired by the Federal American Inspection system that was mandated by the Inspector General Act of 1978 (with its amendments), whereby an independent Office of Inspector General was created in every Government establishment.

#### E. Duties and Responsibilities of the OIGs in Iraq

Order Number 57 of February 2004 identified the main duties and responsibilities of the IGs. The Order identifies eighteen tasks that can be classified in the following categories:

- a. Audit and Investigation to ensure integrity and transparency of the ministry's operations and the appropriate performance of civil servants; report violations and cases of criminal act to the law enforcement officials; and coordinate with the competent authorities, including the Integrity Commission and the Bureau of Financial Audit.
- b. Receive and follow-up on complaints filed by citizens and people who demand a public service from a ministry of public agency. This role that the OIG plays is similar to the one assumed by the Ombudsman, the office that receives and follows up on complaints to safeguard the citizens' rights and to ensure equity before the administration.
- c. Organizational Performance Evaluation to verify the economy, efficiency and effectiveness of the ministry's operations and review their performance measurement systems; review of legislation, rules, regulations, policies, procedures and transactions to prevent fraud and inefficiencies; recommend corrective actions; monitor implementation of the office's recommendations and especially verify that the performance of employees is in compliance with the principles of Good Governance.
- d. Training and Development to upgrade the skills of the ministry' staff to prevent fraud, waste and abuse; and to develop programs that spread the culture of accountability and integrity within the ministry.
- e. Performance Inspection/Measurement as Conducted by the Offices of the Inspectors General and the Board of Supreme Audit in Iraq

The Board of Supreme Audit (BSA) in Iraq plays a pivotal role in performance measurement. It develops and publishes guides that would lead the OIGs and the Iraqi administrations in their efforts to measure performance. The OIGs have incorporated the performance indicators that have been developed by the BSA into their manual of work procedures.

The OIGs in Iraq that concentrated a big volume of their work on investigation and audit have realized the importance of shifting their efforts towards performance inspection. In addition to the BSA, the OIGs, as internal audit units, also have the mandate to conduct organizational performance evaluation. An indicator of the new growing trend of performance inspection is the development of documents that have been treated as Guides to be followed by the inspectors to evaluate public entities and to improve the quality of the OIGs' inspection missions. The following is a list of relevant Iraqi documents related to **performance inspection**:

- The Standardized Work Procedure for the Offices of the Inspectors General in Iraq (developed by staff from the OIGs and experts from MOORE STEPHENS under the sponsorship of the UNDP and supervision of the Integrity Commission);
- The Guide of Standards and Indicators to Measure the Performance of the OIGs (developed by the Inspector General of the Ministry of Industry and Minerals, 2012);
- The Elements of the Scientific Inspection Methodology (developed by the Inspector General of the Ministry of Industry and Minerals, 2010);
- The Performance Audit Guide (developed by the Board of Supreme Audit in 2006)
- The Balanced Scorecard Guide (developed by the Board of Supreme Audit).

The "Guide of Standards and Indicators" provides a set of **Key Performance Indicators** (**KPIs**) that are divided into Sub-Indicators. The indicators are logical indicators (Yes/No). Therefore, the inspectors would check Yes or No next to each of the sub-indicators. Accordingly, they either exist or not.

The K	<b>PIs</b> for	the Iraqi	OIGs are	the following:

Key Performance	Sub-Indicators (non-exhaustive list of examples)	YES	NO
Indicators			
1. Planning Standards	• officially adopted plan;		
	• SWOT Analysis applied;		
	• The Plan is in harmony with the organizational goals		
2. Planning Obstacles	<ul> <li>Top management commitment to the Plan;</li> <li>Follow up on execution;</li> <li>Involvement of staff in developing the plan;</li> </ul>		
3. Plan Execution Procedures	<ul> <li>The existence of written instructions on Plan Execution;</li> <li>Responsible staff identified;</li> <li>The existence of procedures to check on the beginning of execution;</li> </ul>		

	Regular reporting	
4. Plan-Related Budgets	<ul> <li>The existence of written instructions on budget preparation;</li> <li>The existence of Budget Committee;</li> <li>The existence of templates (forms) for budget preparation;</li> <li>The budget is in conformity with the Plan;</li> <li>Discussion of the budget with the branches and units.</li> </ul>	
5. Organizational Structures	<ul> <li>The existence of an organizational structure for the public entity;</li> <li>Clear lines of communication;</li> <li>Each position in the structure has clear objectives;</li> <li>Tasks and Duties identified for each unit;</li> <li>The existence of control units within the structure;</li> <li>The existence of flexibility in adjusting the structure.</li> </ul>	
6. Delegation and Prerogatives	<ul> <li>Prerogatives are identified in writing;</li> <li>The existence of appropriate limitations and conditions for delegation;</li> <li>The existence of procedures to supervise compliance with the prerogatives;</li> <li>The delegated staffs have the required competence.</li> </ul>	
7. Staff Organization	Staff Organization       • The staff have the qualifications to fulfill their tasks;         • Staff training conducted;       • Transfer of staff takes place, when necessary;         • The cadre is sufficient and suits the business volume;       • Staff occupy the positions identified in the cadre;         • Motivation of distinguished employees;       • Performance Appraisal executed and employees have the chance to review it.	
8. Outsourcing	<ul> <li>Comparative studies between outsourcing and in sourcing are conducted;</li> <li>Outsourcing contracts are clear and officially adopted by the Legal Department;</li> </ul>	

	Monitoring of the outsourced contracts.
9. Committees	<ul> <li>Committees are designated by official decisions;</li> <li>The tasks of the Committee members are well-defined;</li> <li>The existence of written instructions for each Committee</li> <li>The existence of official monitoring mechanisms</li> </ul>
10. Guidance and Staff	<ul> <li>The existence of appropriate salary scale;</li> <li>The existence of rotation plans;</li> <li>Employee-satisfaction;</li> <li>The right person is in the right position;</li> <li>Objective performance appraisal is in place;</li> <li>Open channels of communication between the superior and the subordinate;</li> <li>The punishments are proportional to infringements.</li> </ul>

In addition to the above generic indicators, the Standardized Work Procedure for the Offices of the Inspectors General in Iraq includes other indicators that are specific to the industrial and commercial sectors.

The above non-exhaustive list of performance indicators that are followed by the Iraqi OIGs leads to the following conclusions:

- The OIGs have sets of indicators that they are supposed to apply. Therefore, any newly suggested performance measurement system shall not be established from scratch. It can build on the existing system and can learn from applications in the previous period.
- Many indicators are ambiguous. They lack clear descriptions and therefore, they can be interpreted in different ways by different readers and practitioners. (Example: How can we understand and measure the employees' satisfaction?; How can we understand and measure rotation?).
- Most of the indicators are of a logical (YES/NO) type. They lack metric units of measurement and hence, applying them (when possible) does not produce the required data analysis that provides the opportunity to determine trends and to conclude results. Such indicators cannot be utilized appropriately. Phrasing the

indicators more precisely is an essential step to build a reliable performance measurement system. (Example training of staff can be better measured by setting indicators like number of trainees, hours of training, etc.).

- Many indicators overlap with each other and hence, they need to be refined for better focus. Redundant or repetitive indicators ought to be discarded on one hand, and the remaining, valid indicators need to be clarified, on the other hand. (Example: Guidance of staff and staff organization are key indicators that overlap with each other).
- The indicators were part of a comprehensive document that is made up of hundreds of pages that contains all the work procedures of the OIGs. Hence, the performance measurement system does not stand on its own as a distinguished logical framework of analysis.
- The existing performance measurement system lacks standardized templates that can be followed by the inspectors and the inspected entities. It is simplistic, in the sense that it only lists the indicators without supporting them with an implementation methodology that includes clear work sheets.
- The material that was delivered from Iraq lacked any documentation that proved the actual implementation of the indicators from which lessons could be learned. Therefore, the practical side and its implications remain in question.

# XI. Challenges of the Iraqi Offices of Inspectors General: The Environmental and Institutional Contexts

Challenges are of dual dimension:

- Challenges that are related to the current structural and operational context of the OIGs in Iraq ; and
- Challenges that are peculiar to the establishment and entrenchment of a performance-oriented administration in the Iraqi public sector.

## **4** <u>Challenges Related to the Structural and Operational Context of the OIGs in Iraq:</u>

- 1. The current structure and operations of the Inspectors General do not fit the requirements and conditions of the new Iraqi constitution that laid the basis for a politically decentralized, federal system. The lack of political consensus on the future of the nation-state exacerbates the problem and makes the vision blurry, so far. Any reshuffling of the political structure of the State will inevitably generate organizational and functional re-arrangements in the Government machinery. Federalism is likely to re-create the inspection system by limiting the powers of the existing Inspection Offices in the ministries that make up the central administration, and expanding the network of regional inspection offices in number and prerogatives. Any structural reforms that re-shape the intergovernmental relationships between the Central administration and the regions will impact the inspection system. This issue remains pending awaiting the evolution of the political and administrative systems.
- 2. The unstable security situation can disrupt performance inspection efforts. Performance management and measurement can better flourish in a peaceful environment. Tragic incidents that lead to losses in lives and properties do not only represent a challenge to the ongoing measurement initiatives, but can also thwart future planning efforts and demotivate staff involved in the process. Talking to staff about performance in an atmosphere of daily concerns about the very basics might sound too ambitious or perhaps unrealistic. Measurement over a defined elapse of time might not be feasible or data collection from various sources might be too risky.
- 3. The principle of "inspection independence" is at jeopardy. The relationship

between the Inspector General and ministers is problematic. Political interventions or protections provided to defaulters stand as a barrier to the full independence of the Inspector General. The IG might be influenced by the Ministers concerned creating a sort of embarrassment.

- 4. The relationship between the Inspector General and the inspected public entities is very much based on control and detecting violations to the applicable laws and regulations. The image of the Inspector General is negative and associated with "policing". This image is not conducive to collaboration and definitely, does not help to create an atmosphere of performance in the public sector.
- 5. Despite the fact that performance inspection has been realized as a priority issue, the OIGs tend to concentrate on audit and investigation with compliance inspection procedures much more than on organizational performance measurement. Detecting infringements and ensuring regularity of operations consume a big deal of the OIG's work.
- 6. The Training and Development function of the OIG is not given enough importance. Although their mandate includes provisions on developing the capacities of the ministerial staff, this function is overtaken by the strict audit and investigation function.
- 7. The ambiguous relationship between the Inspector General and other Oversight agencies. The existence of several control bodies creates some confusion and raises the issue of collaboration and role distribution among all of them.
- 8. The weak HRM (human resources management) capacities of the Inspectors General's offices. The recruitment, selection, induction, integration and development of staff are processes that are not well-established, providing ministers with a leeway for further interventions. This issue will become of high concern when performance measurement is integrated, as a concept and a technique, into the functions of the OIGs.

# Challenges Peculiar to the Establishment and Entrenchment of a Performance-Oriented Administration in the Iraqi Public Sector:

Performance measurement, as a concept and a technique, did not achieve significant progress not only in Iraq, but in the Arab countries as a whole. These countries lag behind in this sphere. This symptom could be attributed to the following reasons:

1. The weak accountability mechanisms. Performance audit flourished in countries that were looking for supporting the efforts of the legislative authority to hold Government accountable based on solid grounds. The concept of accountability is deep-rooted in the democratic systems. Countries with a weak democratic heritage where personal loyalties, tribal and family relationships, and division of spoils are prevalent on a wide-scale do not provide a hosting environment for accountability and consequently, for performance management and measurement.

- 2. Performance measurement is based on data that requires data collection strategies. Many Arab countries, including Iraq, have weak statistical basis with limited generation of data and accessibility to data sources. This is one of the challenges in the Western countries and the situation is even more severe in the Arab countries. Related to this deficiency is the low level of investment in information systems. Changes in service delivery and reduction in resources led to larger and complex information systems. It is part of the Inspectors General's mandate to ensure the integrity of these systems. Reliable systems lead to solid information and consequently, to sound decisions and policies. Sophisticated systems and growth in expenditures made detecting crimes and assessing actual performance a more difficult process.
- 3. The prevalence of traditional, input-oriented administration in the public sector in Iraq that is not driven by results and the survival and coexistence of the old, wellentrenched bureaucratic system along with the transplanted modern structures and functions.
- 4. The lack of expertise amongst the staff of the public sector. Performance measurement requires competences that are not always available, or perhaps underutilized. It is a sophisticated mission that necessitates coordination with the various departments in the same ministry and with other ministries and agencies.
- 5. The concept of evaluation is still associated with control that seeks to identify violations to the rules and regulations instead of focusing on performance improvement and positive suggestions. The image of the "evaluator" or "inspector" is negative, most of the time. Bridging the gap between the inspector and the inspected entity requires cultural change on both sides.
- 6. Excessive concentration of powers at the top of the hierarchy or in the central, oversight agencies deprive ministries of managerial flexibility that is conducive to higher motivation and better performance. Ministries can always relate low performance to excessive restrictions that are imposed on them from above leaving them with little room for taking initiatives and hence, they tend to limit their performance to the minimum.
- 7. The efforts to establish an e-Government with its inter-operability functions have its reflections on the performance measurement system. The generation, processing, manipulation and storage of data, in addition to the exchange of information between different public entities require a crystal clear vision, intensive coordination and huge investments.

## XII. Conclusion

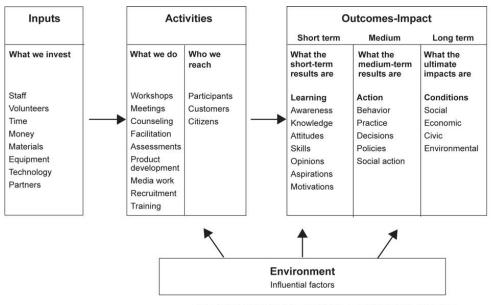
Organizational performance measurement, as a concept and a technique, has proven to be a management discipline that has been drawing further attention of Governments and international organizations. Internal and external controllers, like the Inspection Offices and the Boards of Supreme Audit, have a crucial role to play in this field. The main challenge is how to develop a performance measurement system that includes sets of indicators that are applicable in ministries and public agencies, how to create a receptive environment in the public sector, and how to establish a regular reporting system that generates the required data and information. It is important to make the system as simple as possible and to widen its scope incrementally, especially if the system is to be applied in a country that does not have a rich experience in the field and whose political and administrative context is not conducive to public sector reform and development.

#### XIII. Annexes

## Annex 1: Program Logic Model

#### The Cause-Effect Relationship Between the Various Levels of the Management Process

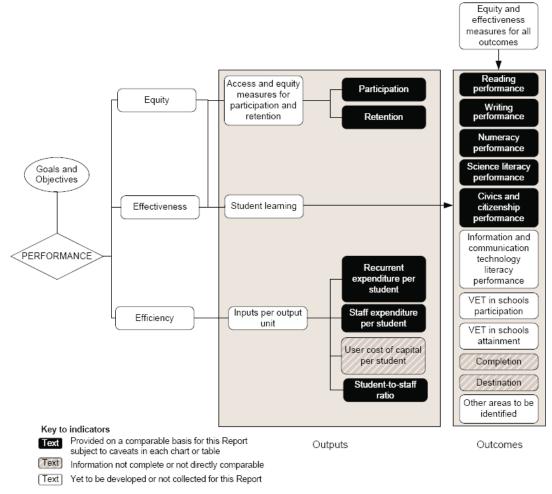
(Adopted from "Designing Evaluations; 2012 Revisions; a Guide Developed by the US Government Accountability Office)



Source: GAO and University of Wisconsin-Extension, Program Development and Evaluation.

Annex 2: Performance Indicators for all Schools
(Adopted from a Guide developed by the State Services Commission and the Treasury in
the Government of New Zealand in 2008 titled:
Performance Measurement: Advice and Examples
on how to Develop Effective Frameworks)

Tracking student retention in the Australian education sector



The figure above outlines the performance indicators for the Australian Government's *national goals for schooling in the 21st century*. It shows the outcome indicators for the overall goals grouped by equity, effectiveness and efficiency.

One of the goals is that *schooling should develop fully the talents and capacities of all students.* Under this goal is the objective to develop fully the talents and capacities of young people through increased participation to higher levels of schooling. A measure for this goal is retention of students between years 10 and 12, contributing to the equity and efficiency indicators.

## Annex 3: Example of a Performance Inspection Report

(Excerpts from the Social Work Inspection Agency Midlothian Council in Scotland)

#### Performance Inspection of Social Work Services, November 2008

## Introduction

The inspection of Midlothian Council's social work division took place between February and May 2008. Our inspection team consisted of Social Work Inspection Agency (SWIA) inspectors, an associate inspector, three sessional inspectors and a carer inspector.

During the inspection we read a wide selection of material about the local authority and the social work services it provided or commissioned. We analyzed questionnaires received from staff, adults who use services, carers and stakeholders. Together with some staff from Midlothian social work division we spent four days examining case files. The team then spent a further two weeks in Midlothian looking at services as part of a fieldwork exercise.

During fieldwork, we spoke to people who use services, their carers and people who were responsible for delivering or arranging services. We met with representatives from a range of organizations and groups as well as elected members and other stakeholders. We also visited places providing social work services and people's homes when they received services there. As a result, we collected an extensive range of evidence that informed the content, evaluation and recommendations contained in this report.

This report is not a detailed description of all the social work services in Midlothian. It gives an overview and concentrates on the work being undertaken with people who need assistance and the areas where improvements are needed. It does not duplicate the inspection of services which are regulated by the Scottish Commission for the Regulation of Care (Care Commission) and Her Majesty's Inspectorate of Education (HMIE). In order to achieve this, the Care Commission and HMIE provided us with information about their inspection reports from Midlothian Council.

#### Inspection methodology and process

The structure of this report is based on the SWIA performance inspection model, which asks six key questions.

- 1. What key outcomes have we achieved?
- 2. What impact have we had on people who use services and other stakeholders?
- 3. How good is our delivery of key processes?
- 4. How good is our management?
- 5. How good is our leadership?
- 6. What is our capacity for improvement?
- Key outcomes for people who use services

## Outcomes for adults, carers, children and families who use services

The social work division performed to an adequate standard in delivering positive outcomes – with strengths just outweighing weaknesses.

We define outcomes as the direct benefits to people's lives from the services they receive. People who use services whom we surveyed were mainly positive about the differences these had made to their lives. Adults with mental health problems were particularly positive. However, some families with children with disabilities had to wait a considerable time before a service was provided. Seventy adults with a learning disability were still resident with a single care service. There were a number of service users with critical needs who were placed on a waiting list, rather than being provided with a service.

Carers were generally positive about the services provided to the people they cared for, but less so about those provided for themselves.

The division collected some outcome information, but this was limited. It was taking action to address this.

The information showed good performance around educational attainment and through care and aftercare services for care leavers. Performance information in relation to mental health service users was also good.

Permanency planning for some children was not happening fast enough.

More needed to be done to modernize services and improve outcomes for older people and adults with learning disabilities.

## Measuring outcomes

In common with most local authorities Midlothian's social work division did not yet routinely measure outcomes for all care groups. They were collecting some performance information and were one of the local authorities involved in piloting outcome measures for community care including UDSET (User Defined Service Evaluation Toolkit). This is a national programme designed at improving the focus on, and measurement of outcomes for service users and carers.

Although not yet fully embedded, we met a range of staff who understood the need to define positive outcome objectives and to monitor progress in meeting these. A client relations officer was in post. A new management information system called 'framework i' which the division had commissioned in order to improve its ability to measure outcomes as a key objective was due to be introduced. The existing system was limited in the outcome performance data which it could provide.

## Views of people who use services and carers

Most service users who responded to our survey agreed that social work services had helped them to feel safer (82%) and to lead a more independent life (84%).

Less than half (49%) agreed that social work services had helped them feel part of the community. This was the lowest result in inspections to date, although this result is directly influenced by the profile of respondents to the survey and their needs.

The findings of our carers' survey were broadly comparable with the other 20 local authorities inspected to date. They were more positive about the impact of social work services on the person they cared for than on the outcomes for themselves. For example, the majority of respondents agreed social work services had resulted in an improved quality of life for the person they cared for (69%), had helped them feel safer (59%) and to lead a more independent life (52%). However, less than half (48%) agreed that they felt valued and supported as a carer, and that they were helped to have time for family work and other commitments (36%).

We undertook a survey of partners and stakeholders and received 19 responses. 61% of respondents agreed that overall the social work division provided good outcomes for people who use services and their carers. None disagreed and 39% neither agreed nor disagreed.

# File reading analysis

Overall the findings of our analysis of case files for key outcomes were positive and were either higher than, or in line with, the average in inspections to date. In particular:

• In almost all (90%) of the case files where there was a care plan, there was evidence that its objectives had been or were in the process of being achieved;

• In most of the files (82%) there was evidence that the individual had been helped to access mainstream services;

• In the majority (66%) of files there was evidence that the individual's circumstances had improved; and

• In most (83%) of the files changes in dependency were found to be in keeping with the needs of the service users.

# IMPACT on PEOPLE WHO USE SERVICES and other STAKEHOLDERS

This chapter looks at three areas for evaluation:

- Impact on people who use services
- Impact on staff
- Impact on the community

We define impact as the direct experience of people who use or deliver social work services or benefit from these directly.

# Impact on adults, carers, children and families who use services

Performance in this area was adequate, with strengths just outweighing weaknesses.

Most service users in Midlothian were positive about the services they received. They thought there was a good range of reliable services and felt that the help they had received had helped them to feel safer and lead a more independent life. Nearly all thought they had been treated with dignity and respect.

Carers were more critical: they found it more difficult than users to get clear information about services; there were complaints about liaison with social work and out of hours services.

The social work division did not systematically collect the views of users and carers.

## Views of people who use services about their experiences

A majority (50%) of service users who responded to the SWIA survey said that it had been easyto get information about services and most (80%) said they got a good response when they were first in touch with social work services. The majority of respondents thought there was a good range of services and most thought these services were of good quality. The majority (73%) that they had been involved in deciding what help or services they should receive. These responses are comparable to most of the authorities inspected so far. One person in our survey said:

'I have had a lot of help over the years with child care through social services which was a great help due to my mental health problems. I also get help from Aspire20 through social services. This has been a fantastic help to me.'

# Impact on staff

We found performance in this area to be good, having important strengths with some areas for improvement.

We found from our survey and fieldwork that most social work staff in Midlothian were motivated and committed in relation to the work they did. Most staff spoke positively of the services they provided, worked in supportive teams and had good relations with immediate line managers. Morale had improved over the last year and opportunities for training and development were available.

