

## What Gets Measured Gets Done: Costa Rica Reinvents the Reinvesting of Government

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**O**n January 30, 1997, the frontiers of public management took a quantum leap when President José Maria Figueres of Costa Rica stood in the glare of TV cameras and publicly declared the results of an exercise in performance evaluation of his cabinet colleagues, singling out the good performers from the nonperformers. This was a courageous act and would be considered a remarkable achievement in any country, whether developed or developing.

As part of reinventing their governments, many nations with widely different per capita incomes have adopted performance evaluation systems to hold public officials accountable for results. In 1993, the U.S. Congress passed the Results in Government Act, which is intended to promote the practice of performance evaluation within the U.S. Government. In fact, as part of the National Performance Review exercise conducted by Vice President Al Gore's Reinventing Government initiative, President Clinton signed "Performance Agreements" with several of his cabinet colleagues. These documents contain the mission, objectives and measurable targets for each government agency. Similar performance evaluation instruments called "Framework Agreements" and "Citizen's Charter" have been launched in the United Kingdom. In New Zealand, the agreement between the head of a government department or agency and the concerned cabinet minister is called a "Performance Contract." In Canada, the Treasury Board negotiated formal three-year memoranda of understanding (MOUs) with its departments to codify their accountability for results. In developing countries, too, the desire to reinvent their government is widespread, and many, including Malaysia, the Philippines, Brazil, Singapore, Chile and Argentina, are implementing performance evaluation mechanisms.

Thus, what happened in San José, Costa Rica, was not new, but it was certainly unique. Costa Rica went faster as well as further than others in implementing one of the most critical aspects of public management reforms. In most countries, except for the United States, the performance evaluation system has been implemented at lower than cabinet level. In the U.K., New Zealand and Canada, the performance evaluation system was implemented at the agency and department level within individual ministries. By implementing performance contracts, called *Compromiso de Resultados* (Commitment for Results), between the president and cabinet ministers, Costa Rica has moved ahead of most other governments. And, by declaring the results of performance evaluations based on *Compromiso de Resultados* (CDRs), President Figueres has taken the lead in reinventing government. Few governments have gone so far in measuring performance of cabinet members with

such precision.

In a recent best-seller entitled *Banishing the Bureaucracy* the father of the Reinventing Government movement, David Osborne, offers an explanation as to why the U.S. and Canada have not managed to install performance evaluation systems at the highest levels of government while New Zealand, the U.K. and Costa Rica have done so. According to Osborne, the top executive in the government must be willing to devote his personal attention and political capital to the task of improving government performance. He must be willing to invest the time, energy, and resources — the blood, sweat, and tears — it takes to reinvent government. In short, the head of the government must have enormous courage.

The evidence from successful reforms suggests that the returns from this type of reform are well worth the effort required. This is particularly true in developing countries, where the current crisis is not one of “lack of ideas,” but one of “poor implementation” of ideas. Good ideas and policies do not implement themselves; they require a dedicated cadre of public servants. This dedication, comes not from some selfless pursuit of public good, but from a well- designed system of accountability for results and incentives for public servants to respond in the appropriate manner. A well-designed government machinery is capable of implementing any policy effectively, whereas a poorly functioning government machinery is likely to botch up any policy, however well thought out it may be. In other words, reform of the accountability system creates a tool that enables the government to effectively implement all other reforms effectively.

The speed with which Costa Rica implemented CDRs is also remarkable. Many developing countries attempting to reform their governmental bureaucracies have launched extensive studies as a precursor to any action. These studies often come up with such a long list of actions to be undertaken that these governments are rendered incapable of acting at all — the infamous “too much analysis leading to paralysis” syndrome. Those governments that do begin to implement the recommended changes often begin at the wrong end of the process. They start by changing the organizational set-up and the salary structure and by downsizing. They usually end up getting a marginally smaller government that has a marginally different structure and marginally better paid workers. But in almost all cases it still is a government that does not work.

Costa Rica did not wait for a major restructuring; it moved with the conviction that the main objective of its reform is to get a government that works. It must, therefore, first define what is meant by “a government that works.” The change in structure of the governmental organization is a means toward achieving a well-functioning government, and it should follow after the government is clear about what it wants to achieve in terms of concrete results. This is consistent with the international experience in this field. As David Osborne suggests, “Reinvention is not about moving boxes on an organizational chart. It is about restructuring public organizations and systems by changing their purposes, their incentives, their accountability, their distribution of power and their cultures. As one does this, it sometimes makes sense to alter the organizational chart. But if you start with the chart, you will exhaust yourself in turf wars long before you change anything important.”

The reform process in Costa Rica is not complete. On the contrary, it has just begun, and time will reveal how it will expand and sustain itself. However, some important lessons can be derived from its initial success. First, accountability for results must start at the very top. If you hold top level officials responsible for results, they will hold those below them accountable for results. It will take time, but soon the culture of accountability will trickle down to all levels of the government machinery.

Second, the government must start by defining its objectives at the highest levels and develop the capacity to evaluate whether the people in charge of achieving them are succeeding. As the old saying goes, “What gets measured gets done.” Furthermore, if they are to have any effect on behavior of the people getting evaluated, the results of this exercise should be made public.

Third, all other systems in the government — financial, procedural and organizational — should be adapted to increase the success of achieving these objectives. That is, the criterion for judging reforms in the government machinery should be whether the proposed changes help the government become more successful in achieving clearly measurable objectives through an objective performance evaluation system.

Since the evidence is overwhelming that the quality of public management is the most important element in determining a society’s welfare, it is worth pondering why a Nobel Prize for Public Management has not been instituted. A country can have excellent physicists, chemists, biologists, peacemakers and even economists, but there is still no guarantee that its citizens can count on receiving the biggest possible benefit from their tax money. That requires a special breed of public managers, and it is time to reward them publicly on an international scale. If and when the Nobel Prize Committee decides to include this category in its prestigious award, Costa Ricans will be strong contenders.