Staff generally had a clear sense of what they were striving to achieve in their service areas, but were less clear about the plans for social work services in Midlothian overall. A number of staff were less positive about communication and delegation from senior managers.

## Motivation and satisfaction

# Staff motivation, commitment and satisfaction

Most respondents (89%) to our staff survey agreed they enjoyed their job. A few (6%) disagreed with this statement. When we met with staff teams during fieldwork, we were impressed by examples of positive culture and strong team working.

The majority of staff (67%) who responded to our survey agreed that their employer offered flexible working practices. Our survey also found that the majority of respondents (63%) agreed that they felt valued by their managers in carrying out their day to day job. This was comparable with other authorities inspected to date. We heard similar views when we met with staff during fieldwork.

As part of our advance reading we read Midlothian council's 'talkback' employee attitude survey which was conducted in 2007 across all services. In this, 60% of staff in the social work division rated morale as low.

The social work division's 2008 EFQM21 self-assessment of service performance in the social work teams showed some improvement from 2007 to 2008. This included consideration of leadership, people management, policy, strategy, partnership, resources, processes and results.

Children and families staff still needed to be convinced that the situation was improving.

The SWIA survey in 2008 found that 44% of respondents agreed that morale had been good intheir team for the last six months. This was an improvement from the talkback survey in 2007.

However, only 36% thought that their working conditions would improve over the following 12 months. These results are comparable with other authorities inspected to date. In our staff survey, where reasons were given for lower morale, these included change in working practices, the working environment, job insecurity, poor staff retention and staff feeling undervalued. Much of this was confirmed in our fieldwork.

During our fieldwork, we found morale generally high amongst community care staff though less so amongst the day centre staff. Administrative staff that we met during fieldwork were generally positive about working in Midlothian. There was enthusiasm and optimism from some child care staff we met, including positive views about the new locality structure.

Comments in the advance information, the staff survey and from staff we met focused on various aspects of communication. There was good communication between staff and first line managers but more criticism of contact, style and communication from senior managers.

**During** our fieldwork, community care staff were positive about the leadership from all levels of management. Front line child care staff were positive about the action taken to improve policies, procedures and processes. Day care and administrative staff were not necessarily as content.

When we met with home care staff most seemed to be in favour of recent changes to service delivery arrangements but had been given little notice.

Trade union staff told us during fieldwork that morale had been low due to heavy workloads and perceptions that the service was poor. The representatives generally welcomed the changes made since 2007.

We held a focus group with foster carers. The foster carers felt supported by their supervising social worker but felt the many changes in social workers for children had been difficult for them and the children.

Most staff (75%) who responded to our survey agreed that their workload was manageable within normal working hours. Some staff (21%) disagreed with this statement. Fieldworkers had higher levels of disagreement. The overall level of agreement was comparable with SWIA inspections to date. Factors cited in our staff survey on how improvements could be made included having adequate numbers of staff to cope with team workload and more flexible working.

Most staff (75%) who responded to our survey agreed that their workload was manageable within normal working hours. Some staff (21%) disagreed with this statement. Fieldworkers had higher levels of disagreement. The overall level of agreement was comparable with SWIAinspections to date. Factors cited in our staff survey on how improvements could be made included having adequate numbers of staff to cope with team workload and more flexible working.

A Real Case:

The Strategic Plan of the US Department of Energy; May 2011

<u>Action:</u> Deploy the Technologies we have

## Drive Energy Efficiency to Reduce Demand Growth

## Targeted Outcomes:

- DOE (Department of Energy) and the U.S. Department of Housing and Urban Development will work together to enable the cost-effective energy retrofits of a total of 1.1million housing units by the end of fiscal year (FY) 2013. DOE programs will contribute to retrofits of an estimated 1 million housing units (High Priority Performance Goal).

- Facilitate the transition to a more energy-efficient economy by establishing or updating efficiency standards and best practices, including at least six appliance standards annually and establishing an American National Standards Institute – accredited commercial and industrial energy-efficiency certification process by 2015.

# Demonstrate and Deploy Clean Energy Technologies

## Targeted Outcomes:

- Double renewable energy generation (excluding conventional hydropower and biopower) by 2012 (High Priority Performance Goal).

- Support battery manufacturing capacity for 500,000 plug-in hybrid electric vehicles a year by 2015 (High Priority Performance Goal).

- Complete a comprehensive assessment by September 2012 of materials degradation for light-water reactor plants operating beyond 60 years.

One of the identified actions within the Area of "Management and Operational Excellence" is "Implementing a Performance Based Culture", as follows:

## Performance Area: "Management and Operational Excellence"

<sup>&</sup>lt;sup>14</sup> http://energy.gov/sites/prod/files/DOE\_2011-Strategic-Plan\_Medium-Resolution\_Print-Quality.pdf

Goal: Establish an operational and adaptable framework that combines the best wisdom of all Department stakeholders to maximize mission success.

## <u>Action</u>: Implement a Performance Based Culture

Through the American Recovery and Reinvestment Act (ARRA), The DOE demonstrated that they can increase transparency of operations and performance to provide reliable and timely information for internal decision makers, as well as educate external stakeholders. Enhanced transparency that originated with the Recovery Act will also increase insight into core processes to identify opportunities to streamline operations and better manage performance and costs. The DOE will continue to advance the data collection systems, cyber security policies, and business analytic tools to improve planning, evaluation, and reporting. The DOE will develop an information distribution strategy that enables easy access for both internal and external stakeholders.

## Cultivate a Performance Based Framework

The DOE will develop a culture of competent, ethical, and motivated performers who produce results. The framework of the performance-based culture will consist of four principles:

- \*Clear performance expectations;
- \*Clear accountability;
- \*Responsible empowerment;
- \*Timely and responsible performance assessment

This framework will be supported by performance management systems and processes that link work to mission goals. The communications strategy will include steps to clarify performance expectations and accountability, as well as describe supportive behaviors addressing ethical conduct and best practices for identifying and rewarding meaningful distinctions between levels of performance.

#### Targeted Outcome:

Improve and continue to refine the Department performance management system and processes by 2012 so that they clearly link work to mission goals, expected outcomes, and accomplishment measures. Ensure that meaningful distinctions between levels of performance are identified and rewarded appropriately.

#### Improve Transparency

The DOE is committed to making the Department more open and more accessible to the American people. It has significantly expanded the amount of information available online about programs, funding awards, and progress, as well as valuable data about energy production and consumption and trends within the energy industry. For example, the DOE provides datasets on the government website on the 2010 gulf oil spill, including oil and gas flow and recovery measurements, air and water sample data, and other data of interest to scientists, recovery workers, and citizens. The DOE uses internet social media tools to engage the public in the national energy conversation. The DOE's Open Government initiatives are driven by the principles of transparency, participation, and collaboration.

The Department-wide Financial Transparency Initiative (FTI) aims to provide the same level of financial and management information transparency for the DOE's base programs and projects as is currently available for ARRA projects. The long-term goal of the FTI is to broadly implement the ability to quickly and seamlessly access information linking the DOE' Strategic Plan, budget, appropriations and program execution data. This capability will also help decrease the number of data requests, while giving managers and senior executives the ability to efficiently select and review timely, accurate and reliable management information. Additionally, using this enhanced reporting capability will also help support the transformation of the acquisition processes from tactical and reactive to strategically driven and integrated.

#### **Targeted Outcomes:**

-Create and deploy a quarterly reporting capability by 2011 for timely and reliable functional institutional cost information from national boundaries.

-Design and deploy a Department-wide advanced management information environment by 2011, enabled through state-of-the-art reporting and display tools, to provide timely and accurate information supporting in-depth program

#### A Real Case:

The Updated Strategic Plan 2012-2015 of the US Office of Personnel Management (OPM)

#### Performance Area: Hire the Best

#### STRATEGIC GOAL:

Help agencies recruit and hire the most talented and diverse Federal workforce possible to serve the American people

OPM is spearheading a government-wide initiative to reform recruiting and hiring policies and procedures. The reform effort will encompass sweeping changes to streamline the hiring process. OPM will extend its reach to ensure agencies find and hire the best talent possible for the Federal Government.

## STRATEGIES

## Implement improvements to the Federal Hiring Process by:

• Promoting innovative and coordinated approaches to recruiting and hiring students, mid-career professionals, and retirees to meet agency talent needs.

• Creating a pathway for students to obtain employment in the Federal Government by streamlining the placement of current students and recent graduates in critical positions necessary to meet workforce needs.

• Reinvigorating the Presidential Management Fellows Program so its Fellows are better equipped to meet future leadership challenges.

• Streamlining the end-to-end hiring process to create a positive experience for applicants, managers, and HR specialists as well as to facilitate and promote collaboration, integration, and communication between and among all stakeholders.

• Increasing manager engagement in the hiring process.

• Improving USAJOBS and integrating other components of the on-line hiring system to create a world-class experience for job seekers and agency recruiters.

- Providing targeted direction on Federal hiring to HR officials.
- Promoting efficiency and effectiveness in hiring practices, processes, and procedures compliant with merit principles.

# Promote diversity and inclusion in the Federal workforce by:

• Helping agencies create an environment that values workforce diversity and leverages diverse talent to achieve results

• Promoting policies and practices to ensure all segments of society, including people with disabilities, have an opportunity for employment and advancement

• Providing Federal employees and managers with educational and training opportunities aimed at creating and maintaining a culture where diversity is valued and promoted

• Pursuing recruitment and retention efforts focused on attracting diverse talent.

# Performance Area: Expect the Best

# STRATEGIC GOAL:

Ensure the Federal workforce and its leaders are fully accountable, fairly appraised, and have the tools, systems, and resources to perform at the highest levels to achieve superior results

OPM assures that agencies across the Federal Government hold leaders accountable for results. For agencies to succeed and meet the challenges of the 21st century, OPM must transform the civil service system to be flexible, agile, and responsive enough to adapt to any circumstance. OPM provides human resources management solutions, establishes the standards for continuous improvement, and leads by example to achieve agency results.

## **STRATEGIES:**

## Help agencies become high-performing organizations with the use of HR tools by:

• Designing performance management systems that are integrated with agency program planning and clearly show employees how their actions drive agency results.

• Creating fair and credible standards for individual performance appraisal and accountability.

• Evaluating agency performance management systems using OPM's Performance Appraisal Assessment Tool.

• Strengthening partnerships with public and private organizations allowing for knowledge transfer and the sharing of promising practices.

# Recognize, select, and sustain individuals who provide strong leadership and direction for agencies by:

• Driving agencies to close leadership competency gaps through succession management and developmental opportunities.

• Evaluating the agency's effectiveness in holding leaders accountable for agency performance.

• Ensuring agencies make meaningful distinctions in evaluating and recognizing different levels of management performance.

## Provide leadership and direction to government-wide HR programs by:

• Using timely and accurate data and analysis that accurately forecasts trends and needs in Federal human resources, and designing innovative strategies that will enable Federal agencies to shape the workforce they need.

- Partnering with agencies on strategic and operational issues.
- Evaluating **HR** programs' ability to drive agency results.
- Promoting OPM products and services.

• Improving the interoperability of government-wide HR systems and providing oversight and assessment of HR service delivery at shared service centers.

• Collaborating with agencies and multi-agency field locations through the Chief Human Capital Officers Council, the Federal Executive Boards, and interagency employee and labor relations groups.

#### A Real Case:

**Program Performance Reviews by the US Office of Personnel Management** (Source: The OPM Annual Performance Report for the Fiscal Year 2012)

#### Priority Goal #1: Ensure High Quality Federal Employees

*Goal Statement*: By September 30, 2013, increase Federal manager satisfaction with applicant quality (as an indicator of hiring quality) from 7.7 to 8.3 on a scale of 1 to 10, while continually improving timeliness, applicant satisfaction, and other hiring process efficiency and quality measures.

#### Overview:

President Obama's Memorandum of May 11, 2010, Improving the Federal Recruitment and Hiring Process, outlined the Administration's comprehensive initiative to address major, long-standing impediments to recruit and hire the best and the brightest into the Federal civilian workforce. OPM is spearheading the Government-wide initiative to reform recruiting, hiring and retention policies and procedures. The reform effort will encompass multiple years and will require sweeping changes to streamline and improve the hiring process. OPM leads the effort to ensure Federal agencies acquire, assess, and retain employees with the specific competencies necessary to achieve agencies' goals and missions.OPM continues assisting agencies in finding, hiring, and retaining the best talent possible for the Federal government. As the human resources management agency for the Government, OPM is responsible for ensuring the Federal hiring process is merit based and protects veterans' preference. However, inherent in this leadership role, OPM is also responsible for bringing forth new ideas and efficiencies to the Government's hiring system and monitoring and evaluating their effectiveness. Agencies have indicated in their Human Capital Management Reports (HCMR) that they are focusing on data from the manager satisfaction survey for improvement.

#### FY 2012 Progress

Agencies are working to increase the number of managers who respond to the survey in order to have sufficient responses for decision-making. The data indicates that those efforts are paying off. The number of manager responses to the manager satisfaction survey improved from 7,091 in the first quarter of FY 2012 to 10,166 in fourth quarter FY 2012, an increase of over 43 percent. OPM is continuing to help agencies build on this positive trend to increase manager response rates.

OPM tracks the summary data above by Chief Human Capital Officer (CHCO) agency and provides the information to them on a quarterly basis. Agencies are able to monitor their response rates and institute policies to increase participation in the surveys. Agencies reported in the recent program reviews on hiring reform progress that they have instituted programs to increase the response rates from managers. As an example, the Environmental Protection Agency instituted a policy mandating that hiring managers must complete the survey before a hiring certification would be processed. OPM instituted a similar requirement after their Associate Director of Employee Services raised the idea during an OPM Performance Point meeting.

OPM actively encourages agencies to promote participation in the Managers' Satisfaction Surveys as a means to measure whether other hiring reform measures are having the desired results. Additionally, the surveys provide important data on managers' involvement in workforce planning, recruitment and interview process, and in collaboration with their Human Resources (HR) organization.

While still below expectations, manager response rates continue to improve across the Federal government. Government-wide, the response rate is nearly 17 percent. This is a significant improvement compared with pre-hiring reform implementation of 5 percent or less. To correct this deficiency, OPM facilitated a discussion between Deputy CHCOs on the barriers to managers completing the survey. Results of the barrier analysis were briefed to the Deputy CHCO Council and other HR professionals. OPM data shows that managers who are involved in the hiring process rate the quality of applicants higher than those who are not involved; consequently, OPM promotes and supports agency strategies to increase managers' participation in the hiring process.

The government-wide average for manager satisfaction with applicant quality has continued to increase for the first three quarters of 2012 - up almost two percent from the first quarter of 2012 (7.60) to the third quarter of 2012 (7.74). Fourth quarter results (7.59) dropped for the first time in 2012. With a few exceptions, most agencies are showing incremental improvement in their efforts. Two agencies that declined represent 53 percent of the total fourth quarter 2012 manager responses, and, therefore, have a significant impact on the overall result. OPM continues to assist those agencies in determining the root cause of the decline – in the form of direct engagement by OPM subject matter experts working with agency representatives – to analyze this area of performance.

Second Section: Performance Evaluation Protocol and Tools for the Iraqi Offices of Inspectors General I. Objective of the Report

Based on the assessment study that was conducted to describe and analyze the current performance measurement and inspection systems as being applied on the international scene and in Iraq<sup>15</sup>.

This report aims at providing recommendations and tools to build a performance measurement and inspection system in Iraq that takes into account international trends and practices and the existing institutional context and capacities.

The report explains the pre-requisites of an effective performance inspection/measurement system in Iraq, and suggests the various frameworks that represent the tools or work-sheets that shall be used by the inspectors will be suggested.

<sup>&</sup>lt;sup>15</sup> Refer to the report on "Assessment of Current Practices in Organizational Performance Measurement and Inspection: Trends and Applications on the International Scene and in the Context of Iraq"

II. Pre-requisites for an Effective Performance Inspection/Measurement System in Iraq

From an institutional perspective, the Offices of Inspectors General in Iraq have the prerogative to conduct performance inspection/measurement, which is in essence organizational performance evaluation by Order Number 57 of February 2004. Accordingly, the OIGs verify the economy, efficiency and effectiveness of the ministry's operations and review their performance measurement systems.

According to the current legal framework, the latter outweigh the former and hence, performance inspection is lost in the crowd of provisions on investigation and audit

A comprehensive Guide for Inspection Procedures has been developed under the sponsorship of the UNDP.

Part of the Guide was about organizational performance measurement that included a set of indicators.

The efforts that have been exerted by the Iraqi Government to develop a performance measurement and inspection system form the base on which a well-established and functional system can be built.

The following are recommendations to strengthen the role of the OIGs in Iraq with regard to performance inspection:

A. The Legal Framework

Although Order Number 57 of February 2004 provides the legal basis for performance measurement, the provisions on the subject are scattered in more than one item (Section 5, items 1, 3, 5, 8, 10, 12, 14 and 17).

It would be useful to consolidate all the provisions that directly or indirectly authorize the OIG to conduct performance inspections in well-elaborated, condensed articles that are presented in a logical sequence. In case it was difficult to enact a new law, an alternative is to develop and issue by-laws that explain the concept of performance measurement and the role of the OIG in this respect.

Such a legal measure would underscore performance inspection as an essential duty of the OIG and would distinguish it from the other investigation and audit tasks. According to the

current legal framework, the latter outweigh the former and hence, performance inspection is lost in the crowd of provisions on investigation and audit.

## B. Required Competences and Caliber of Staff

Performance inspection with its measurement tools require <u>competency frameworks</u> that are distinguished from the competency frameworks of the regular inspection function. To be able to develop, or revise performance indicators, or to apply them, the OIG needs new competences in the fields of strategic planning, management, research methodologies (formulating and applying data collection strategies, sampling, designing and applying surveys, and analyzing the collected data) and communication (to build a more cooperative atmosphere with the inspected entities).

The prevalence of legal background is likely to drive the inspectors into the pure regularity aspects of inspection at the expense of the performance dimension of the process.

Once the competency framework for performance inspection/measurement is established, **specialized jobs shall be created**. The recruitment, selection and induction processes shall unfold; accordingly.

Experts from outside the public sector can also be mobilized. Specialized training and study-tours to get exposed to the latest developments and techniques in the field are important to update the skills of the OIGs' staff.

C. Key Performance Indicators

The Standardized Work Procedure for the Offices of the Inspectors General in Iraq (developed by staff from the OIGs and experts from MOORE STEPHENS under the

sponsorship of the UNDP and supervision of the Integrity Commission) includes a set of key performance indicators and sub-indicators to be followed by the inspectors in their inspection missions.

The document forms a base to build upon. The Unit of Measurement (UOM) of all the suggested subindicators is Yes/No. Inspectors would check whether the indicator (sub-indicator) is available or not. Other UOMs should be used like numbers, percentages, ratios, etc.

It is highly recommended to rephrase the indicators to

make them more specific more measurable by using other UOMs like numbers, percentages, ratios, etc.

Example: Under performance indicator no. 7, **Staff Organization**, one of the sub-indicators is **"staff training conducted"**.

1. The inspector would check out if the ministries under inspection are conducting training programs for their employees.

## It is recommended to:

- ✓ First: replace the phrase "Organization" with "Competency", or "Staff Capacity";
- ✓ Secondly: break-down this sub-indicator into several indicators that are related to training using different UOMs, like:
  - ✓ number of employees who have completed at least one training program per year;
  - ✓ Budget allocated to training;
  - ✓ Percentage of trained staff who rated the training program above average;
  - ✓ Etc.....
- 2. Another sub-indicator is **employee-satisfaction**. The inspector, according to the Iraqi Guide, would check out whether the employees are satisfied or not.

Again, The Means of Verification (MOV) is not clear and it would be better to come up with a more measurable indicator like:

- $\checkmark$  The percentage of employees who have an above the average level of job satisfaction.
- ✓ The Means of Verification (MOV) would be surveys.

It is also recommended to avoid some overlaps and redundancies in the performance indicators.

For example, the Guide on the Standardized Work Procedure for the Offices of the Inspectors General in Iraq has identified two key performance indicators related to human resources management and development:

- "Staff Organization" and
- "Guidance and Staff".

Under "Staff Organization" there are sub-indicators like:

- The staff has the qualifications to fulfill their tasks;
- Staff training conducted;
- Performance Appraisal executed and employees have the chance to review it.

Under "Guidance and Staff", there are sub-indicators like:

- Employee-satisfaction;
- The right person is in the right position;
- Objective performance appraisal is in place.

These overlaps create redundancy and confusion.

Therefore, it is highly recommended to make the indicators more measurable and to discard overlaps and redundancies for better concentration.

## (See the attached frameworks).

## D. Data Collection Strategy

After elaborating the sets of key performance indicators, the OIGs are supposed to pay special attention to gathering data on these indicators. Establishing baselines is essential in this respect.

Establishing baselines is essential in this respect.

**4** According to the World Bank, a performance baseline is:

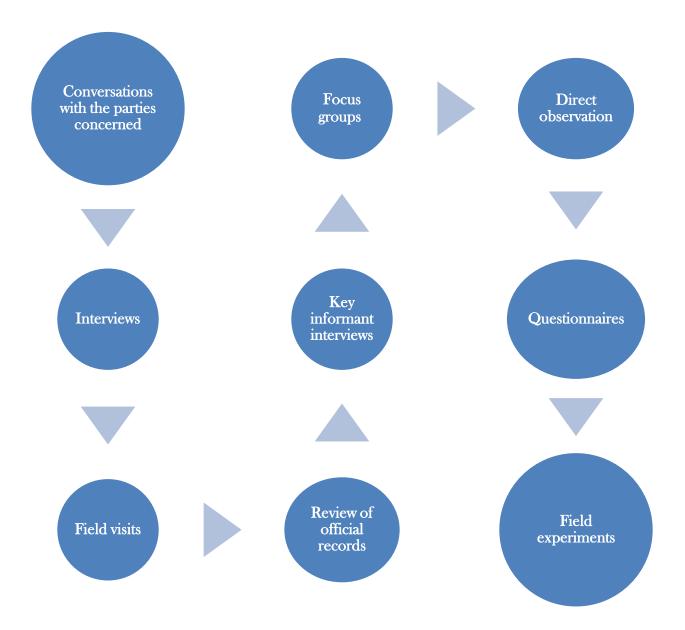
"Information, qualitative or quantitative, that provides data at the beginning of, or just prior to, the monitoring period. The baseline is used as a starting point, or guide, by which to monitor future performance. Baselines are the first critical measurement of the indicators".

In building the baseline information, the Iraqi OIGs must:

- Identify the sources of data,
- Data collection methods,
- How often the data will be collected,
- The cost and difficulty to collect the data,
- The analysts of the data,
- The staff that will report the data and the data users.

Data collection methods vary between conversations with the parties concerned, interviews, field visits, review of official records, and information systems, key informant interviews, focus groups, direct observation, questionnaires, surveys, census and field experiments.<sup>16</sup>

<sup>&</sup>lt;sup>16</sup> Ten Steps to a Results-Based Monitoring and Evaluation System, by Jody Kusek and Ray Rist, a World Bank Publication, 2004.



After gathering baseline data on indicators, the next step is to establish results targets, what can be achieved in a specific time toward reaching the outcome.

The staff of the OIGs must be trained on the above data collection strategy with its techniques taking into account the Iraqi context. A special workshop or series of workshops to be attended by all public sector administrations <u>that are concerned</u> with data collection and dissemination is highly recommended to discuss the issue, identify training topics, agree on a strategy for cooperation and exchange of data and information, and define the required tools and techniques. The role of the OIGs shall be emphasized in these workshops.

## E. <u>Reporting Capacities</u>

The technical capacity of the OIGs to report findings is a critical issue. The methodologies of accumulating, assessing and preparing analyses and reports are important areas of knowledge and practices that shall be transferred to the staff of the OIGs who must be aware of:

- Their targeted audience, and of
- Presenting the data in a clear format.
- $\checkmark$  It is important to report results data and compare it to earlier data and to the baseline. It is recommended to train the staff concerned at the OIGs on the various types of reporting from written summaries, to executive summaries, to oral and visual presentation.

### F. Communication Strategy

# Communication will be needed all the way through the design and implementation of the performance measurement system.

The increasing importance of performance inspection **should be**:

- Explained internally within the OIGs (through <u>workshops</u>, <u>circulation of this report</u> and <u>other documents</u>, <u>and top management memos</u> that reflect commitment to the system).
- A unit or team responsible for performance measurement within the OIGs <u>shall be</u> <u>designated</u>. They will be responsible for understanding and assimilating the system, then disseminating it within the ministries concerned.

- A unit or team shall also be identified within the ministries to embrace the system and to cooperate with the OIGs on its incremental implementation. The OIGs can identify some qualified staff from within their offices or from within ministries (in coordination with them) to write on the topic of performance measurement and its applicability in the Iraqi context. The written articles can be circulated in the form of a Newsletter or Information Update by email.

The negative image of inspectors shall be transformed into a more positive one

The OIG, in collaboration with other ministries like the Ministry of Planning or the public entity that is responsible for administrative reform and development can urge ministries and agencies to document their good practices and to share them with other entities supported by evidence (indicators and comparative data). The OIGs can play a pivotal role in celebrating a National Day for Public Sector Performance during which best practices will be recognized and rewarded.

#### G. Fostering Positive Relationships

The relationship between the OIG and the inspected entities is problematic. Iraq is not the only case in this respect. In the USA and in other countries, they have experienced this delicate problem.

Building and sustaining positive relationships between both parties is a self-learning and educational process. Organizational performance evaluation is not intended to punish, but rather to improve the level of effectiveness. The negative image of inspectors shall be transformed into a more positive one, not only by explaining the performance inspection system and its benefits through the communication strategy, but also by the daily practices of the inspectors.

Training on communication and conflict resolution in the work context is an important tool to create this new atmosphere. Performance inspection is expected to carry "bad news" about management deficiencies. Communicating this bad news and suggesting remedies should be done judiciously. As long as bad performance is not related to a criminal act, or intentional negligence, inspection should be an opportunity to highlight good practices, to prevent management shortcomings and to correct actual mismanagement.

### H. An Inspection Protocol

Inspectors should be people of credibility. Building and maintaining this credibility invite the OIGs to follow an Inspection Protocol.

In the year 2012, the OIG in the Iraqi Ministry of Industry and Minerals developed a Code of Ethics that emphasized the following principles:

- 1. Confidence and credibility,
- 2. Integrity,
- 3. Independence-objectivity-neutrality,
- 4. Confidentiality,
- 5. Competence,
- 6. Professional development, and training,
- 7. Prevention of conflict of interests, and
- 8. Deep understanding of the work-environment of the inspected entities.

This Code of Ethics can be more elaborated to become an Inspection Protocol that includes the necessary Quality Standards for Inspectors.

The Protocol shall include, *inter alia*, sections on Data Collection and Analysis, and Working Relationships with the Inspected Entities. The Protocol shall urge the OIGs in Iraq and their staff to:

- 1. Act with professionalism; to
- 2. Respect the priorities of the departments concerned; to
- 3. Identify emerging priorities with them; to
- 4. Provide departments with feedback according to clear mechanisms to help them understand the objectives of the inspection missions with their time-schedules, data requirements and reporting processes; to
- 5. Gather sufficient evidence and to discern their level of reliability depending on their sources; to
- 6. Establish internal quality control mechanisms whereby Supervisors shall work closely with their inspection teams to:
  - Properly plan the inspection mission and to agree on the practical steps for execution with the expected output, to
  - Rectify any deviations and deal with any shortcomings during execution and to ensure that the set objectives are met; and to
  - Devise the necessary means to maintain the generated records in compliance with the national archiving regulations.

### I. <u>Strengthening the Capacities of Ministries and Agencies</u>

The performance inspection system cannot be implemented successfully if all capacity building efforts are concentrated solely on the OIGs in Iraq. The inspected ministries and agencies should also be the main targets of the reform initiative. The performance measurement framework should not only be seen by the ministries and agencies as a control tool in the hands of the OIGs, but also as a self-management tool for their own improvement. Therefore, the performance indicators shall be refined in close collaboration with the ministries and agencies that will have their performance measurement tools to help them measure their progress and develop their own benchmarks.

Their planning and performance reporting capacities shall be strengthened through:

- Joint **workshops** with the OIGs and through
- Intensive **training** on planning and **reporting techniques**.

For example, the National Development Plan for Iraq 2013-2017 that was developed by the Ministry of Planning is supposed to generate national indicators. The sectoral ministries and agencies' plans are expected to operationalize the national plan at the organizational and departmental levels with relevant indicators to measure progress. Joint efforts to align all these initiatives between the ministries and the OIGs represent an opportunity for professional coordination and capacity building projects.

### J. The Establishment of a Council for Inspectors General

In order to coordinate efforts, to standardize the performance measurement and inspection system and to discuss issues that are of common concern, an official mechanism shall be established as an institutional arrangement through which Inspectors General come together to promote their professionalism.

This official mechanism can take the form of a Council similar to <u>the Council of the</u> <u>Inspectors General on Integrity and Efficiency in the USA (CIGIE)</u>, an entity that brings together Inspectors General to address integrity, economy, and effectiveness issues that transcend individual Government agencies and that promotes professionalism within the Offices of the Inspectors General. Organizational performance inspection/measurement is a **systematic and comprehensive process** that requires development measures that target the inspection offices and the inspected entities at a par level.

This report has tried to set a vision for enhancing the capacities of the inspection offices in the field of performance measurement and to suggest some practical reporting tools that have been intentionally devised in a simple manner. It is important to keep the system away from any complexities, at this stage, and to widen its scope based on practical experience and lessons learned.

#### Annex 1- Performance indicators for the control authorities in Iraq

Performance indicators are divided into several groups. Each set of indicators is directed toward one of the Iraqi control bodies, in particular, COI (Commission of Integrity), OIG (Office of the Inspector General), CSB (Civil Service Board), and Board of Supreme Audit.

The number of proposed indicators is 118. These Indicators are distributed on key performance areas. The unit of measurement for each indicator has been identified (such as: number, currency, percentage, etc.).

# The full annex is available in Arabic and was not translated into English. Below are the key performance areas to which each Iraqi control body is subjected:

#### Commission of Integrity:

- Integrity and anti-corruption investigations
- Research and studies on integrity and corruption
- Illegal enrichment
- Regulations on functional behaviors
- Media activities

#### Board of Supreme Audit:

- Accountability through external oversight
- Enhancing performance
- Support to the legislative oversight
- Coordination with other control bodies
- Annual reports
- Coordination with regional audit Boards

## Office of the inspectors General:

- Internal oversight
- Coordination with other control bodies
- Tenders audit or scrutinize tenders????
- Complaints management
- Institutional performance measurement

### **Civil Service Board:**

- Regulatory structure or organizational structure????
- Relationship with regional counsels
- Training management
- Employment
- Employees protection
- Performance evaluation
- Relationship with the commission of integrity

The right to access the information:

- Access to information

#### Annex 2 -Performance Measurement Frameworks

The following attached frameworks are the tools that can be adapted and used by the Iraqi OIGs and public sector entities to measure organizational performance.

## Framework (1): A Suggested Performance Measurement Format for the OIGs in Iraq

### This framework is a table that includes the following components:

### 1. <u>Performance Area</u>:

The main area that shall be measured under which a relevant set of indicators will be grouped. For example: Financial management is one performance area; Human Resources Management is another performance area.

### 2. Key Performance Indicators (KPIs):

KPIs are the indicators that will allow the inspectors to measure the status or progress of the administrations according to prescribed standards. (Example: under HRM, one of the indicators would be the budget allocated to training);

### 3. Unit of Measurement

Unit of Measurement per indicator: (example: X amount of Riyals when the budget allocated to training is measured);

### 4. Weight:

Each indicator shall have a weight out of 100% reflecting its relative importance. Example: the budget allocated to training might be given more weight than percentage of staff who received training abroad);

### 5. Means of Verification:

The evidence that allows the inspector to measure the actual performance. Example: a business plan document; a survey conducted, a law, etc.

### 6. Last Score:

The latest recorded score (eg: last year) based on the last measurement assignment.

### 7. <u>Actual Score</u>:

The score that will be recorded by the inspectors based on the actual measurement process;

## 8. <u>Remarks</u> (if any).

### Frameworks (2) and (3)

Both frameworks are samples of generic and sector-specific performance indicators.

#### Framework (4): Performance Measurement Benchmarking

Performance measurement benchmarking framework is to be adapted and used by the inspected public sector entities as an internal management and monitoring tool. Ministries and agencies shall set targets for the upcoming period after presenting the latest achievements.

# Framework 1 A Suggested Performance Measurement Format for the OIGs in Iraq

Performance	Key	Unit of	Weight	Means of	Last	Actual	Comments
Area	Performance	Measurement		Verification	Score	Score	
	Indicators	(UOM)		(MOV)			
	(KPIs						
1.							
2.							
3.							
0.							

Framework 2
A Sample of Generic Performance Indicators

Performance Area	Key Performance Indicators	Unit of Measurement (UOM)
Strategic Management	*Existence of a Strategic Plan within the inspected	Logical (Y/N)
	entity for a period of time that is not less than three	
	years inspired by the National Plan of the Iraqi	
	Ministry of Planning	
	*Existence of an Annual Plan within the inspected	Logical (Y/N)
	entity that translates the Strategic Plan into	
	operational objectives	
	*Percentage of organizational units within the	%
	inspected entity that have an annual plan for their	
	work	
	*The application of performance measurement tools	Categories from 0 to 10:
	within the inspected entity	0=none;
		10= excellent
Customer-Oriented	*Improvement of service delivery to citizens is clearly	Categories from 0 to 10:
Administration	stated in the plans, programs, decisions, policy	0=none;
	statements, or any other official records within the	10= very clearly stated
	inspected entity	
	*The extent to which a complaints management	Categories:
	system is functional	1=None;
		2=under development;
		3=partially functional;
		4=Fully functional
	*Citizen satisfaction surveys conducted in the last	Categories:
	year	1=None;
		2=under development;
		3=exceptionally conducted;
		4=conducted on a regular basis
Human Resources	*Percentage of staff of the inspected entity that have	%
Management and	documented information within the personnel (or	
Development	HR) Departments on their personal, academic,	
	training and work-related background	
	*Existence of an HR and Training Plan within the	Categories:
	inspected entity	1=None;
		2=under development;
		3= the plan lacks budget;
		4= a full plan with budget

*Average number of training hours per staff member	Day/employee
in the last year	
*Percentage of females staff in the mid-level and	Categories:
senior management grades within the inspected entity	1= less than 10%
	2=between 10% and 30%
	3=between 30% and 45%
	4= more than 45%

# Framework 3 A Sample of Sector-Specific Performance Indicators Sector: Public Health

Performance Area	Key Performance Indicators	Unit of
		Measurement
		(UOM)
(General Status of Public Health /	*Maternal mortality rate	%
Level of Improvement)	*infant mortality rate	%
	*Percentage of the population with access to basic, local health services	%
(Quality of Health care Service)	*Average patient satisfaction with hospital care	%
	*Average assessment of health facilities by patients	Categories
	<ul> <li>*Trained health care personnel (Composite Indicators): (a) total number of trained personnel;</li> <li>(b) Number of training sessions conducted</li> </ul>	Number
	*Health care expenditure as percentage of GDP	%
(Health Care Financing)	*Percentage of public hospitals whose bills were controlled generating positive results	%
	*Percentage of population covered by a health insurance provider by type of provider	% / type

Performance Area	Key Performance Indicators	Unit of
		Measurement
		(UOM)
Access to Base Education	*Enrollment in primary education with breakdown	% of the
	by province:	population in the
		age group
	(a) Province 1	
	(b)Province 2	
	(c)Province 3	
	(d)Province 4	
	Etc	
	Number of OUT-OF-SCHOOL children with	Number
	breakdown by province (negative indicator):	
	(a) Province 1	
	(b)Province 2	
	(c)Province 3	
	(d)Province 4	
	Etc	
Improvement of Quality of Base	*Average students' test results at the end of the	Depends on the
Education	elementary educational cycle by province:	type of the
	clementary educational cycle by province.	scoring system
	(a) Province 1	
	(b)Province 2	
	(c)Province 3	
	(d)Province 4	
	Etc	
	*Average students' test results at the end of the	Depends on the
	elementary educational cycle broken down by	type of the
	subject:	scoring system
	(a) Arabic language;	
	(b) English language;	
	(c) Sciences;	
	(d) Mathematics;	
	Etc	

# Sector: Education

## Framework 4

Performance Measurement Benchmarking: A Self-Management Tool (to be used by the Iraqi ministries)

Performance Area	Key Performance Indicators	Last Score	Actual ScoreBas eline	Targeted Score(year1)	Targeted Score(year2)	Targeted Score (year3)

## Annex 3 - Transparency - Access to information

This annex is dedicated to set a number of indicators related to the right of accessing the information. The detailed indicators with its unit of measurement are available in Arabic.

	Key performance indicators
1.	Provide legal framework (law, regulation, and decision) for citizens' right to
	access information
2.	In the absence of such law, Measures will be undertaken for the progress of
	adopting law, regulation, or formal decision.
3.	The legal framework is based on key principles that ensure the citizens' right to
	access the information. These principles are expressed in a clear, coherent, and
	simple language.
4.	Existence of an independent body that ensure properly the application of the
	legal framework in order to access the information
5.	The number of departments and public institutions that take the initiative to
	publish their information through multiple channels, according to each
	department / institution
6.	The number of departments and public institutions that take the initiative to
	publish their information through multiple channels, according to each of the
	approved communication channels
7.	The availability of a legal framework to access the personal information
8.	The existence of a Legal definition for both public information and private
	information.
9.	The percentage of applications to access the information according to each
	official department during one year from submission date of the total
	applications sent to the department.
10.	Percentage of applications to access the information is distributed on all the
	facilities
	of submitting the applications to the public administrations.
11.	The average period of time between the date of submission the application and
10	the actual date of accessing the information
12.	The average period of time between the date of submission the application and
	the
10	actual date of accessing the information, according to each department
13.	The information that does not fall within the citizen's right to access for, is
	classified clearly within a legal framework.
14.	Number of public administrations that have put timelines for each type of

	required information to be obtained
15.	Number of public administrations that put clear mechanism for the
	accountability of the entities that are not respecting the deadlines in providing
	the required information for citizens
16.	Percentage of public administrations that were forced to provide citizens with
	the required information. These public administrations are forced by (COI /
	judiciary / the body in charge to ensure the proper apply of the legal framework
	on the right of accessing the information.)
17.	Total number of campaigns implemented by civil society organizations within
	one year to raise awareness of citizens' right to access information.

Third Section: Good Governance Frameworks and Practices: A Window to the latest international developments and Prospects for Iraq

#### I. Objective of the Report

The objective of this report is to define and explain the concepts of "Governance" and "Good Governance" as presented by scholars and international organizations, and as being practised in a selected number of countries that have a democratic heritage, as well as in Iraq that has been trying to re-build its State institutions after 2003. Since the Governance concept is wide in scope to include several components that reflect the various definitions provided by experienced authors and institutions, the report emphasizes the managerial aspects of the concept with their impact on public sector performance.

Thus, respecting the aim of this paper generated basically to serve the inspector general's office in Iraq. Other aspects are not less important than the ones presented in the report, but the highlighted dimensions are directly relevant to the effectiveness of the Government machinery with its diversified types of organizations.

#### II. Methodology

The author of the report has collected documents that are relevant to the topic under discussion by retrieving available sources at the Arab Center for Development of the Rule of Law and Integrity (ACRLI) and at the American University of Beirut (AUB). In addition to desk-research, intensive search for relevant material has been conducted by surfing the internet to explore what has been written on the topic by experts and organizations and to get exposed to the latest literature, guidelines, laws, regulations and practices in the field. As for the material on the Iraqi experience, the author remained in contact with the National Expert in Iraq and with the UNDP Office in Baghdad to collect as many documents as possible about the applied legal and organizational Governance frameworks. Meetings with the National Expert in Iraq took place in Beirut allowing the author to exchange views, to get some answers about the local conditions and applications and to underscore priority issues.

#### III. Governance: Multiple Definitions, a Common Direction

"Governance" is a loose concept. The term is associated by many people with "Government". However, "Government" is too narrow compared to "Governance". The latter is more inclusive of other actors in the society, in addition to Government. A researcher of the subject can come up with dozens of definitions of what "Governance" is. Despite the fact that many scholars have tried to explain the meaning of "Governance", the more they have provided definitions, the more the concept seemed obscure.

**The United Nations Development Program (UNDP)** defines Governance as "the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It is the way a society organizes itself to make and implement decisions – achieving mutual understanding, agreement and action. It comprises the mechanisms and processes for citizens and groups to articulate their interests mediate their differences and exercise their legal rights and obligations. It is the rules, institutions and practices that set limits and provide incentives for individuals, organizations and firms. Governance, including its social, political and economic dimensions, operates at every level of human enterprise, be it the household, village, municipality, region or globe"<sup>77</sup>.

The World Bank defines governance as "the process by which authority is conferred onrulers, by which they make the rules, and by which those rules are enforced andmodified. Thus, understanding governance requires an identification of both, the rulersand the rules, as well as the various processes by which they are selected, defined, andlinked together and with the society generally"<sup>18</sup>.

<sup>&</sup>lt;sup>17</sup> Governance Indicators, **A User's Guide**, Second Edition, p. 1; UNDP Publication.

<sup>&</sup>lt;sup>18</sup> http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES.

**The OECD** defines "Governance" as "the formal and informal arrangements that determine how political decisions are made and how public actions are carried out from the perspective of maintaining a country's constitutional values in the facing of changing problems, actors and environments".<sup>19</sup>

**The World Bank** defines governance as "the process by which authority is conferred on rulers, by which they make the rules, and by which those rules are enforced and modified

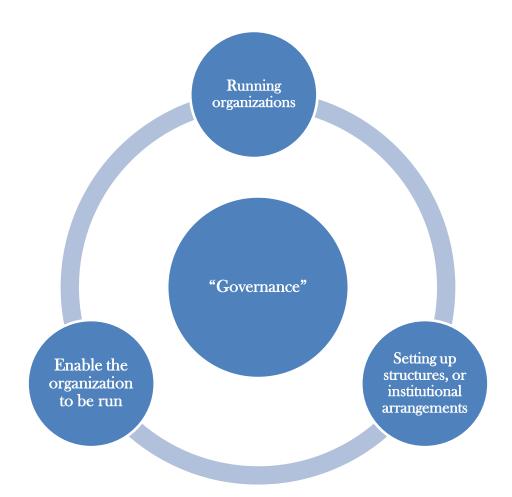
**The OECD** defines "Governance" as "the formal and informal arrangements that determine how political decisions are made and how public actions are carried out"

"Governance"

The United Nations Development Program (UNDP) defines Governance as "the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector

<sup>&</sup>lt;sup>19</sup> Public Sector Modernization: Modernizing Accountability and Control; OECD, 2005 (www.oecd.org/dataoecd/56/42/34904246.pdf)

In spite of the various definitions, one can conclude a standard meaning of "Governance" that has a wide acceptance amongst scholars and international organizations. Governance is about "*running organizations, setting up structures, or institutional arrangements to enable the organization to be run*".<sup>20</sup> This common meaning has important repercussions on the management of the public sector with its merit principles, integrity and accountability mechanisms.



<sup>&</sup>lt;sup>20</sup> Owen Hughes, **Public Management and Administration**, 4<sup>th</sup> ed. (UK: Palgrave Macmillan, 2012).

IV. Good Governance

In order for "Governance" to be described as "Good", the processes for making and implementing decisions must be "good".

## **4** According to the OECD

"<u>Good Governance</u>" encompasses the role of public authorities in establishing the environment in which economic operators function and in determining the distribution of benefits as well as the relationship between the ruler and the ruled.<sup>21</sup>

**4** The World Bank <u>epitomizes "Good Governance" by</u>

"predictable, open and enlightened policy making; a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law."<sup>22</sup>

The World Bank, a major international donor that provides aides to developing countries, was interested in exploring how countries receiving aid programs are managing them in order to ensure that the assistance provided to these countries are managed effectively and that societies, therefore, are well-run.

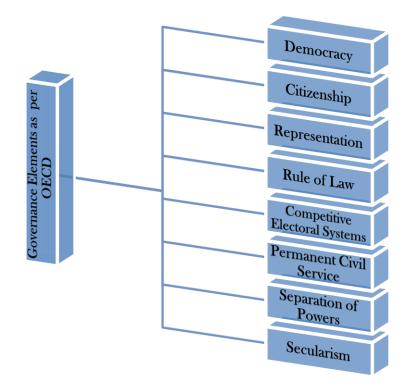
<sup>&</sup>lt;sup>21</sup> www.oecd.org/dac

<sup>&</sup>lt;sup>22</sup>World Bank 1994: Governance: The World Bank's Experience.



Looking for measurements to gauge "Governance" in different countries has been an area of concern for several international bodies.

With the evolution of the modern state, the OECD member countries share core governance elements that include: <u>Democracy</u>, <u>Citizenship</u>, <u>Representation</u>, <u>Rule of</u> <u>Law</u>, <u>Competitive Electoral Systems</u>, a <u>Permanent Civil Service</u>, <u>Separation of</u> <u>Powers</u> and <u>Secularism</u>.



When measuring "Governance", the UNDP takes into consideration the following issues: the <u>electoral systems</u>, <u>corruption</u>, <u>human rights</u>, <u>public service delivery</u>, <u>civil</u> <u>society</u> and <u>gender equality</u>.



Governance indicators that are related to the above mentioned issues ought to inform users about:

- The business environment,
- Allocation of public funds,
- Civil society advocacy, and
- The performance of the political and administrative systems.

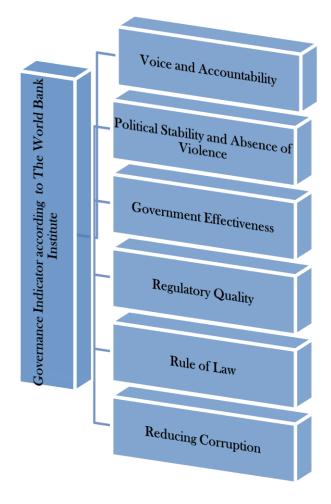
### Such indicators are also used for:

- Planning (as a directive)
- Academic research; and for
- Setting benchmark targets in the context of development.

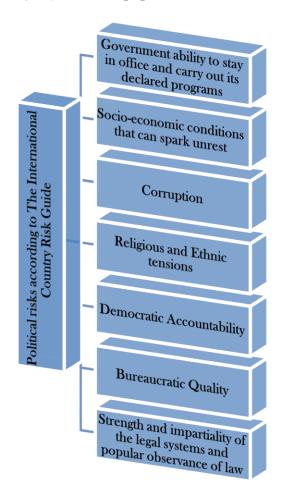
Indicators can be set at the various levels of the management process from input, to activities, to output, to outcome. $^{23}$ 

<sup>&</sup>lt;sup>23</sup> Refer to our report titled: "Assessment of Current Practices in Organizational Performance Measurement and Inspection: Trends and Applications on the International Scene and in the Context of Iraq", Section V on <u>Best Practices: Establishing Logical Models</u>

The World Bank Institute adopts the following Governance principles: <u>Voice and</u> <u>Accountability</u>, <u>Political Stability</u> and <u>Absence of Violence</u>, <u>Government</u> <u>Effectiveness</u>, <u>Regulatory Quality</u>, <u>Rule of Law</u> and <u>Reducing Corruption</u>.

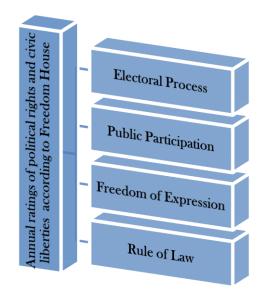


The International Country Risk Guide, a privately owned rating system, assesses the financial, economic and political risks in countries and compare them with each other to analyze the potential risks to international business operations. "Political risks include: government ability to stay in office and carry out its declared programs, socio-economic conditions that can spark unrest, corruption, religious and ethnic tensions, democratic accountability, Bureaucratic quality, and Strength and impartiality of the legal systems and popular observance of law.<sup>24</sup>



<sup>&</sup>lt;sup>24</sup> Christiane Arndt and Charles Oman, **Uses and Abuses of Governance Indicators**, OECD, 2006.

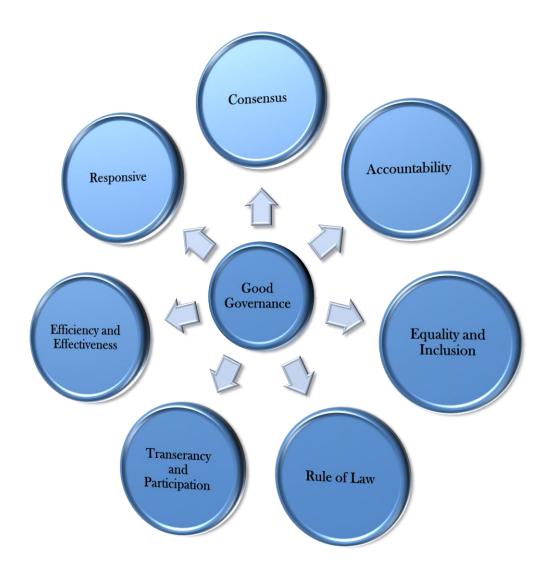
Freedom House develops annual ratings of political rights and civic liberties with special focus on issues like the <u>electoral process</u>; <u>public participation</u>, <u>freedom of</u> <u>expression</u> and <u>rule of law</u>.<sup>25</sup>



**Transparency International**, on the other hand, conduct regular surveys to measure public perception of corruption in different countries.

<sup>&</sup>lt;sup>25</sup> Christiane Arndt and Charles Oman, **Uses and Abuses of Governance Indicators**, OECD, 2006.

## Characteristics of Good Governance<sup>26</sup>



<sup>&</sup>lt;sup>26</sup> The Australian Good Governance Guide: www.goodgovernanceguide.org.au

VI. A Further Focus: Governance from the Perspective of Public Administration

Since the concept of Governance is broad in spectrum, this report focuses on Governance aspects that are directly relevant to the performance of public sector administrations, in particular on the following issues:

The rule of law, control and accountability, meritocracy, ethics of the civil servants and reducing corruption, integrity and transparency are the main areas of concern in this report.

### A. <u>The Rule of Law</u>

The **Rule of Law** is an ancient concept that dates back to the era of the old Greek philosophers. The basic idea that the Law should govern, in the sense that all citizens in any society should be subject to the authority of law, was promoted by Aristotle. The concept became popular in the 19<sup>th</sup> century with the British jurist A.V Dicey. It is the opposite of "might makes right" and "divine authority". The rulers and the ruled are supposed to follow prescribed laws and regulations that must be respected and well-enforced to maintain order and to prevent chaos that is likely to drive away stability.

**The Constitution** is the highest law in any society, followed by other laws, decrees and regulations that are intended to organize the affairs of the society and to guarantee the proper functioning of Government institutions and other organizations.

Democratic countries that emphasize the rule of law as one of the main cornerstones of their Governance structure do not only seek to pass laws and regulations, but to ensure that they are clearly formulated, and well-implemented fairly, so that everyone in the society is treated equally before the law without discrimination or bias of any kind. These countries that have a better record of law enforcement than other non-democratic countries were not satisfied by only developing and maintaining a system of laws and regulations that protect the rights and obligations of everyone, but they are also seeking to improve the way they develop such laws and regulations. This means that Governments must analyze the impact of any prospective law or regulation before they are officially endorsed and executed. Consultation exercises have started to grow in number in these countries to get feedback from the various stakeholders who are expected to bear the consequences once the law or

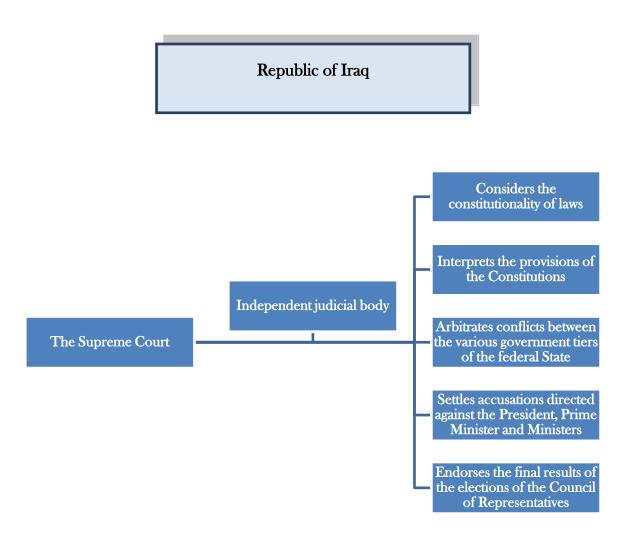
regulation becomes effective. Consultation has been used as a method for improving the quality of rules and regulations and for ensuring more public receptiveness and support.

The guarantor of the rule of law is the judicial institutions. Although the judiciary is outside the scope of this report<sup>27</sup>, it is wise to remember that an effective, independent judicial system that is immune to political, tribal, partisan and personal influences safeguards the proper and objective enforcement of the legal systems.

Even the Constitution might be ambiguous or interpreted in different ways. It is the judiciary that has the final say in this respect. The Supreme Court in the USA is the highest judicial umbrella and the final arbiter of the Constitution. The public perception is that "the judiciary stands apart from the elected institutions and defends the fundamental law of the Constitution<sup>228</sup>. Accordingly, there is confidence in the Court's integrity.

In Iraq, the Supreme Court is an independent judicial body that considers the constitutionality of laws, interprets the provisions of the Constitutions, arbitrates conflicts between the various government tiers of the federal State and settles accusations directed against the President, Prime Minister and Ministers. It also endorses the final results of the elections of the Council of Representatives.

<sup>&</sup>lt;sup>27</sup> Since it is a constitutional independent entity and it is not falling under the mandate of the inspectors general. <sup>28</sup> Alan Grant, The American Political Process, 7<sup>th</sup> ed.; (Routedge: USA, 2005), p. 129.



#### B. Control and Accountability

The basic idea of control within the public sector is to ensure that an organization is operating within its legal and policy responsibilities and is achieving the objectives set for it. Systems of control provide assurance that management systems are operating well. Control and accountability are exercised through a wide range of mechanisms. The regular budget cycle will offer central agencies and the legislature the opportunity to review financial probity, efficiency and performance. The audit process, both internal and external, should provide a regular, independent review of financial management and performance.

<b>Types</b>	of Accountabilit	v Relationships"

Hierarchical	based on supervisory and organizational directives, including rules,
Accountability	standard operating procedures and close supervision of individuals.
	Obedience is the behavioral expectation. Traditional merit-based civil
	service systems that are organized around position classification schema
	exemplify a reliance on low discretion and supervisory control.
Legal	relationships emphasize compliance with some externally derived
Accountability	expectations or standards of performance and close scrutiny and
	oversight as the means by which employees are held to answer for their
	performance. The agent must comply with the principal's expectations.
Political	Political accountability relationships are about satisfying key external
Accountability	stakeholders, such as elected officials, clientele and other agencies. So,
	the official responds to someone else's expectations.
Professional	Professional accountability relationships emphasize responsibility to
accountability	expertise. Performance standards are established by professional
	norms, accepted protocols and prevailing practices of one's peer or
	work group.

### The Control Dimensions

The basic idea of control in public administration is to verify that a ministry or agency is abiding by the legal and policy frameworks within which they are supposed to operate. The ultimate objective of control is to check out that whether management systems in place are functioning well, or not. Control is exercised by various well-established mechanisms, starting with the annual budget cycle through which the ministries, control bodies and Parliament will interact to set limits and to review financial and other areas of performance. The executive authority does not have a free hand to decide on public expenditures and to spend money. It is the legislative authority that authorizes the executive authority to spend

<sup>&</sup>lt;sup>29</sup> Owen Hughes, **Public Management and Administration**, 4<sup>th</sup> ed. (UK: Palgrave Macmillan, 2012).

money, or to increase the ceiling of public debt. When it comes to setting limitations, in this respect, the legislative authority in a democratic system is powerful. The Government shutdown in the United States of America (USA) in October 2013 where some government facilities were closed until the power-politics showdown between the President of the USA and Congress generated a partial compromise over public spending ceilings is a fresh example of this political accountability, whereby the executive authority is accountable to the legislative authority that is, in turn, accountable to the public.

Once the executive authority has the legislative authorization to spend on public programs, projects and on administrative issues, central agencies within the executive authority play an important control function by overseeing the actual budget execution process. Examples of these central bodies are the Ministry of Finance and the Supreme Audit Institution (the Government Accountability Office in the USA; the Office of Auditor General in Canada, the National Audit Office in the United Kingdom, the Federal Board of Supreme Audit in Iraq). Although these bodies have a control function vis-à-vis other spending ministries and public agencies, the worldwide trend has been to devolve greater managerial powers to those ministries and public agencies while their managers have the obligation to demonstrate that their resources have been used efficiently within the set legal and policy frameworks. With the increasing emphasis on building a "performance culture" in the public sector, public entities are expected to report on their achievements by providing more comprehensive and informative information that transcend the mere financial reporting data that they were used to provide in the past. The notion of audit has evolved to go beyond compliance with rules and regulations to encompass performance or valuefor-money audit through which the economy, effectiveness and efficiency of Government programs, projects and activities shall be verified. Canada was amongst the first countries that realized that reporting pure financial figures to Parliament by the spending agencies is not enough to hold them accountable by the legislature. Performance audit has been introduced to be added to the already existing financial and compliance audit functions. Accordingly, the concept of comprehensive audit was born to be more inclusive of previously neglected auditing practices. In order to guarantee their independence, audit offices sought to be linked to the legislator.

Control in the public sector is of two types: internal and external
---------------------------------------------------------------------

Internal control	is the management processes, regulations and structures that assure
	senior management that the actions being carried out are legal, efficient
	and cost-effective and comply with regulations
External control	Typically means the central audit office, but it also includes central
	executive branch entities which provide, for example, spending
	authority to perform a particular function. <sup>30</sup>

The international trend is to relax controls by providing ministries and public agencies with further flexibility to use their own resources to perform their tasks effectively, efficiently and in compliance with the set laws and regulations instead of referring financial transactions to a controller outside the public entity to get a prior-approval. Thus, more control functions have been devolved to the public entities themselves. While pre-audit functions have been relinquished by the audit office, internal controls within ministries had to be enhanced and the audit offices had to concentrate more on performance audit that includes non-financial aspects

<sup>&</sup>lt;sup>30</sup> Accountability and Control, OECD Policy Brief, 2005.

# The OECD Perceptions of Internal and External Control<sup>91</sup>

<u>Internal Control</u>: is designed to ensure that a ministry and agency carries out its required functions efficiently and effectively, that its financial reporting is reliable and that it complies with relevant laws and regulations. For most countries they are focused on controlling allocation of spending, accounting procedures and financial statements. Countries also differ in their use of effectiveness and efficiency audits as well as risk management techniques. All OECD countries have internal control units. Countries like the UK and Australia have formalized risk management techniques in their management control structures. These are the countries that had more elaborate internal controls as a starting point and have gone the furthest in relaxing input controls and managing by performance and contract.

Because internal control is handled within the management of the particular agency or department, its independence, impartiality and objectivity are called in question. In response to these problems, about half of the OECD countries have created central coordination, policy and / or monitoring units to oversee departmental internal control systems. Half of these units in OECD are located in the Ministry of Finance. These range from units that actively audit the internal auditors to small units which set standards and coordinate specific overlapping issues. Some countries have explicit links between the external audit institutions and internal control units. The supreme audit institutions (SAIs) evaluate the internal control system for the extent and depth of their own auditing work.

In Spain, internal auditors report to top managers and to the central unit in the finance ministry. Special reports can be addressed to ministers and the cabinet. The central unit provides the cabinet with an annual report containing the most relevant features, findings and recommendations on the financial activity.

# <u>External Control</u>:

The role of the Supreme Audit Institution (SAI) has evolved from the traditional task of verifying legality and regularity of financial management and of accounting to encompass efficiency and effectiveness of financial and program management. Budget offices and finance ministries in general also perform external controls – reviews of spending, processes, performance and value for money evaluations.

The most significant changes to the role of the SAIs have been to secure the independence of auditors, as well as to reinforce the links between the audit office and the legislature. Most SAIs are now independent of the executive.

<sup>&</sup>lt;sup>31</sup> Accountability and Control, OECD Policy Brief, 2005.

As internal control focuses more on financial management and the rise of automation has made financial auditing less burdensome, the external auditors have almost universally started looking at program effectiveness or value for money. However, financial audits still encompass the majority of the SAI workload. Only in a few countries like the UK and the USA do value for money audits account for more than half of the work. Beyond the USA, most SAIs either coordinate or use reports from the internal auditors.

<u>Conclusion</u>: Since the links between available resources and performance are weak, internal control systems still focus primarily on financial measures. While international bodies are working on creating standards for auditors and, to a limited degree, internal control for performance audits and performance information, countries have been slow to adopt them in their systems.

#### C. Meritocracy in Public Administration

Protecting the civil service from arbitrary political interventions has been one of the main drivers of the classical school of public administration in the nineteenth century. Theorists like Max Weber, Woodrow Wilson (who later became the President of the USA in 1911) and many others wanted to build a Government administration that is based on merit standards. The civil service reform movement that was initiated in the Western countries in the second half of the nineteenth century was driven by the desperate need to prevent corrupt practices in the public sector and to put an end to the then prevalent spoils system. The merit system was the ultimate objective according to which recruitment and selection shall be based on merit principles instead of political, family, tribal and personal relationships. Meritocracy is the opposite of nepotism and favoritism.

In order to ensure an objective recruitment and selection process, central personnel agencies (eg: the Civil Service Commission in the UK and USA) were created as watchdogs that do not only oversee the personnel management functions, but are also involved in the operational aspects to avoid any ministerial deviations. The situation of centralizing personnel function in one central body started to change as of the late 1970s with the Civil Service Reform Act in the USA that was passed in 1978. The Civil Service Commission was replaced by the Office of Personnel Management (OPM) that started to delegate personnel functions incrementally with more devolution of managerial responsibilities to the departments of the executive branch. Although the USA is given as an example of countries that provided their departments with flexibility to manage their resources, meritocracy remained a priority issue. In parallel to the OPM's delegation of managerial responsibilities of recruitment and selection and other personnel functions, the oversight body remained the agency that develops HR policies and standards that all departments must observe.

The **Merit System Protection Board (MSPB)** was established as a vigorous protector of the merit system. It is an independent, quasi-judicial agency in the executive branch that stands as a safeguard of the merit principles in the American federal administration. The **MSPB** has promulgated the merit principles that should guide every single department.

#### Merit System Principles32

- 1. Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segments of society, and selection and advancement should be determined solely on the basis of relative ability, knowledge and skills, after fair and open competition which assures that all receive equal opportunity.
- 2. All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, or handicapping condition, and with proper regard for their privacy and constitutional rights.
- 3. Equal pay should be provided for work of equal value, with appropriate consideration of both national and local rates paid by employers in the private sector, and appropriate incentives and recognition should be provided for excellence in performance.
- 4. All employees should maintain high standards of integrity, conduct, and concern for the public interest.
- 5. The Federal work force should be used efficiently and effectively.
- 6. Employees should be retained on the basis of adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards.
- 7. Employees should be provided effective education and training in cases in which such education and training would result in better organizational and individual performance.
- 8. Employees should be:
  - a. protected against arbitrary action, personal favoritism, or coercion for partisan political purposes, and
  - b. prohibited from using their official authority or influence for the purpose of interfering with or affecting the result of an election or a nomination for election.
- 9. Employees should be protected against reprisal for the lawful disclosure of information which the employees reasonably believe evidences-
  - a. a violation of any law, rule, or regulation, or
  - **b**. mismanagement, a gross waste of funds, an absence of authority, or a substantial and specific danger to public health or safety.

The above example from a country that strongly believes in managerial delegation while maintaining the merit standards clearly proves that managerial flexibility is not in contradiction with meritocracy in the public sector.

<sup>&</sup>lt;sup>32</sup> US Merit Systems Protection Board; www.mspb.gov

#### D. Integrity and Ethics of Public Sector Employees

In order to embrace ethical standards in the public sector, Governments have developed codes of ethics to be applied by the civil servants. By observing these standards, the civil servant promotes the citizen's confidence in his/her Government administration.

The Code of Ethics sets a general framework for an ethical behavior to enhance integrity and accountability and to eliminate the negative image of the employee by reminding

By observing ethics standards, the civil servant promotes the citizen's confidence in his/her Government administration him/her that he/she is a public servant and hence, he was hired by the Government to serve the citizens respectfully and fairly.

The Code of Ethics does not provide minute details, but rather a set of principles that must guide the dayto-day attitudes and behavior of employees. The proper execution of the Code necessitates political and top-management commitment to avoid doublestandard practices.

An example of such codes is the Values and Ethics

**Code for the Public Sector of Canada.** The Code emphasizes the need to have professional, non-partisan federal public sector. It outlines the values and expected behaviors that guide public servants in all activities related to their professional duties. The Treasury Board in Canada has developed the Code. "Organizations are expected to take steps to integrate these values into their decisions, actions, policies, processes and systems. Similarly, public servants can expect to be treated in accordance with these values by their organization".<sup>33</sup>

<sup>&</sup>lt;sup>33</sup> Values and Ethics Code for the Public Sector of Canada; www.tbs-sct.gc.ca/pol/doceng.aspx?id=25049&section=text

## Values and Ethics Code for the Public Sector of Canada<sup>34</sup>

According to the Values and ethics Code for the Public Sector of Canada, federal public servants are expected to behave according to the following principles:

## Respect for Democracy

Public servants shall uphold the Canadian parliamentary democracy and its institutions by:

- 1.1 Respecting the rule of law and carrying out their duties in accordance with legislation, policies and directives in a non-partial manner.
- 1.2 Loyally carrying out the lawful decisions of their leaders and supporting ministers in their accountability to Parliament and Canadians.
- 1.3 Providing decision makers with all the information, analysis and advice they need, always striving to be open, candid and impartial.

#### Respect for People

*Public servants shall respect human dignity and the value of every person by:* 

2.1 Treating every person with respect and fairness.

2.2 Valuing diversity and the benefit of combining the unique qualities and strengths inherent in a diverse workforce.

2.3 Helping to create and maintain safe and healthy workplaces that are free from harassment and discrimination.

2.4 Working together in a spirit of openness, honesty and transparency that encourages engagement, collaboration and respectful communication.

## Integrity

Public servants shall serve the public interest by:

3.1 Acting at all times with integrity and in a manner that will bear the closest public scrutiny, an obligation that may not be fully satisfied by simply acting within the law.

3.2 Never using their official roles to inappropriately obtain an advantage for themselves or to advantage or disadvantage others.

3.3 Taking all possible steps to prevent and resolve any real, apparent or potential conflicts of interest between their official responsibilities and their private affairs in favor of the public interest.

<sup>&</sup>lt;sup>34</sup> Values and Ethics Code for the Public Sector of Canada; www.tbs-sct.gc.ca/pol/doceng.aspx?id=25049&section=text

3.4 Acting in such a way as to maintain their employer's trust.

# Stewardship

Public servants shall use resources responsibly by:

4.1 Effectively and efficiently using the public money, property and resources managed by them.

4.2 Considering the present and long-term effects that their actions have on people and the environment.

4.3 Acquiring, preserving and sharing knowledge and information as appropriate.

# Excellence

Public servants shall demonstrate professional excellence by:

5.1 Providing fair, timely, efficient and effective services that respect Canada's official languages.

5.2 Continually improving the quality of policies, programs and services they provide.

5.3 Fostering a work environment that promotes teamwork, learning and innovation.

In the USA, the Office of Government Ethics (OGE) is the agency that seeks to enhance high ethical standards for public sector employees to increase public confidence that the government functions are executed with impartiality and integrity. The OGE neither conducts investigations nor represents citizens in legal matters. The following are the main tasks of the Office:<sup>35</sup>

- $\varnothing$  It promulgates and maintains standards for ethical conduct;
- $\varnothing$  Ensures that ethical programs of the departments and agencies are in compliance with laws and regulations;
- $\varnothing$  Executes educational and training programs for ethics officials and civil servants;
- $\varnothing$  Conducts outreach to the general public, the private sector and civil society;
- $\varnothing$  Shares good practices with, and provides technical assistance to, state, local, and foreign governments and international organizations.

The Standards of Ethical Conduct for Employees of the Executive Branch in the USA became effective in 1993. The Standards of Conduct – which cover issues such as gifts, conflicting financial interests, impartiality, seeking employment, misuse of position, and

<sup>&</sup>lt;sup>35</sup>Office of Government Ethics; www.oge.gov

outside activities – are designed to address not only actual conflicts of interest but also activities that give rise to the appearance of such conflicts.<sup>36</sup>

#### E. Transparency: Access to Information

In a democracy, the Government seeks to respond to the citizens' demands by developing policies, enacting laws and providing services. The public administration with its entities is the place where interactions between Government and citizens take place on a daily basis. This interaction generates a vast amount of data and information that revolve around the citizens. A traditional bureaucracy tends to work in a closed system with many barriers facing public accessibility to their records that are handled by the bureaucracy itself. A growing public demand to have access to information has been recorded in most countries. The production and archiving of a huge amount of information is costly and hence, require financial resources that are generated by taxation. It is the people's money that helps the **bureaucracy to produce and save their own records.** Therefore, they have the right to access their information without having to suffer administrative hurdles. In order to meet this increasing public demand for accessibility to information, Governments around the world have been trying to legalize, organize and enforce this accessibility right by passing and executing laws that govern the process. The right-to-know means that citizens are entitled to make a request to the Government to provide them with information without having to bear financial burdens. Information that is considered by the Government as "classified" shall be clearly identified in the law. Accordingly, Freedom of Information or Access to Information Acts have been issued worldwide.

**In Canada**, the Access to Information Act was proclaimed in force on July 1, 1983. The Act creates an enforceable right of access to records under the control of a government institution, in accordance with the following principles<sup>37</sup>:

- $\varnothing$  Government information should be available to the public;
- $\varnothing$  Necessary exceptions to the right of access should be limited and specific; and
- $\varnothing$  Decisions on disclosure of government information should be reviewed independently of government.

In administering this legislation, it is very important to bear these governing principles in mind.

<sup>&</sup>lt;sup>36</sup>Office of Government Ethics; www.oge.gov

<sup>&</sup>lt;sup>37</sup> Access to Information Manual; Treasury Board of Canada Secretariat; http://www.tbs-sct.gc.ca/atip-aiprp/tools/atim-maai01-eng.asp

In the United Kingdom, the Freedom of Information Act of 2000 provides citizens with the right to access information held by the public authorities. The Information Commissioner's Office (ICO) is the British independent authority that was established to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals.<sup>38</sup>

The Freedom of Information Act 2000 and the Data Protection Act 1998 in the UK

The Freedom of Information Act 2000 provides public access to information held by public authorities.

It does this in two ways:

\*Public authorities are obliged to publish certain information about their activities;

\*Members of the public are entitled to request information from public authorities.

The Act covers any recorded information that is held by a public authority in England, Wales and Northern Ireland, and by UK-wide public authorities based in Scotland. Information held by Scottish public authorities is covered by Scotland's own Freedom of Information (Scotland) Act 2002.

Public authorities include government departments, local authorities, the NHS, state schools and police forces. However, the Act does not necessarily cover every organization that receives public money. For example, it does not cover some charities that receive grants and certain private sector organizations that perform public functions.

Recorded information includes printed documents, computer files, letters, emails, photographs, and sound or video recordings.

The Act does not give people access to their own personal data (information about themselves) such as their health records or credit reference file. If a member of the public wants to see information that a public authority holds about them, they should make a subject access request under the Data Protection Act 1998.39

The Data Protection Act 1998 gives rules for handling information about people. It includes the right for people to access their personal data. The Freedom of Information Act and the Data Protection Act come under the heading of information rights and are regulated by the ICO.

<sup>&</sup>lt;sup>38</sup> www.ico.org.uk

<sup>&</sup>lt;sup>39</sup> What is the Freedom of Information Act? Information Commissioner's Office in the UK http://www.ico.org.uk/for\_organisations/freedom\_of\_information/guide/act

When a person makes a request for their own information, this is a subject access request under the Data Protection Act. However, members of the public often wrongly think it is the Freedom of Information Act that gives them the right to their personal information, so you may need to clarify things when responding to such a request.

The Data Protection Act exists to protect people's right to privacy, whereas the Freedom of Information Act is about getting rid of unnecessary secrecy. These two aims are not necessarily incompatible but there can be a tension between them, and applying them sometimes requires careful judgment.

When someone makes a request for information that includes someone else's personal data, you will need to carefully balance the case for transparency and openness under the Freedom of Information Act against the data subject's right to privacy under the Data Protection Act in deciding whether you can release the information without breaching the data protection principles.<sup>40</sup>

#### Access to Information in Iraq:

The right of access to information (Freedom of Information-FOI) that is held by public sector entities **has not been legalized in Iraq, yet**.

The Constitution of Iraq protects freedom of expression, but does not recognize public access to information. Neither does any other piece of legislation.<sup>41</sup> Non-government organizations (NGOs) have been lobbying to persuade the Government to enact a Freedom of Information Law.

The atmosphere of secrecy and the operation of the Government administration as a closed system have their deep roots in the administrative culture of the Iraqi public sector. Many old, obsolete and rigid laws, regulations and customs that have been inherited from the previous, toppled regime are of heavy burden on the shoulders of the Iraqi citizens. This bureaucratic symptom is not conducive to transparency and integrity, but rather forms a fertile soil for corruption to grow and for public service ethics to deteriorate.

After exposing the latest trends in Governance and its reflections on public sector performance, the report will shed light on the experience of Iraq with special emphasis on the institutions, legislations and practices that are relevant to Government accountability, integrity and transparency.

<sup>&</sup>lt;sup>40</sup> What is the Freedom of Information Act? Information Commissioner's Office in the UK; http://www.ico.org.uk/for\_organisations/freedom\_of\_information/guide/act#what-is-the-freedom-of-information-act-1

<sup>&</sup>lt;sup>41</sup><u>Free Speech in Iraq: Recent Developments</u>; Article 19 – London in collaboration with the UNDP, 2007: http://www.article19.org/data/files/pdfs/publications/iraq-free-speech.pdf

VII. The Governance Control Entities in Iraq

The section on Iraq shall focus on the institutions that form the pillars of the accountability system in the Iraqi public administration. These institutions are the following: The Commission of Integrity, the Federal Bureau of Supreme Audit and the Office of the Inspector General.

Introducing briefly these entities lay the ground for a comprehensive picture on the status of measuring the performance governance indicators.

# A. <u>The Commission of Public Integrity</u>

The Commission of Integrity (COI) is an independent agency, subject to parliamentary control, that has a statutory authority with administrative and financial autonomy responsible for preventing and investigating corruptions at all levels of the Iraqi Government. It seeks to promote an open, honest and accountable Government. It was established in January 2004 to perform the following tasks<sup>42</sup>:

- 1. Investigating cases of corruption through investigators under the supervision of the competent judge in compliance with the criminal legal procedures;
- 2. Following-up on cases of corruption that fall outside the scope of work of the COI's investigators through a legal representative;
- 3. Fostering the culture of integrity, public service ethics, transparency and accountability through awareness and educational programs;
- 4. Preparing draft legislations to prevent and combat corruption, submitting them to the legislative authority through the President of the Republic or the Prime Minister, or through the parliamentary committee concerned;
- 5. Urging Iraqi officials to disclose their financial status, assets, investments and benefits that might lead to conflict of interests. This task is done by issuing organizational instructions;
- 6. Issuing a code of conduct and ethical standards to ensure appropriate performance of the public service tasks.

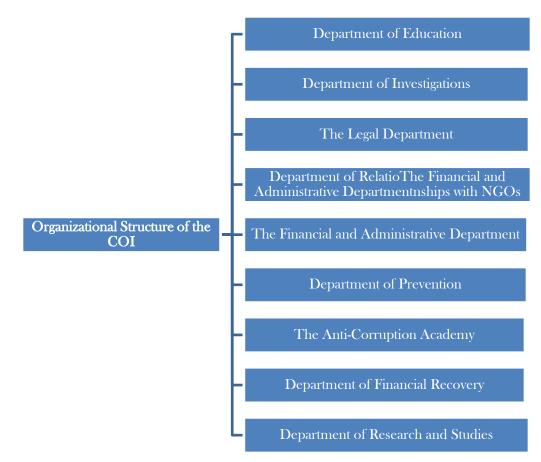
Previously, the Prime Minister used to appoint the Head of the COI who has the position of a Minister. He has immunity in the sense that he cannot be removed from office without

<sup>&</sup>lt;sup>42</sup> The website of the COI; www.nazaha.iq

a parliamentary consent. However, Law No. (30) of 2011 (the Law of Commission of Integrity) stipulated that the Iraqi Parliament shall establish a Committee of 9 members chosen from amongst the Parliamentary Committee of Integrity and Legality to choose 3 candidates for the position of Head of the Commission of Integrity. The Parliament decides by a majority-vote. The office-term of the Head of the Commission of Integrity is 5 years. His office-term can be renewed only once either consecutively or non-consecutively. He shall be a holder of a degree in Law with at least 10 years of practical experience in the field, and of at least 40 years of age.<sup>43</sup>

The COI acts under article 6 and 36 of **the UN Convention Against Corruption** that was ratified by Iraq according to law No. (35) in the year 2007.<sup>44</sup>

#### The Organizational Structure of the COI has the following units<sup>45</sup>:



<sup>&</sup>lt;sup>43</sup> Law No. (30); The Law of the Commission of Integrity, 2011.

<sup>&</sup>lt;sup>44</sup> Musings on Iraq, the Undermining of the Integrity Commission; Part II of Washington's and Baghdad's Failed Attempt to Fight Corruption; musingsoniraq.blogspot.com

<sup>&</sup>lt;sup>45</sup> Law No. (30); The Law of the Commission of Integrity, 2011.

At the recommendation of the Director General of Investigations within the COI, the Head of the COI can decide to open investigation offices in the regions that lack a special Commission of Integrity within their geographic scope, in coordination with the parties concerned.

Cases that are investigated by the COI can then be turned over to the Central Criminal Court (CCC) that decides whether to go ahead with the prosecution procedure or not. The COI relies on the Offices of the Inspectors General (OIGs) that exist in the Iraqi administrations as internal, independent control unit. If the CCC proceeds with the case, the Ministry of Interior issues arrests warrants<sup>46</sup>.

#### Therefore, the referral procedure follows the following steps:



In February 2011, the Iraqi legislator (Council of Representatives) eliminated article 136 (b) of the Penal Code that was a serious obstacle facing the proper execution of the COI's tasks. The discarded article gave a free hand to Ministers to obstruct any case of corruption from submission to Court. However, other legal barriers continued to stand in the way of the COI. In February 2008, the Amnesty Law aimed at reconciliation included a provision that gave protection to employees involved in corruption. The COI complained that hundreds of cases had to be closed without any further processing of these cases. Although the COI has the power to transfer cases of corruption in which ministers, deputy ministers and Directors General are involved to the Central Criminal Court (CCC), the adjudication system has proven to be ineffective<sup>47</sup>.

The unwillingness or inability of the CCC to deal with such cases demonstrates the weak accountability system in Iraq that is outweighed by personal and political arbitrary interventions and tribal loyalties.

<sup>&</sup>lt;sup>46</sup> Musings on Iraq, the Undermining of the Integrity Commission; Part II of Washington's and Baghdad's Failed Attempt to Fight Corruption; musingsoniraq.blogspot.com

<sup>&</sup>lt;sup>47</sup> Musings on Iraq, the Undermining of the Integrity Commission; Part II of Washington's and Baghdad's Failed Attempt to Fight Corruption; musingsoniraq.blogspot.com

The anti-corruption duties of the Commission of Integrity shall be performed in close collaboration with the Federal Board of Supreme Audit (BSA) and the Offices of the Inspectors General (OIGs).

The Head of the COI submits an Annual Report to Parliament and to the Council of Ministers within 120 days after the closing of the year. The COI is subject to the control of the BSA. The latter conveys its reports on the COI to Parliament and shall make such reports public through the mass-media.<sup>48</sup>

# The Role of the COI in Promoting Civil Service Ethics

The COI has developed a Code of Conduct for public sector staff in 2006. Through its Iraqi Anti-Corruption Academy, the COI provides training programs that target the employees of the control bodies, ministries and agencies aiming at building their capacity to combat corruption, disseminating the culture of integrity, transparency and accountability. In its recent statistics that were published on the website of the COI, the Academy has executed a total of 119 training programs that have been attended by 1807 staff members and 17 workshops.<sup>49</sup>

## B. The Board of Supreme Audit

According to Law No. (31) of 2011, the Board of Supreme Audit (BSA) aims at:

- 1. Safeguarding the public money against waste, squander and misconduct and ensuring its effective utilization;
- 2. Enhancing the efficiency of audited entities;
- 3. Contributing to the independence of the economy and its growth and stability;
- 4. Spreading the national and international standard-based accounting and auditing systems continuously and improving applicable standards and criteria of management and accounting.
- 5. Developing the profession of accounting, audit and audit systems, and enhancing the auditees' accounting and audit performance.<sup>50</sup>

The BSA is the higher authority for financial audit and is responsible for detecting any cases of corruption, fraud, waste and financial management abuse. The BSA transfers the collected evidence to the OIG within the ministry or agency concerned. The Inspector General (IG) takes the necessary measures, conducts investigations and submits their findings to the Minister concerned, or the Head of the administration. The IG shall notify the BSA or the competent investigative authorities about criminal acts. The COI is the

<sup>&</sup>lt;sup>48</sup> Law No. (30); The Law of the Commission of Integrity, 2011.

<sup>&</sup>lt;sup>49</sup> The website of the COI; www.nazaha.iq

<sup>&</sup>lt;sup>50</sup> The Federal Board of Supreme Audit; www.d-raqaba-m.iq

specialized, competent authority that takes the required criminal legal measures with regard to investigations of corruption cases.<sup>51</sup>

The BSA plays a leading role in performance audit. It has developed a Performance Audit Guide<sup>52</sup>, a Balanced Scorecard System Guide<sup>53</sup> and sets of performance indicators<sup>54</sup> to provide directions to the public entities on applying performance management and measurement. The aforementioned sets of performance indicators that were published by the BSA are exactly the same indicators that were included in the **Standardized Work Procedure for the Offices of the Inspectors General in Iraq** (developed by staff from the Offices of the Inspectors General and experts from MOORE STEPHENS under the sponsorship of the UNDP and supervision of the Integrity Commission)<sup>55</sup>.

Therefore, the Offices of the Inspectors General (OIGs) follow the performance indicators that are developed by the BSA when they undertake their performance measurement tasks within their respective ministries and agencies.

According to Law (31) of 2011, the BSA develops its Annual Plan that includes the tasks that will be undertaken in the fields of: Control and performance audit; cooperation with the Commission of Integrity (COI) and the Board of Supreme Audit (BSA); priority issues to ensure Government transparency and accountability.

The audit functions of the BSA are executed within the offices of the agency or at the audited public entities that are supposed to provide the BSA with all the required records, documents, data or information. In case they fail to meet their obligations, the BSA will report to their top management as well as to their Offices of the Inspectors General. If the justification provided by the audited entity was not persuasive, the BSA has the right to report the public entity concerned to the



Council of Ministers, or to the Commission of Integrity (COI) to conduct the necessary investigation and oblige it provide the requested records. In case, the public entity

<sup>&</sup>lt;sup>51</sup> Law No. (30); The Law of the Commission of Integrity, 2011.

<sup>&</sup>lt;sup>52</sup> The Guide and Program of Performance Audit 2006; http://d-raqaba-m.iq/pdf/guide\_per06.pdf

<sup>&</sup>lt;sup>53</sup> The Balanced Scorecard Guide; http://www.d-raqaba-m.iq/pages\_ar/guide\_balance\_ar.aspx

<sup>&</sup>lt;sup>54</sup> Performance Indicators; http://d-raqaba-m.iq/pages\_ar/suggestion\_a.aspx

<sup>&</sup>lt;sup>55</sup> Examples of these indicators are provided in our report titled: "Assessment of Current Practices in Organizational Performance Measurement and Inspection: Trends and Applications on the International Scene and in the Context of Iraq", Section X (f) on Performance Inspection as Conducted by the Offices of the Inspectors General in Iraq).

continued to refrain from disclosing the requested information, the BSA can report the issue to Parliament.

Once the BSA detects a violation, it can ask the OIG or the COI to investigate the matter, to take the necessary measures, and to stop the violation and eliminate its consequences. The Head of the BSA can ask the Minister or the Head of the public entity concerned to transfer the defaulter to investigation and suspend him/her from duty, to file a lawsuit due to financial irregularities, and to hold the offender responsible for compensating for all the damages endured by the audited public entity.<sup>56</sup>

The BSA must report to the General Prosecution, Commission of Integrity, or the relevant investigative authorities, each by its jurisdiction, on every financial irregularity detected if it was recognized as an offence<sup>57</sup>.

The Iraqi Parliament shall establish a Committee of 9 members chosen from amongst the Parliamentary Committee of Integrity and Legality to choose 3 candidates for the position of President of the BSA. The Parliament decides by a majority-vote. His office-term is 4 years. His office-term can be renewed only once either consecutively or non-consecutively. He has the position of Minister of Finance with regard to the BSA's issues, staff and budget. The Parliament may interrogate the Board's President according to the Ministers Interrogation Procedures stipulated in the Constitution, and may exempt him from office as specified.<sup>58</sup>

## Organizational Structure of the BSA:

BSA President; the BSA Council (the President, as Chairman; and two-deputies appointed by the President and Directors General as members), the President's main Office, Office of Technical Affairs and Studies; Office of Legal Affairs; Office of Administrative and Financial Affairs.

The BSA shall be composed of 8 audit offices in Baghdad and other 8 audit offices located in the governorates, each of which shall be headed by an official of the rank of Director General.

The BSA shall submit an Annual Report to Parliament and to the Council of Ministers within 120 days after the closing of the year. During the year, if an urgent matter arises, the BSA shall submit a special report on the issue at hand to Parliament. The BSA shall make such reports public through the mass-media and shall make them available to any relevant

<sup>&</sup>lt;sup>56</sup> Law No. (31); The Law of the Board of Supreme Audit; Article 15.

<sup>&</sup>lt;sup>57</sup> Law No. (31); The Law of the Board of Supreme Audit; Article 16.

<sup>&</sup>lt;sup>58</sup> Law No. (31); The Law of the Board of Supreme Audit; Article 24.

authority, on request, except for the reports that jeopardize the National Security, which may not be published without the consent of the BSA.<sup>59</sup>

The BSA oversees the Audit Boards that are located in the regions. The BSA reviews their reports and incorporates them in the federal report of its own, and coordinates the board's work at the federal level with that of the regional Boards of Audit. The coordination mechanisms shall be established by the BSA.

The BSA may conduct administrative investigation with regard to a financial violation detected directly in the audited entity that lacks OIGs within their structures, or when the OIG fails to fulfill the investigation within 90 days after receipt of notification from the Board. In such case, the IG concerned shall hand over all the documents and initial papers including the papers related to the investigation made at the Board's request.<sup>60</sup>

# C. <u>The Office of the Inspector General</u>

In an attempt to restore public confidence in the Iraqi public sector institutions, to reduce the scale of corruption and to improve the performance of ministries, the Coalition Provisional Authority (CPA) issued Order Number 57 in February 2004 that established Offices of Inspectors General (IGs). Partially, this unprecedented administrative arrangement was a reaction to the long-suffered office abuse, on one hand, and a modernization initiative that aimed at improving the performance of the civil service, on the other hand. Iraq stepped into a new political phase in 2003 paying the way for significant Government restructuring. Integrating the inspection function into the organizational structure of every Iraqi ministry was one of the remarkable reform initiatives. The total number of IGs in ministries and some other Iraqi public institutions is 36, some of them have regional offices. They are represented in the Iraqi provinces by regional branches. The Iraqi inspection model was inspired by the Federal American Inspection system that was mandated by the Inspector General Act of 1978 (with its amendments), whereby an independent Office of Inspector General was created in every Government establishment.

## Duties and Responsibilities of the OIGs in Iraq:

The OIGs are considered to be internal, independent control units within ministries. Order Number 57 of February 2004 identified the main duties and responsibilities of the IGs. The Order identifies eighteen tasks that can be classified in the following categories:

<sup>&</sup>lt;sup>59</sup> Law No. (31); The Law of the Board of Supreme Audit; Article 28.

<sup>&</sup>lt;sup>60</sup> Law No. (31); The Law of the Board of Supreme Audit; Article 28.

- a. Audit and Investigation to ensure integrity and transparency of the ministry's operations and the appropriate performance of civil servants; report violations and cases of criminal act to the law enforcement officials; and coordinate with the competent authorities, including the Integrity Commission and the Bureau of Financial Audit.
- b. Receive and follow-up on complaints filed by citizens and people who demand a public service from a ministry of public agency. This role that the OIG plays is similar to the one assumed by the Ombudsman, the office that receives and follows up on complaints to safeguard the citizens' rights and to ensure equity before the administration.
- c. Organizational Performance Evaluation to verify the economy, efficiency and effectiveness of the ministry's operations and review their performance measurement systems; review of legislation, rules, regulations, policies, procedures and transactions to prevent fraud and inefficiencies; recommend corrective actions; monitor implementation of the office's recommendations and especially verify that the performance of employees is in compliance with the principles of Good Governance.
- d. Training and Development to upgrade the skills of the ministry' staff to prevent fraud, waste and abuse; and to develop programs that spread the culture of accountability and integrity within the ministry.

#### Structure of the OIGs in Iraq:

The Inspector General is the Head of the Office. While the IGs in the U.S.A are nominated by the President, who is in charge of the executive authority, with Senate confirmation, the Iraqi IGs are appointed by the Prime Minister subject to confirmation by the majority of the Council of Representatives in which legislative authority is vested. The IG directly reports to the minister concerned. Hence, the IG is the main internal control channel through which the minister would: oversee their administration's performance; ensure the proper execution of plans and programs, and avoid future deficiencies by taking preventive measures. The IG of the Ministry of Industry and Minerals has clearly stated in one of his latest reports that "the authority of the IG is derived from that of the Minister". The IG of the Ministry of Construction and Housing described the role of the Office of Inspector General (OIG) as "the eye, ear and conscience of the Minister. Accordingly, the Minister is supposed to provide the IG with support, material and moral strength......The authority of the minister shall be respected as long as it falls within the framework of the work interest".

Every IG establishes the organizational structure that allows them to fulfill their responsibilities. The IGs have the upper hand in hiring, promoting or removing their staff, if deemed necessary. They are authorized to recruit experts and consultants to support them in handling their duties.

Since the IG has the managerial flexibility to organize their office, there is no uniform structural pattern that is adopted by all OIGs in ministries. However, there are similarities in the titles and tasks of their internal sections that are established along functional lines. An examination of the four core functions of the OIG (inspection, audit, investigation and organizational performance evaluation) with their structural frameworks reveals some differences. For example, inspection and organizational performance evaluation are charged to the same section within the OIG in the Ministry of Industry and Minerals, while the two functions are separated in the OIG of the Ministry of Labor and Social Affairs and distributed between two distinct sections. On the other hand, the OIG in the Ministry of Telecommunication has grouped planning, monitoring and organizational performance evaluation.

# Performance Inspection as Conducted by the Offices of the Inspectors General in Iraq:

The OIGs in Iraq that concentrated a big volume of their work on investigation and audit have realized the importance of shifting their efforts towards performance inspection. The Board of Supreme Audit (BSA) is the agency that took the initiative for performance measurement in the ministries with their various sectors.

The OIGs follow the guidelines of this agency. However, the OIGs, as internal audit units, also have the mandate to conduct organizational performance evaluation.

An indicator of the new growing trend of performance inspection is the development of documents that have been treated as Guides to be followed by the inspectors to evaluate public entities and to improve the quality of the OIGs' inspection missions.

## The following is a list of relevant Iraqi documents related to performance inspection:

- Ø The Standardized Work Procedure for the Offices of the Inspectors General in Iraq (developed by staff from the OIGs and experts from MOORE STEPHENS under the sponsorship of the UNDP and supervision of the Integrity Commission);
- Ø The Guide of Standards and Indicators to Measure the Performance of the OIGs (developed by the Inspector General of the Ministry of Industry and Minerals, 2012);
- Ø The Elements of the Scientific Inspection Methodology (developed by the Inspector General of the Ministry of Industry and Minerals, 2010);

 $\varnothing$  The Performance Audit Guide (developed by the Board of Supreme Audit in 2006).

The "Guide of Standards and Indicators" provides a set of **Key Performance Indicators** (**KPIs**) that are divided into Sub-Indicators. The indicators are logical indicators (Yes/No). Therefore, the inspectors would check Yes or No next to each of the sub-indicators. Accordingly, they either exist or not.<sup>61</sup>

# The Advisory Role of the Inspector General in Iraq:

Although inspection, investigation and control constitute the bulk of work of the Inspectors General and are thus, regarded as oversight bodies in the Iraqi ministries, they have been performing advisory functions in line with the provisions of Order Number 57. Such functions have their legal base in Articles 1, 8, 10 and 13. Examples of these functions are: recommendations; draft policies; legislations; procedures; consultation studies and research; and translations of relevant documents.

This advisory role has been recognized by some OIGs as a vital service. For example, the OIG in the Ministry of Industry and Minerals has provided 31 advisory services in the year 2012 at the request of the organizational units of the ministry, including 16 advices in the field of financial control and 15 advices in the Law field.

Some IGs have expressed the need to make **Control**, an integral part of the day-to-day management of the various ministerial units and thus, more cooperation between them and the OIGs must be established in this respect. The OIG in the Ministry of Trade concluded in one of the 2012 reports that the Iraqi administration lacks a unified organizational culture between the executive and control entities that makes the executive leaderships better understand the basic principle of the administrative process. *"Control must be seen as one of the most important management functions. Without control, the administration will fail to fulfill its objectives"*, the above OIG reported.

# Inspection as Conducted by the OIGs in Iraq within the Context of Integrity and Budget Execution:

The main functions of the Inspectors General represent one of the established safeguards for the proper execution of the Government Budget. This control framework is significantly important amid the reconstruction projects that Iraq has been initiating or hosting due to international support. Three-fourths of the estimated annual budget is allocated to operational expenditures that maintain the sustainability of the public

<sup>&</sup>lt;sup>61</sup>Examples of these indicators are provided in our report titled: "Assessment of Current Practices in Organizational Performance Measurement and Inspection: Trends and Applications on the International Scene and in the Context of Iraq", Section X (f) on Performance Inspection as Conducted by the Offices of the Inspectors General in Iraq).

bureaucracy. Hence, it is not only the scarcity of resources reserved for investment programs and projects that poses a serious challenge to the Government of Iraq, but also the maximum utilization of the remaining quarter of the budget according to the 3Es principles (economy, effectiveness and efficiency) is a more provocatively pressing challenge.

The 2012 reports of the U.S Special Inspector General for Iraq Reconstruction that were submitted to Congress noted that capital budget execution rates have been relatively low.

In 2010:

- 13 out of 26 ministries had capital budget execution rates below 50%.
- The Ministry of Agriculture recorded the least execution rate among Iraqi ministries (6%), while the Ministry of Electricity recorded the highest execution rate (94%).
- The Government of Iraq budget execution rate fell from 86% to 76% in the year 2010.

Consequently, the reconstruction process has been slowed down leaving the country with several uncompleted projects. These deficiencies have been attributed to <u>"sclerotic bureaucracy, inadequate contracting and project management capacities, and public corruption".</u>

The above causes raise concerns about the relationship between the OIGs and their relevant ministries. The lack of initiative by government employees, a negative symptom in public bureaucracy, is not only related to the inertia prevalent in a non-performance-oriented administration, but also to the fear of administrators that any actions on their part might probably invite criticism and complaints against them in a politically divided environment.

The Inspector General is viewed by many administrators as a "**police officer**" that seeks to catch mistakes and violations to the already complicated government rules and regulations. This concern reduces the motivation of government staff to be more productive and attentive to output delivery. Moreover, investigations undertaken by the OIG or by the Integrity Commission require additional elapse of time before proceeding with the execution process.

The competence and experience of the OIG and Integrity Commission is a crucial factor to expedite the control process and consequently, the execution of pending projects. In order to urge ministers to be more proactive in supervising the proper execution of their administrations' projects, the Iraqi Prime Minister called on them to monitor the progress of projects and to investigate delays in their implementation. Ministerial visits to project sites helped to speed up the pace of some projects. Ministers can better comply with the Premier's instruction if they support their IGs to perform their tasks without political interventions and without obstructing their actions to access documents and information required to complete their inspection programs. The IGs are supposed to take the necessary legal steps against defaulters regardless of their political affiliation without fearing political revenge, and to contribute to the capacity building of their respective ministries.

Another important reason for the slow-down in project execution, as was documented in the Annual Inspection Report for the Year 2011 of the IG of the Ministry of Industry and Minerals is *"the insufficiency and inaccuracy of economic feasibility studies and the lack of technical opinion in the ministry, leading to many modifications and re-launching of procurement announcements due to incomplete specifications"*.

#### D. The Civil Service in Iraq

Iraq had its first Civil Service Commission in 1934. It was abolished under the presidency of Saddam Hussein in 1979. In 2009, Law 4/2009 provided for the re-establishment of a Federal Civil Service Commission as an independent agency that has a legal personality with administrative and financial autonomy. The FCSC shall be linked to Parliament. However, it was not officially established by the Iraqi Council of Ministers, in line with the aforementioned law, before February 2013. Therefore, the Commission is still in its first phase of establishment with the technical support of the USAID (TARABOT project) that is working on designing its organizational structure, training the newly appointed staff, and on transferring some of the responsibilities of the Ministry of Finance to the FCSC in accordance with Law 4/2009. Provincial Civil Service Commissions that shall report to the provincial councils are also expected to be established. The Iraqi provinces have never had their own Civil Service Commissions earlier, as opposed to the deep-rooted, although obsolete, civil service system in the central Government of Iraq. A comprehensive civil service legislation is under preparation. The draft civil service law gives a special attention to training by making it mandatory and by linking it to remuneration and promotion. A Civil Service Institute shall be established within the FCSC to set training standards and to coordinate with the training centers in the Iraqi ministries. A separate Civil Service Institute Law is under development with the support of the USAID that continues to work with the High Committee for Civil Service in restructuring the personnel departments of all ministries and provinces into modern, integrated Human Resources Management Departments that can effectively develop and manage their labor forces to full potential. The USAID, through the TARABOT project seeks to establish an HR information system that automates HR-related records from hiring, to promotion, to training, to career development and all the other facets of personnel management.62

The Head of the FCSC shall be appointed by the Prime Minister as a special grade position. Law 4/2009 states that the FCSC aims at: enhancing the level of the civil service at the federal and local levels; creating equal opportunities to qualified individuals; planning and supervising the civil service affairs; developing the skills of civil servants in coordination with the offices concerned.<sup>63</sup>

The new civil service law is expected to link civil service issues to administrative reform, organizational restructuring and inter-governmental relationships that are witnessing increasing powers in the hands of the provincial government tiers.

<sup>&</sup>lt;sup>62</sup> TARABOT (Iraq Administrative Reform Project - USAID); tarabot-iraq.org.

<sup>&</sup>lt;sup>63</sup> Issues and Options for Public Sector Modernization in Iraq; Geopolicity (international management consultancy group), November, 2009; pp. 9-10.

## VIII. Challenges to an Effective Governance Scheme and Practices in Iraq

# Principles for good governance

- ✓ Participation
- ✓ Fairness
- ✓ Decency
- ✓ Accountability
- ✓ Transparency
- ✓ Efficiency

The citizens of Iraq who have suffered relentless instability for decades are eager to build effective Government institutions that respect their rights and enforce the rule of law and to mobilize the efforts and resources of the different stakeholders, on a national level, to promote the development process. Although the state-building process does not have one prescription due to cultural peculiarities, there are general principles that can guide any nation in their efforts to build reliable Governance structures. <u>Some principles are considered to be UNIVERSAL:<sup>64</sup></u>

• **Participation:** the degree to which affected stakeholders are able to sense ownership and involvement in the political and administrative process;

- Fairness: the degree to which rules are applied equally to everyone in society;
- **Decency:** the extent to which rules are handled without humiliating or harming people;
- **Accountability:** the extent to which political actors are perceived as responsible to the public for what they say and do;
- **Transparency:** the degree to which rules about openness and clarity are upheld in the public realm;
- *Efficiency:* the extent to which rules enhance use of scarce resources without incurring waste or delay.

<sup>&</sup>lt;sup>64</sup> Julius Court and GoranHyden, *Rebuilding Governance in Iraq: The Need for a Comprehensive Framework*; Discussion Paper, 2005; p. 5.

The following are some of the Governance-related challenges that affect the performance of the public sector and that the Iraqi Government and society at large must work hard to deal with:

# 1. <u>Public Engagement</u>:

After 2003, all hidden conflicts and interests popped up in the Iraqi society. People who belong to different groups rushed in to fill the vacuum. The main concern, in this context, is to let people articulate and organize their demands in an effective manner. Mechanisms through which the general public can participate in the policy-making process ought to be devised to get the widest spectrum of the society on board.

# 2. Enhancing Accountability and Control in a Rule of Law Environment:

Well-performing public sector institutions cannot survive and flourish without setting and operating accountability and control frameworks that help to reduce corruption, consolidate the rule-of-law culture, incentivize people and institutions to perform better and to unleash their potentials in an atmosphere of equal treatment of everyone before the law. Aside from the political arena, the public sector of Iraq needs to strengthen its internal and external control systems within the administration by strengthening and respecting the potentials and jurisdictions of the Board of Supreme Audit and the Offices of the Inspectors General. The Commission of Integrity has been playing a significant role in fighting corruption, but further political support is needed to bring out more fruitful results by developing and enforcing the code of ethics, eliminating political meddling and respecting the authority of the control bodies and the judiciary. Providing fair access to an objective, capable judicial system enhances the rule-of-law environment and helps to reduce tensions.

## 3. Building a performance-oriented culture in the public sector:

Part of the weak performance of the Iraqi public sector can be attributed to the lack of a performance-oriented culture. The deep-rooted bureaucratic structures and processes impede output-driven practices. Establishing a performance measurement system that is officially adopted and implemented by the ministries and agencies based on guidelines from the Board of Supreme Audit, as an external control body, and the Office of the Inspector General, as an internal, independent control unit is one of the main challenges of the Iraqi administration. Developing and implementing applicable key performance indicators contributes to building this new culture. The performance measurement system must not be seen by the Iraqi ministries and agencies as an externally-imposed framework, but rather as a self-management and monitoring tool for tracking and improving performance.

#### 4. Safeguarding the merit standards in public administration:

The recent establishment of the Federal Civil Service Commission (FCSC) as an independent HR body coupled with the efforts to set up HR departments within the organizational structures of the Iraqi ministries and agencies are significant initiatives to properly manage the human resources of the public sector. The civil service law, that is under preparation, must be visionary enough to link personnel issues to administrative development. Providing the newly established FCSC with the required capacities and applying the civil service regulations are two of the building blocks of the merit system that should replace the patron-client relationships.

#### 5. Bringing the administration closer to citizens:

There are various tools that can be used by the Government to bridge the gap with the citizens. One of these tools that has been discussed in this paper is providing them with access to information that is held by ministries and public agencies aiming at more transparency. Iraq needs to enact a modern Freedom of Information Law that guarantees and regulates this public right and to build the organizational frameworks required for effective execution. The line between privacy protection and public information accessibility must be drawn prudently. The lobbying of the civil society organizations can be one of the vehicles for this major reform step.

## 6. <u>Creating effective frameworks for inter-governmental relationships:</u>

The new Constitution that laid the basis for a politically decentralized, federal system carries many administrative consequences. For instance, the newly established Federal Civil Service Commission has to build effective frameworks of cooperation with the prospective regional Civil Service Commissions. So is the case of the Offices of the Inspectors General. The current structure and operations of the Inspectors General do not fit the requirements and conditions of the new Iraqi constitution. The lack of political consensus on the future of the nation-state exacerbates the problem and makes the vision blurry, so far. Any reshuffling of the political structure of the State will inevitably generate organizational and functional re-arrangements in the Government machinery. Federalism is likely to re-create the inspection system by limiting the powers of the existing Inspection Offices in the ministries that make up the central administration, and expanding the network of regional inspection offices in number and prerogatives. Any structural reforms that re-shape the intergovernmental relationships between the Central administration and the regions will impact the inspection system. This issue remains pending awaiting the evolution of the political and administrative systems.

#### 7. Establishing a platform for Coordination between the Control Authorities:

The existence of several control authorities, like the Commission of Integrity (COI), the Board of Supreme Audit (BSA) and the Office of Inspector General (OIG)necessitate a platform for coordination. The functions of each of these bodies interrelate and intersect at several points. The BSA sets performance indicators for ministries and the OIGs ensure the implementation of these indicators and can also develop indicators within their standard operating procedures. Both bodies are also supposed to collaborate with the COI to contribute to the reform endeavors that seek to reduce corruption and to entrench the rule of law and compliance with legal frameworks. Therefore, this coordination among the control authorities must be well-structured to avoid duplication and to ensure smooth cooperation.

#### IX. Conclusion

Iraq finds itself in a huge workshop for State re-building. It is not totally starting from scratch because many laws and institutions are in place, but require further upgrading and refinement. The existence of control bodies and internal control frameworks in the Iraqi ministries form the basis for an effective accountability system, provided that the top leaders of the country and public sector institutions are open to new ideas and practices that promote the rule-of-law and a well-performing public administration. It is not only a

challenge that the Government has to meet, but it should also be the target of the societal efforts to build a modern, accountable State after years of deterioration and mismanagement. Building the pillars of the State institutions with a modern approach is a safety-valve for a society that is featured with diversity. A merit-based, accountable and transparent public administration represents one of the tools for national unity. The administration provides services to everyone and to all the groups that make up the Iraqi social, religious, ethnic and political mosaic. It is the common ground that is worth to be fortified and protected.

Iraq finds itself in a huge workshop for State rebuilding Fourth Section: Governance and performance indicators

I. Objective of the Report

This report is based on a previous report on Governance titled: "Good Governance Frameworks and Practices: A Window to the latest international developments and Prospects for Iraq". The aforementioned previous reporthas introduced the concept of Governance with its applications in some of the selected countries and in Iraq. This report titled: "Governance Principles and Indicators for Iraq" aims at presenting an indicative sample of Governance indicators for each of the Governance principles that have been identified as directly relevant to the performance of the public sector in Iraq. Most of these indicators can be applied by the Offices of the Inspectors General (OIGs). Some of them are related to the Iraqi-context of policy-making and institutional frameworks, but are indispensable conditions for the performance measurement function of the OIGs vis-à-vis ministries and public institutions. Since the previous report "Good Governance Frameworks and Practices: A Window to the latest international developments and Prospects for Iraq" forms the foundation of this report, the latter refers to the former concerning some definitions of the Governance concept with its applications in the context of Iraq. Some additional references have been cited in this report to support some of the presented ideas. The starting-point of the report is a reminder of the definition of Governance with its multi-dimensional aspects. The political and administrative principles of Governance are introduced.<sup>65</sup> Then, the author of the report concentrates on the administrative principles with special emphasis on their applications in the Iraqi context.

This report adds some facts about the latest Governance practices in Iraq to the already presented facts in the previous report that focused on the institutional frameworks.

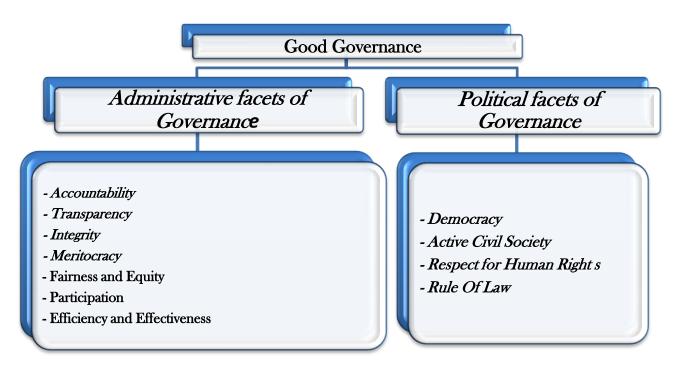
A set of administrative principles have been selected due to their solid relevance to the Iraqi public sector performance. A number of Key Performance Indicators (KPIs) for these Governance principles have been constructed, keeping them as simple and direct as possible for considerations of feasibility and practicality. The author of the report prefers to focus on a small, applicable number of indicators than to come up with a long list of indicators that are the mere outcome of intellectual exercise with low probability of implementation.

<sup>&</sup>lt;sup>65</sup> It is noteworthy that the term "Governance" has also pervaded the business community under the title "Corporate Governance" that deals with the decision-making, management and accountability structures and mechanisms in private companies.

#### The United Nations Development Program (UNDP) defines Governance as:

"The system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It is the way a society organizes itself to make and implement decisions – achieving mutual understanding, agreement and action. It comprises the mechanisms and processes for citizens and groups to articulate their interests, mediate their differences and exercise their legal rights and obligations. It is the rules, institutions and practices that set limits and provide incentives for individuals, organizations and firms. Governance, including its social, political and economic dimensions, operates at every level of human enterprise, be it the household, village, municipality, region or globe"<sup>37</sup>.

Therefore, Governance is a multi-dimensional concept that encompasses various aspects that fit into the political and administrative spheres of life.



<sup>66</sup> For further elaboration of the concept and assessment of its applications in the world, please refer to our report titled: Good Governance Frameworks and Practices: A Window to the latest international developments and Prospects for Iraq

<sup>&</sup>lt;sup>67</sup> Governance Indicators, **A User's Guide**, Second Edition, p. 1; UNDP Publication.

#### A. The political facets of Governance

Governance has its political implications that affect the life of citizens. A number of features are considered to be the main pillars in this respect:

#### a) Democracy

It is the political system through which people are well-represented. Political power is rotated through free, fair elections that reflect the will of the nation.

The principle of separation of powers is well-respected to maintain the check and balance amongst the institutions that make up the political system. The executive authority shall be accountable to the legislative authority and the latter is accountable to citizens.

b) An active civil society

Non-government organizations are playing an increasingly important role in the development process. People with common interests, values and causes come together, voluntarily, to articulate and communicate their demands. They also tend to share the responsibility of service-delivery with the Government. The civil society flourishes in an atmosphere that respects freedom of association that is guaranteed by legal frameworks, as well as by and political and administrative practices.

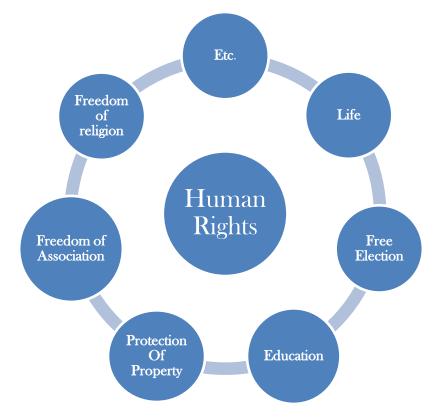
Non-government organizations are playing an increasingly important role in the development process

## c) Respect for human rights

Human rights were first recognized internationally by the Universal Declaration on Human Rights in 1948. Human rights are owed by the State to the people – this means public bodies must respect your human rights and the Government must ensure there are laws in place so that other people respect your human rights too. For example, the right to life requires not only that the actions of those working on behalf of the State do not lead to your death, but that laws are also in place to protect you from the actions of others that might want to do you harm.<sup>68</sup>

**Rights include** the right of the human being to life, free elections, to education, to protection of property, freedom of association, freedom of religion, etc.

<sup>&</sup>lt;sup>68</sup> Liberty: Protecting Civil Liberties, Promoting Human Rights; <u>www.liberty-human-rights.org.uk</u>



d) Rule of Law

#### It is the system in which four universal principles are upheld:

- *"The government and its officials and agents as well as individuals and private entities are accountable under the law;*
- The laws are clear, publicized, stable and just, are applied evenly, and protect fundamental rights, including the security of persons and property;
- The process by which the laws are enacted, administered and enforced is accessible, fair and efficient; and
- Justice is delivered timely by competent, effective, ethical, and independent actors and neutrals who are of sufficient number, have adequate resources, and reflect the makeup of the communities they serve".<sup>69</sup>

For More information, please see the publications of the Arab Center for the Development of the Rule of Law and Integrity (ACRLI), and specifically the book entitled "Rule of Law" that was developed by Dr. Ghaleb Ghanem (The former president of the Supreme Judicial Council, Lebanon)<sup>70</sup>.

 <sup>&</sup>lt;sup>69</sup> The World Justice Project; http://worldjusticeproject.org/what-rule-law.
 <sup>70</sup> http://www.acrli.org/Files/pdf2008/CompleteBook.pdf

#### B. The administrative facets of Governance

Governance has its implications on the administrative sphere. A number of features represent the administrative part of Governance that is worth to be considered. Some of these features have been selected for further elaboration in the upcoming sections due to their importance for the OIGs in their performance measurement function.

#### a) Accountability

Aside from the political accountability concept that is maintained by the check-and-balance system in democratic societies, accountability has its administrative connotations.

Ministries and public agencies with their managers and staff shall be held accountable from an administrative perspective. Within this context, accountability can be:

## Hierarchical Accountability

based on supervisory and organizational directives, including rules, standard operating procedures and close supervision of individuals; or

#### Legal Accountability

with emphasis on compliance with some externally derived expectations or standards of performance and close scrutiny and oversight as the means by which employees are held to answer for their performance; or

## Professional Accountability

in the sense that performance standards are established by professional norms, accepted protocols and prevailing practices of one's peer or work group.<sup>71</sup>

## b) Transparency

A government is transparent when the great majority of the information that it holds about its activities, policies, etc., is available to the public. Therefore, transparency is the result of public information being available. A transparent public body is one that is characterized by visibility or accessibility of information by people. Usually, this means not only that the public body is good and fast at answering requests for information from the public, but also that they publish a large amount of information without the need for requests, for example by publishing on their internet site and in official journals as well as in user-friendly leaflets and reports.<sup>72</sup>

<sup>&</sup>lt;sup>71</sup>Owen Hughes, **Public Management and Administration**, 4<sup>th</sup> ed. (UK: Palgrave Macmillan, 2012).

<sup>&</sup>lt;sup>72</sup>Legal Leaks Toolkit; http://www.legalleaks.info/right-to-information/2-what-is-transparency-is-it-the-same-as-access-to-information.html

#### c) Integrity/Decency

Government integrity is manifested in public sector institutions and procedures that are clean of corrupt practices. It has been emphasized in the UN Convention Against Corruption and in other national regulations. Employees are keen to behave according to ethical standards that are set out on in a Code of Ethics and Conduct. Investigations of allegations of corruption against politicians and administrators take place according to legal procedures. Government projects are procured in compliance with the set rules and procedures to maintain objectivity and impartiality.

### d) Meritocracy

Public sector employees should be selected based on their academic credentials and abilities through pre-entrance examinations.

The merit-system is the opposite of the spoils system and nepotism whereby employees are appointed and promoted based on political affiliations, personal or family connections. Central personnel offices have been established by Governments to maintain the merit system<sup>73</sup>.

#### e) Fairness/equity

Governments should act in the public interest, treating all citizens fairly and equitably. This means **no discrimination among citizens for wrong or irrelevant reasons**. In seeking to protect the environment, for example, government should put restrictions fairly on all companies and not allow some to escape the restraints. Or when government offers support for the education of children it should not give special advantage to one racial or religious group over others.

At the same time, **equity requires positive discrimination** when meaningful differences exist. For example, government ought to treat profit-making companies differently than it treats nonprofit companies in the tax code. Government should, for constructive reasons, distinguish between those who are, and those who are not, handicapped when it allocates educational resources to students.<sup>74</sup> The meritsystem is the

opposite of

the spoils

nepotism

system and

Equity requires positive discrimination

<sup>&</sup>lt;sup>73</sup> (see the Merit System Principles in the report titled: Good Governance Frameworks and Practices: A Window to the latest international developments and prospects for Iraq).

<sup>&</sup>lt;sup>74</sup> The Center for Public Justice; http://www.cpjustice.org/node/887

## f) Public Participation

Citizen engagement in the public policy-making process has been one of the major administrative reform initiatives undertaken by Governments worldwide. It is one way to bridge the gap between Government and citizens and to make the latter more involved and concerned with the policies and practices of the public sector.

It entails various methods that promote bottom-up approaches and techniques like consultations, focus groups, and online discussion forums. Posting draft laws and regulations prior to their endorsement to get the feedback of the stakeholders concerned has started to be more practised.

It has become mandatory for rules promulgated by the executive agencies of the USA.

## g) Organizational Effectiveness and Efficiency

Public service delivery and enhancing the relationship between Government and citizens necessitates well-performing institutions that are capable enough to set and meet their objectives.

Building the institutional capacities of public sector organizations is the essence of administrative reform and development. Eliminating bureaucratic hurdles and complicated procedures in an attempt to avoid or reduce red-tape by using Information and Communication Technology, redesigning organizational structures, and improving HR systems and practices are performance areas that have been targeted by administrative development projects.

Performance management and measurement has been integrated into the latest reform trends according to sets of performance indicators to measure the progress towards goal-attainment<sup>75</sup>

<sup>&</sup>lt;sup>75</sup> (Refer to the report titled: Assessment of Current Practices in Organizational Performance Measurement and Inspection: Trends and Applications on the International Scene and in the Context of Iraq).

IV. The Administrative Aspects of Governance in the Iraqi Context: Principles and Indicators

Since the concept of Governance is too broad, this report focuses on the administrative aspects that are directly related to the performance of the public sector institutions, as far as the Offices of the Inspectors General in Iraq are concerned, knowing that the other aspects are, definitely, not less important. Accordingly, the following areas have been highlighted as <u>main principles</u> with their <u>relevant indicators</u> to be applied by the Iraqi Offices of the Inspectors General (OIGs) vis-à-vis ministries and public establishments.

# A. <u>Accountability: External and Internal Features in the Iraqi Administrative System<sup>76</sup></u>

## Accountability is the obligation to render an account for a responsibility conferred.

In addition to the hierarchical accountability, in which subordinates report to their superiors and fulfill their responsibilities in line with their superiors' instructions <u>(an internal accountability feature)</u>, the ministries and agencies in Iraq are accountable to the central control bodies.

The Board of Supreme Audit (BSA) is a watchdog that exercises financial control on the Iraqi administrations. It also develops performance indicators according to which their performance are measured. This is an external accountability framework in which ministries and agencies are held accountable by the BSA for their compliance with the financial rules and regulations and regularity of their accounts. They are also accountable for their organizational efficiency and effectiveness.

Once the Board of Supreme Audit (BSA) detects a violation, it can ask the OIG or the Commission of Integrity COI to investigate the matter, to take the necessary measures, and to stop the violation and eliminate its consequences. The Head of the BSA can ask the Minister or the Head of the public entity concerned to transfer the defaulter to investigation and suspend him/her from duty, to file a lawsuit due to financial irregularities, and to hold the offender responsible for compensating for all the damages endured by the audited public entity.<sup>77</sup>

<sup>&</sup>lt;sup>76</sup> See the attached Annex that includes a sample of Accountability Indicators for Iraq (pp.21-24).

<sup>&</sup>lt;sup>77</sup> Law No. (31); The Law of the Board of Supreme Audit; Articles 15 and 16.

The BSA must report to the General Prosecution, Commission of Integrity, or the relevant investigative authorities, each by its jurisdiction, on every financial irregularity detected if it was recognized as an offence.

The BSA shall submit an Annual Report to Parliament and to the Council of Ministers within 120 days after the closing of the year. During the year, if an urgent matter arises, the BSA shall submit a special report on the issue at hand to Parliament.

The BSA shall make such reports public through the mass-media and shall make them available to any relevant authority, on request, except for the reports that jeopardize the National Security, which may not be published without the consent of the BSA.<sup>78</sup>

In addition to the hierarchical authority, <u>internal accountability</u> is also established around the Office of the Inspector General (OIG) within each ministry and public establishment. **The OIG's duties and responsibilities are four-folded**:

- **Audit and investigation** to ensure integrity and transparency of the ministry's operations and the appropriate performance of civil servants; reporting violations and cases of criminal act to the law enforcement officials; and coordinating with the competent authorities, including the Commission of Integrity (COI) and the BSA;
- **Receive and follow-up on complaints** filed by citizens and people who demand a public service from a ministry of public agency. This role that the OIG plays is similar to the one assumed by the Ombudsman, the office that receives and follows up on complaints to safeguard the citizens' rights and to ensure equity before the administration.
- **Organizational Performance Evaluation** to verify the economy, efficiency and effectiveness of the ministry's operations and review their performance measurement systems; review of legislation, rules, regulations, policies, procedures and transactions to prevent fraud and inefficiencies; recommend corrective actions; monitor implementation of the office's recommendations and especially verify that the performance of employees is in compliance with the principles of Good Governance and enforced regulations.
- **Training and Development** to upgrade the skills of the ministry' staff to prevent fraud, waste of resources and power abuse; and to develop programs that spread the culture of effective performance, accountability and integrity within the ministry.<sup>79</sup>

<sup>&</sup>lt;sup>78</sup> Law No. (31); The Law of the Board of Supreme Audit; Article 28.

<sup>&</sup>lt;sup>79</sup>Order Number 57 of February 2004.

## B. Integrity: Civil Service Ethics

Maintaining integrity and compliance with the rules and regulations in the public administration of Iraq is the main concern of the Commission of Integrity (COI). It is an independent agency, subject to parliamentary control, that seeks to prevent and investigate corruption in the public sector, and to foster the culture of integrity, public service ethics, transparency and accountability through awareness and educational programs.

The COI, through its Prevention and Transparency Office, has issued a code of conduct and ethical standards to ensure appropriate performance of the public service tasks. Employees are supposed to fill out and sign a special form according to which they are obliged to observe the set standards of conduct. As per the COI's instructions, the hierarchical superiors are responsible to follow-up on the completion of the procedure.

According to the aforementioned form, the employee shall be committed to comply with 18 standards of conduct, including, *inter alia*:

- Commitment to inform the competent authorities about any cases of corruption;
- **Maintaining the public interest** in performing public duties and responsibilities;
- **Neutrality and no-discrimination** in performing public duties and responsibilities;
- **Refraining** from any involvement in activities that might lead to conflict of interests;
- Respecting the hierarchical authority;
- **Respecting the principle of confidentiality of official information** and documents and using them only within the limitations set by the applicable laws and regulations;
- **Refraining from accepting gifts** that jeopardize the neutrality of the public service;
- **Refraining from distorting official information**, or providing misleading information;
- Using the public properties and resources in compliance with the laws and regulations;
- **Refraining from public office abuse** to promote the private interest;
- **Demonstrating courtesy and decency** during and outside office hours;
- Developing one's own job-related information and professional experience;
- Treating subordinates in an appropriate manner and respecting their dignity.<sup>®</sup>

The Iraqi Code of Conduct is a step in the right direction. However, it needs to be presented in a more targeted manner.

<sup>&</sup>lt;sup>80</sup> Code of Conduct for Public Sector Employees; Decision Number (2) of 2006 issued by the Commission of Integrity.

The objective of the Code must be clearly stated in a preamble that explains the rationale of the Code. The guidelines that direct the behavior of employees must be classified by topic.

Thus, every set of guidelines would belong to a specific heading. Examples of the suggested headings are: <u>Honesty</u>; <u>fairness</u>; <u>Political Impartiality</u>; <u>Objectivity</u>; etc.

These headings stand as core values to which the Iraqi civil servants are expected to adhere. It is also recommended to provide some institutional mechanisms that would guarantee the implementation of the Code of Conduct.

The line managers and the newly established Federal Civil Service Commission are important stakeholders in this respect.Both represent safety-valves for proper implementation of the Code.

Since integrity is a wide concept, it would be useful to concentrate on one of its important manifestations. Procurement is one of the important aspects that will be highlighted as a practical case.

## C. Procurement Standards<sup>81</sup>

The colossal bill of Iraq's reconstruction carries with it intensive procurement assignments

according to which private companies shall be awarded Government contracts to execute projects.

Consequently, setting and applying procurement standards and auditing their proper execution by the administrations concerned with the respective staff is instrumental to maintaining the integrity of the public sector. It is recommended to provide some institutional mechanisms that would guarantee the implementation of the Code of Conduct.

Corruption in this field can be of high cost due to

the huge size of infrastructure projects and the complexity of specifications that require high expertise and professional ethics to be set and applied impartially.

**Employees who are involved in procurement should behave according to ethical standards.** Otherwise, public confidence in Government will be jeopardized. Even in countries that

<sup>&</sup>lt;sup>81</sup> See the attached Annex that includes a sample of Integrity Indicators for Iraq (pp. 25-28).

are not witnessing political instability, procurement integrity is one of the main areas of concern in the public sector.

For example, in 2007, the United States Office of Government Ethics published general information and guidelines for federal employees working in the field under the title *"Ethics and Procurement Integrity"* covering issues related to <u>conflict of interests</u>, <u>financial</u> <u>conflicts</u>, <u>impartiality</u>, <u>gifts</u>, <u>disclosure of information</u> and <u>employment restrictions</u>.<sup>82</sup>

The Iraqi OIGs, however, should not only pay attention to the development of procurement ethical standards, but should also ensure their enforcement to:

- Restore and maintain public confidence; and to
- Combat corruption; and to
- Assure organizational effectiveness and efficiency.

This issue is considered to be top priority for Iraq, especially that the international reports on Iraq's level of corruption are disappointing<sup>83</sup>.

The Iraqi Ministry of Planning has developed a <u>procurement website</u> for the Office of Government Public Contracts. Business companies can obtain documents that until recently required lengthy visits to the ministry's building. The business community can access information and updates on the government policy on public contracts, can have access to advice, regulations, updates, and standard bidding documents. The website posts online procurement regulations and standard bidding documents for all state contracts.

In collaboration with the USAID-TARABOT project, the procurement unit will help ensure the efficient use and application of the standard bidding documents in procurement implementation across all Iraqi ministries and provinces.

<sup>&</sup>lt;sup>82</sup> Ethics and Procurement Integrity; <u>http://www.oge.gov/Education/Education-Resources-for-Ethics-Officials/Resources/Assets-Non-Searchable/Ethics---Procurement-Integrity-(TXT)/</u>

<sup>&</sup>lt;sup>83</sup>According to the Corruption Perception Index of 2013 that was recently published by Transparency International, Iraq ranked 171/174. The Corruption Perception Index ranks countries/territories based on how corrupt a country's public sector is perceived to be. It is a composite index, drawing on corruption-related data from expert and business surveys carried out by a variety of independent and reputable institutions.<sup>86</sup> The organization's Global Corruption Barometer 2010-2011, the only worldwide public opinion survey on views and experiences of corruption, revealed that 63% of people believe that the Iraqi Government's efforts to fight corruption were ineffective; 77% of people considered that corruption had increased in Iraq, while 19% thought that the level of corruption remained the same. For further information, refer to the website of Transparency International; <u>www.transparency.org</u>; and to Corruption by Country; Transparency International; <u>http://www.transparency.org/country#IRQ\_DataResearch</u>;

The website is a practical and inclusive step, promoting efficiency economy and fairness. It is also the beginnings of change of culture: a <u>new willingness</u>, and <u>ability, to share</u> information, knowledge and expertise.<sup>84</sup>

The Office of Government Public Contracts in Iraq has developed a set of standard procurement documents within the framework of the World bank assistance to support the public financial management system<sup>85</sup>:

- Public Contracts Execution Guide;
- Consultants Services Guide;
- Pre-qualification Document;
- Books and Publications Purchasing Document;
- Medicines and Medical Supplies Purchasing Document;
- Design, Equipping and Installation of Electro-Mechanical Works Document
- Provision, Installation and Operation of Information Systems Document

According to Order Number 87 that was issued by the Coalition Authority in 2004, the Office of Government Public Contracts in Iraq is responsible for:

- Regulating the contractual relationship between the public institutions and contractors;
- Studying the impact of the Contractor's violations of their contractual obligations, adding them to, or eliminating them from the black list;
- Amending the general conditions for contracting and equipping of goods and services projects;
- Assessing the tasks and procedures of the bid-opening and evaluation committees and amending them, if deemed necessary;
- Responding to the inquiries of the public entities and contractors about procurement-related issues;
- Training public sector staff on procurement topics;
- Following-up on the procurement plans of the public entities;
- Providing technical Supervision of the established public procurement units.

<sup>&</sup>lt;sup>84</sup> A website Helps to Create Procurement Transparency in Iraq; Management Systems International, July 12, 2012; <u>http://www.msiworldwide.com/2012/07/a-website-helps-to-create-procurement-transparency-in-iraq/</u>

<sup>&</sup>lt;sup>85</sup> <u>http://www.mop.gov.iq/mop/index.jsp?sid=1&id=580&pid</u>

## D. Transparency: Efforts to Build an Openness Culture in the Public Sector of Iraq<sup>86</sup>

Access to information has been well-elaborated in the last few years building on the fact that **public information is produced and saved by public entities** and therefore, citizens are the owners of this information and they are funding the processes of information management from the taxes they pay. Restrictions on free access to information shall be kept specific and limited.

The right to public information has been endorsed by the UN General Assembly as one of the international principles that must be recognized to bridge the gap between Government and citizens.

Public information is of various types: legal (including laws, regulations, and judicial decisions); reports; and contracts and procedures.

Experience shows that even when it comes to legal information, the percentage that is published does not exceed 30% of the produced information. It is the duty of the OIG to ensure the proper execution of the transparency principle.

**Iraq has a draft law on Access to Information.** The one that is at hand is the draft law that was proposed in 2009 by the TEMKIN, a group of independent experts which includes Iraqi journalists and academics, but has not been endorsed, yet. Perhaps there are other attempts to develop an updated legislation, but the one that was drafted in 2009 is the draft law that we had the chance to access. According to this draft law, every public institution shall appoint an Officer to handle the requests for information access. He/she shall be "granted the needed authorizations to search for and access the needed information".<sup>87</sup>

Public institutions are responsible for training their employees on the topic with its saving and retrieving applications.

Article 17 of the draft law states that public institutions shall disseminate annual reports that include at least:

- Management information on the work mechanism of the Public Institution including the costs, objectives, audited accounts, rules and achievements.
- Procedures according to which individuals can identify the general policy and projects of the Public Institution.

<sup>&</sup>lt;sup>86</sup> See the attached Annex that includes a sample of Transparency (Access to Information) Indicators for Iraq (pp. 29-31).

<sup>87</sup> Memorandum on the Access to Information Draft Law; XIX Article 19, January 2010, p. 23; http://www.article19.org/data/files/pdfs/analysis/iraq-analysis-of-draft-access-to-information-law.pdf

- Kinds of information kept by the Public Institution and the means with which it is saved.
- Content of any decision or policy that may affect the people, the reasons behind making this decision and expected objectives.
- Any other data the General Commissioner deems necessary to disseminate".\*\*

The Concerned Officer shall respond to the citizen's written request for information within 15 days, liable to extension for additional 15 days.

According to **Article 18** of the draft law, the request for information can be rejected only if the institution does not have the information, or if the needed information is listed under the exceptions specified in the Law.

Articles 19-29 identify those exceptions. They are classified in 6 categories:

- National security and general order;
- Economic security issues;
- Commercial secrets;
- Internal affairs of the public institution;
- General health and security; and
- Privacy.

The safeguard of the proper execution of the Law is the General Commissioner of Information, an independent agency that is linked to the Council of Representatives (Parliament). The General Commissioner shall be appointed by the Prime Minister and approved by Parliament for a four-year-term (not renewable).

<sup>&</sup>lt;sup>88</sup> Memorandum on the Access to Information Draft Law; XIX Article 19, January 2010, p. 24

#### The Iraqi General Commissioner of Information

### Excerpts from the Access to Information Draft Law<sup>89</sup>

#### Article 30

The Commission shall represent a body for appeal for the one whose request to access information is denied. The aim of the Commission is to ensure the execution of the provisions of this Law and to achieve its objectives. The Commission shall be entitled the following authorizations:

1. Making, organizing and executing the programs, plans, and policies of defending the individual's right of information access.

2. Educating and boosting the awareness of the citizens on the importance of the right of information access and the positive results of practicing it at the individual, community and state levels.

3. Participating in training the officers and officials working for the public institutions on how to enable individuals to access information, and on the importance of this act.

4. Observing the violations and publishing the reports and studies that include the obstacles of practicing the right of having access to information and how to overcome them.

### Article 31

The headquarters of the Commission shall be in Baghdad. It may establish branches in all the governorates.

### Article 32

The Commission shall represent a body of appeal for everyone:

1. Whose request to access information was rejected.

2. Who was asked to pay high fees for his request.

3. Whose request to access information in an Alternative Form was rejected.

4. Whose period needed to respond to his request was extended in a manner that violated the provisions of Article 13 of this Law.

5. Whose request was referred to more than one institution without getting approval.

6. Any other cases approved by the General Commissioner of Information.

## Article 39

The recommendations issued by the General Commissioner shall be binding for all Public Institutions.

## Article 40

To perform his tasks, the General Commissioner shall be authorized to do the following:

1. Enter any Public Institution and search its records and identification documents that are related to the requested information.

2. Interrogate any officer personally in order to access the needed information.

3. Refer the ones responsible for hiding, damaging or altering information in a manner that differs from their realty to evade submitting it to the courts.

<sup>&</sup>lt;sup>89</sup> Memorandum on the Access to Information Draft Law; XIX Article 19, January 2010, pp.27-29.

4. Request clarification from the senior officials of the state such as ministers and their equals for reasons behind denying information access in case the denial results from orders issued directly by them. In this case, the General Commissioner, when not convinced by the offered justifications, may submit an immediate report to the Chairman of the COR or the Prime Minister to take the suitable measures.

### Article 41

The General Commissioner shall submit periodical reports every six months to the Chairman of COR (Council of Representatives) or the Prime Minister. The reports shall contain the following:

1. Unjustified cases of denying access to information.

2. Executive problems that face his tasks.

3. Any other recommendations the General Commissioner deems suitable.

*The Article 19 Law Programme<sup>90</sup>* (Global Campaign for Free Expression) "advocates for the development of progressive standards on freedom of expression and access to information at the international level, and their implementation in domestic legal systems".

It has suggested to improve the draft law to meet international standards. For instance, they have recommended to reflect the right of access to information in the objective of the Law as a fundamental human right rather than one for Iraqi citizens only. According to them, the Law should provide the right of access to information in accordance with the principles that necessary exceptions to this right should be limited and specific, and that decisions on the disclosure of such information should be reviewed independently of Government. They believe that the Law should recognize the need to gain access to information held by private bodies where this is necessary for the exercise or protection of any right, subject to only limited and specific exceptions.

Article 19 also suggested to issue a Code of Practice that is related to keeping, managing and disposal of records, as well as the transfer of records to archiving bodies. Information requests should not only be in writing. Oral requests should also be accepted.

The employee concerned can reduce the oral request to a written form. As for the exceptions in the draft law, Article 19 believes that they fall short to the requirements of the international law.

Under international law, the regime of exceptions should adhere to a three-part test, as follows:

<sup>&</sup>lt;sup>90</sup> http://www.article19.org/data/files/pdfs/analysis/iraq-analysis-of-draft-access-to-information-law.pdf

- The information must relate to a legitimate aim listed in the law;
- Disclosure must threaten to cause substantial harm to that aim;
- The harm to the aim must be greater than the public interest in having the information.91

Therefore, if the benefits of the disclosure outweigh the harm, the information should still be disclosed. Public bodies should be required to show that the disclosure of information would cause substantial harm to a legitimate aim.

# E. Meritocracy: A New Start with the Federal Civil Service Commission<sup>92</sup>

In 2009, Law 4/2009 provided for the re-establishment of a Federal Civil Service Commission as an independent agency that has a legal personality with administrative and financial autonomy. The FCSC shall be linked to Parliament. However, it was not officially established by the Iraqi Council of Ministers, in line with the aforementioned law, before February 2013.

Therefore, the Commission is still in its first phase of establishment with the technical support of the USAID (TARABOT project) that is working on designing its organizational structure, training the newly appointed staff, and on transferring some of the responsibilities of the Ministry of Finance to the FCSC in accordance with Law 4/2009. Provincial Civil Service Commissions that shall report to the provincial councils are also expected to be established.

The Iraqi provinces have never had their own Civil Service Commissions earlier, as opposed to the deep-rooted, although obsolete, civil service system in the central Government of Iraq. A comprehensive civil service legislation is under preparation. The draft civil service law gives a special attention to training by making it mandatory and by linking it to remuneration and promotion.

A Civil Service Institute shall be established within the FCSC to set training standards and to coordinate with the training centers in the Iraqi ministries. A separate Civil Service Institute Law is under development with the support of the USAID that continues to work

<sup>&</sup>lt;sup>91</sup> Memorandum on the Access to Information Draft Law; XIX Article 19, January 2010, pp.i, 3, 4, 6 and 9.

<sup>&</sup>lt;sup>92</sup> See the attached Annex for Meritocracy Indicators (pp. 31-33).

with the High Committee for Civil Service in restructuring the personnel departments of all ministries and provinces into modern, integrated Human Resources Management Departments that can effectively develop and manage their labor forces to full potential.

The USAID, through the TARABOT project seeks to establish an **HR information system** that automates **HR**-related records from hiring, to promotion, to training, to career development and all the other facets of personnel management.93

The Head of the FCSC shall be appointed by the Prime Minister as a special grade position. Law 4/2009 states that the FCSC aims at:

- Enhancing the level of the civil service at the federal and local levels;
- Creating equal opportunities to qualified individuals;
- Planning and supervising the civil service affairs;
- Developing the skills of civil servants in coordination with the offices concerned. <sup>94</sup>

The new civil service law is expected to link civil service issues to administrative reform, organizational restructuring and inter-governmental relationships that are witnessing increasing powers in the hands of the provincial government tiers.

<sup>&</sup>lt;sup>93</sup> TARABOT (Iraq Administrative Reform Project - USAID); tarabot-iraq.org.

<sup>&</sup>lt;sup>94</sup> Issues and Options for Public Sector Modernization in Iraq; Geopolicity (international management consultancy group), November, 2009; pp. 9-10.

Embracing and applying the principles of Governance in Iraq is a long journey that invites the contribution of all the stakeholders concerned with the process. The political authority with all its institutions has a significant responsibility in exemplifying **the rule of law** and **democratic practices**. The public administration of Iraq is a tool for national unity and accommodation of diversity that should operate in line with the **merit**, **accountability**, **integrity** and **transparency** standards to better serve the citizens and to foster the sense of citizenship instead of traditional loyalties that are manifested in sectarianism, tribalism and partisan affiliations that undermine the Government institutions. The private sector, civil society and local governments can better perform their vital roles in the economic and social development process, provided that the system of laws and Government organizations and practices are conducive to such positive involvement.

The OIGs have an essential role to play to promote Good Governance across the public sector. It is the safeguard of compliance and organizational effectiveness at the same time.

In order to measure the progress of the State in putting the Governance principles into effect, samples of indicators have been constructed and presented in the next section of the report. Most of these indicators can be applied by the Offices of the Inspectors General (OIGs). Some of them are related to the Iraqi-context of policy-making and institutional frameworks, but are indispensable conditions for the performance measurement function of the OIGs vis-à-vis ministries and public institutions.

VI. Samples of Governance Indicators

The following sets of indicators have been developed as a general guide that can be followed by the OIGs in Iraq when measuring Governance, as far as the public sector is concerned. They can be elaborated, adjusted, or refined in collective workshops between the OIGs, the ministries concerned, the Board of Supreme Audit and the Commission of Integrity.

## A. Principle: Accountability

Performance Area	Key Performance Indicators	Unit of Measurement
Reporting	Number of annual reports submitted in the	Number
Reporting	last three years by each of the Iraqi	
	ministries and public agencies out of the	
	total number of annual reports that they	
	are expected to submit, as per the	
	applicable rules and regulations	
	Ministry X: No of Annual Reports:	
	Ministry Y: No. of Annual Reports:	
	etc	
	The quality of the Annual Reports	Reports to be classified as per their quality:
	submitted by each of the Iraqi ministries in	(Categories)
	the last three years.	Category 1: not informative
	Ministry X: Year 1:	Category 2: provide some relevant
	Year 2:	information, but need improvement
	Year 3:	<b>Category 3:</b> provide significant information,
	Ministry Y: Year 1:	need some refinement
	Year 2:	Category 4: Excellent output-oriented report
	Year 3:	
	Etc	
Organizational	The level of compliance of the	Category 1: No internal performance
Performance	ministry/public institution under inspection	measurement system
Measurement	with the performance indicators that were	Category 2: The system is under
	developed and disseminated by the Board	development

	of Supreme Audit (BSA) by developing an internal performance measurement system as a self-management and monitoring tool The operational status of the internal performance measurement system in the ministry/public institution under inspection	Category 3: The system exists, but not in total compliance with the BSA indicators Category 4: The system exists with total compliance with the BSA indicators Category 5: The system exists with total compliance with the BSA indicators and enhanced by additional specific indicators. Category 1: the system does not exist Category 2: the system exists, but not operational, yet Category 3: The system is partially operational
	Staff of the ministry/public institution under inspection were trained on the concept and applications of the performance measurement system	Category 4: The system is fully operational %
	Number of performance improvement recommendations that were made by the Inspector General that have been taken into consideration, or applied by the targeted ministry/public institution	Number
Staff Performance Appraisal	The existence of a performance appraisal system within the ministry/public institution under inspection, administrative level:	Logical Indicator (Yes / No) per administrative level
	Level 1: Senior Management Level 2: Mid-level Management; Level 3: Lower-Level staff	
StaffPerformanceAppraisalStaffPerformanceAppraisalStaffPerformanceAppraisalStaffPerformanceAppraisalStaffPerformance	Number of employees within the ministry/public institution under inspection, per administrative level, whose performance was evaluated in the last year with results revealing less than the expected disciplinary standards	% of employees with unsatisfactory disciplinary behavior out of the total number of evaluated employees per administrative level
Appraisal	Level 1: Senior Management Level 2: Mid-level Management; Level 3: Lower-Level staff	

		The existence of an appeal system to which	Logical Indicator (Yes / No)
		evaluated employees within the	
		ministry/public institution under inspection	
		can resort	
		Number of evaluated employees within the	%
		ministry/public institution under inspection	
		who appealed the results of the	
		performance appraisal process out of the	
		total number of evaluated staff	
		Number of evaluated employees who were	%
		transferred to training programs in public	
		service ethics and integrity based on the	
		results of the performance appraisal	
		process out of the total number of	
		evaluated staff within the ministry/public	
		institution under inspection	
Accountability	to	The availability of customer-satisfaction	Logical indicator (Yes/No)
Citizens		surveys	
Accountability	to	The operational status of customer-	Category 1: Surveys do not exist
Citizens		satisfaction surveys	Category 2: Surveys are under development
			or the outsourcing process is underway
			Category 3: Surveys are partially operational
			for specific services
			<b>Category 4:</b> Surveys are widely used by the
			ministry/public institution and results are
			generated, accordingly
Accountability	to	Results of the applied customer-satisfaction	Average score (number out of 100)
Citizens		surveys	
		Utilization of the results of customer-	<b>Category 1:</b> data not utilized at all
		satisfaction surveys	<b>Category 2:</b> a system is underway to utilize
			data
			<b>Category 3:</b> partial utilization of data
			Category 4: Full utilization
		The existence of a complaints management	Logical Indicator (Yes/No)
		mechanism in the ministry/public	
		institution under inspection	
		The existence of a complaints classification	Logical Indicator (Yes/No)
		system with standards for handling them	
		(type of complaint; time to handle each	
		type; entities to be involved are clearly	

	identified, etc.)	
	Number of complaints that have been	Number
	handled by the ministry/public institution	
	under inspection with feedback provided	
	to the complainant	
	The average elapse of time between	Number of days
	submission of the complaint and its final	
	settlement with feedback provided to the	
	complainant (per type of complaint)	
Planning	The level of compliance of the latest	Category 1: Plans do not exist
Requirements	Strategic or Business Plan of the inspected	Category 2: Plans are under development
	ministry/public institution under inspection	Category 3: Plans developed with no
	with the National Plan for Iraq that was	reference to the National Plan
	developed by the Ministry of Planning	Category 4: Plans exist taking into account
		the directions of the National Plan

# B. <u>Principle: Integrity</u>

Performance Area	Key Performance Indicators	Unit of Measurement
Code of Conduct	Number of newly appointed staff (appointed within	%
	the last year) of the ministry/public institution under	
	inspection that have signed the Code of Conduct	
	according to Decision No. 2 of 2006 of the Iraqi	
	Commission of Integrity.	
	Total number of staff of the ministry/public	%
	institution under inspection that have signed the	
	Code of Conduct according to Decision No. 2 of	
	2006 of the Iraqi Commission of Integrity.	
	The Code of Conduct that was developed by the	Category 1: No policies, decisions,
	Commission of Integrity was reflected in the	or actions were made in the last
	policies, decisions and actions that were applied in	year
	the last year by the ministries/public institutions	Category 2: Intentions were
	under inspection	declared by the top management
		Category 3: Some steps were
		taken by the top management
		<b>Category 4:</b> Comprehensive steps
		were taken by the top
		management with full
		embracement across the hierarchy
	Ministerial/sectorial Codes of Conduct were	Category 1:
	developed in line with the general Code of Conduct	No ministerial/sectorial Code in
	of the Iraqi Commission of Integrity	place
		Category 2:
		a ministerial/sectorial Code is
		under development
		Category 3:
		A Ministerial/sectorial Code(s) is
		(are) in place
Code of Conduct	Ministerial/sectorial Codes of Conduct are	Category 1:
Code of Conduct	effectively implemented	No ministerial/sectorial Code in
		place
		Category 2:
		No implementation arrangements
		have been identified
		Category 3:
		Implementation arrangements

	The existence of a Whistleblower Protection Mechanism within the ministry/public institution under inspection	have been identified, but not effectively applied, yet. <b>Category 4:</b> Implementation arrangements have been identified, but partially applied <b>Category 4:</b> Implementation arrangements have been identified and are fully applied <b>Logical Indicator (Yes / No)</b>
Procurement Integrity	The existence of Procurement Integrity Standards to be followed by the staff involved in the procurement process Procurement Integrity Standards are in compliance with international standards	Logical Indicator (Yes/No) Category 1: No Procurement Integrity Standards exist Category 2: Standards exist with no reference to international standards Category 3: Partial compliance with international standards Category 4:Total compliance with international standards
Procurement Integrity	The efficient use and application of the standard bidding documents (that were developed and published by the Iraqi Office of Public Contracts within the Ministry of Planning) in procurement implementation in the ministry/public institution under inspection Projects procured in the last year by the ministry/public institution under inspection in accordance with the public procurement rules and regulations The extent of waste that has been recorded based on the audit of procured projects/contracts in the	An Evaluation Scale from zero to 10 0=No efficient use and application of the standard bidding documents; 10=Full use and application of the standard bidding documents % Value in Iraqi Dinars

	ministry/public institution under inspection in the	
	last year	
	The existence of an Appeal Mechanism to which	Logical Indicator (Yes/No)
	bidders can resort within a set time-period	Logical mulcator (TCS/140)
Procurement	-	Avence Number of Weeks
	The elapse of time between project announcement	Average Number of Weeks
Efficiency/Effectivene	and contract awarding, inclusive of the various	
SS	stages of the procurement cycle	
	The elapse of time between a reported contract	Average Number of Days
	violation and final settlement	
	The elapse of time between a reported technical	Average Number of Days
	problem during implementation of contracts and	
	final settlement	
	The overall quality of project management	An Evaluation Scale from zero to
	capacities within the ministry/public institution	10
	under inspection as translated into the availability of	0=Total Lack of project
	competent staff, effective reporting and monitoring	management capacities;
	systems, inter-ministerial collaboration, and	10= Maximum project
	observation of deadlines	management capacities
	Percentage of the annual capital budget execution	%
	rate out of the total capital budget of the	
	ministry/public institution under inspection	
Procurement	Number of projects that had to be re-launched in	%
Efficiency/Effectivene	the last 2 years due to shortage of the technical	
SS	specifications that were set by the ministry/public	
	institution under inspection	
	Number of contracts that have witnessed delays in	Number of delayed contracts per
	the last year either in their commencement or	type of delay
	closing phases, per type of delay:	
	Type 1: Administrative reasons (bureaucracy);	
	Type 2: Technical capacity of the contractor;	
	Type 3: Interpretation (misinterpretation) of the	
	contract;	
	Type 4: conditions for success were not available;	
	Type 5: Legal violations of the contract;	
	Type 6: Staff reshuffling;	
	Type 7: Force majeure	
	Number of employees in the ministry/public	%

institution under inspection (and in the OIG concerned) who have completed training programs	
in the field of public procurement in the last year per topic Topic X: No. of trainees:	
Topic Y: No. of trainees:	
Etc	

# C. Principle: Transparency

Performance Area	Key Performance Indicators	Unit of Measurement
Legal Framework	The existence of a legal framework for Access to	Logical Indicator (Yes/No);
Legal Framework	Information	or
Legal Framework		Categories:
		Category 1: No legal framework is
		in place;
		Category 2: a draft law has been
		developed with no further
		progress
		Category 3: a draft law has been
		developed and is currently under
		review by the political authority
		concerned;
		Category 4: A Legal framework
		has been endorsed
	The legal framework for Access to Information	Categories
	includes principles that meet international standards	Category 1:
	clearly expressed in plain language.	Not clear at all;
		Category 2:
		needs significant elaboration;
		Category 3:
		Clear, but needs some
		elaboration;
		Category 4:
		Very clear and well-elaborated,
		taking into account international
		principles
	Exceptions to Free Access to Information are	Logical Indicator (Yes/No)
	limited, specific and clearly identified	
Institutional	The existence of an independent agency	Logical Indicator (Yes/No)
Framework	(Information Commission) that safeguards the	
	proper execution of the legal framework of Access	
<b>.</b>	to Information	
Institutional	The existence of an Officer within the	Logical Indicator (Yes/No)
Framework	ministry/public institution under inspection who is in	
	charge of information accessibility	
Proactive Openness	The ministry/public institution under inspection	Number of postings per type of
Initiatives	publishes its information by its own initiative, as per	information in the last year

	type of information	
	Type 1: Vision/Mission/Structure/Functions;	
	Type 2: Strategic/Business Plans;	
	Type 3: Annual Reports;	
	Type 4: Work-Procedures;	
	Type 5: Relevant Laws / Regulations / Decrees/	
	Decisions/Memos, etc.;	
	Type 6: Work-related Documents and Guides;	
	Type 7: Financial data;	
	Type 8: Procurement-information;	
	Type 9: Researches;	
	Type 10: Evaluation Reports (conducted by the	
	ministry itself or by an external body). Etc.	
	The ministry/public institution under inspection	Number of postings per channel
	publishes its information by its own initiative, as per	of communication
	channel of communication	
	Channel 1: through the website;	
	Channel 2: through electronic Newsletters;	
	Channel 3: through paper-based Newsletters	
	(quarterly, or annual);	
	Channel 4: through reports/annual plans;	
	Channel 5: TV programs, or documentaries;	
	Channel 6: through CDs;	
	_	
Deer en sissen en	Channel 7: through photographs.	~~~~
Responsiveness	Percentage of information requests submitted to the	%
	ministry/public institution in the last year that were	
	timely met, as per type of information requested	
Responsiveness	The average time between the submission of request	Average Number of Days
	for information and the actual response by the	
	ministry/public institution under inspection, as per	
	type of information requested	
	The existence of an accountability mechanism within	Logical Indicator (Yes/No)
	the ministry/public institution under inspection to	
	tackle cases of information requests that have not	
	been treated in a professional, ethical manner	
	Number of cases whereby the ministry/public	Number
	institution under inspection were obliged to provide	
	information, as per the source of enforcement	
	Source 1: General Commissioner of Information;	
	,	

	Source 2: Commission of Integrity;	
	Source 3: Judiciary;	
	Source 4: Office of the Inspector General	
Lobbying	Number of awareness-raising campaigns performed	Number per type of campaign
	by civil society organizations in the last year focusing	
	on the citizens' right of access to information, as per	
	type of campaign:	
	Type 1: Mass-media campaign;	
	Type 2: Conferences;	
	Type 3: Meetings with the Iraqi State officials;	
	Type 4: Training;	
	Type 5: Announced or published Official	
	Statements;	
	Type 6: Publications/Reports/Research Papers;	
	Type 7: CDs;	
	Type 8: Photographs;	
	Type9: Electronic postings (writings, researches,	
	reports, publications, caricatures, etc.)	

# D. Principle: Meritocracy

Performance Area	Key Performance Indicators	Unit of Measurement
Legal/Institutional	The issuance of the internal regulations of the Federal	Logical Indicator (Yes / No)
Frameworks	Civil Service Commission (FCSC) that was established	
	by the Iraqi Council of Ministers' in February 2013 in	
	line with Law No. 4 of March 2009	
	The actual establishment and staffing of the	(a)Number of units
	organizational units that make up the FCSC:	established;
		(b)% of staff occupancy
	(a) Number of established units out of the total	compared to the established
	number of units identified in the organizational	cadre
	structure	
	(b) Number of appointed staff out of the total number	
	of positions identified in the cadre	
	The actual establishment and staffing of the	(a)Number of units
	organizational units that make up the structure of the	established;
	ministry/public institution under inspection:	(b)% of staff occupancy
		compared to the established
	(a) Number of established units out of the total	cadre
	number of units identified in the organizational	
	structure	
	(b) Number of appointed staff out of the total number	
	of positions identified in the cadre	
	The existence of a coordination mechanism between	Logical Indicator (Yes / No)
	the FCSC and the regional Civil Service Commissions	
	The actual establishment and staffing of the	(a)Number of unit
	organizational units that make up the structure of the	established;
	Civil Service Institute (The Training Institute)	(b)% of staff occupancy
		compared to the established
	(a) Number of established units out of the total	cadre
	number of units identified in the organizational	
	structure	
	(b) Number of appointed staff out of the total number	
	of positions identified in the cadre	T ' 1 T 1' / AT7 / NT \
	The existence of a coordination mechanism between	Logical Indicator (Yes / No)
	the Civil Service Institute and the ministry/public	
ID C V	institution under inspection	
HR Capacities	Number of vacant positions in the ministry/public	%
	institution under inspection that were filled by merit-	

	based competitive examinations within the last year	
	Number of vacant positions in the ministry/public	% of males;
	institution under inspection that were filled by merit-	% of females
	based competitive examinations within the last year,	
	per gender distribution	
	The average elapse of time between the job	Number of Weeks
	announcement and the actual appointment in	
	ministry/public institution under inspection	
Responsiveness	Average satisfaction of newly appointed staff in the	% per category
	ministry/public institution under inspection with the	Category 1:
	recruitment/selection procedure (including job	Minimum satisfaction;
	announcement, submission of applications and	Category 2:
	relevant documents, competitive examinations, results	Average satisfaction;
	announcement, and the time spent to take the official	Tiverage saustaction,
	appointment decision).	Category 3:
	apponument decision/.	High satisfaction.
		ingh saustacuon.
Safety Valve	The existence of an Appeal Mechanism to which	Logical Indicator (Yes / No)
Survey valve	dissatisfied candidates can resort	
	The number of candidates who appealed the results of	%
	the recruitment process out of the total number of	70
	candidates within the last year	
	The existence of a mechanism that protects the	Logical Indicator (Vos / No)
	_	Logical Indicator (Yes / No)
	employees of the ministry/public institution under	
	inspection from arbitrary personnel decisions (eg:	
	decisions related to promotion, incentives, training,	
	performance appraisal, etc.)	
HR Development	Number of training programs on public service ethics	%
	and integrity that are planned by the Civil Service	
	Institute for the next two years out of the total number	
	of planned training programs for the same period	
	Number of employees in the ministry/public	%
	institution under inspection who have successfully	
	completed training programs on public service ethics	
	and integrity in the last two years out of the total	
	number of existing staff	
	Average satisfaction of the employees of the	% per category

ministry/public institution under inspection who have	Category 1:
completed training programs on public service ethics	Minimum satisfaction;
and integrity in the last two years	Category 2:
	Average satisfaction;
	Category 3:
	High satisfaction.