

PUBLIC SECTOR GROUP

Application for Thematic Group Funding

Activity Title:

Program and Functional Review
Knowledge Management/Development

1. Task Manager:

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2. Description of activity:

The Bank has recommended program and functional reviews of public expenditure in many countries. The reviews are intended to be systematic analyses of government activity, frequently by sector, with the objective of rationalizing government activity.

In "program review" exercises, the unit of analysis is the policy and the question is "are we doing the right thing?". In "functional review" exercises the unit of analysis is the organization and the question is "are we doing the thing right?"

Functional reviews in Kazakhstan in 1998-99 were reportedly effective, linking the reviews with a reform of the budget process. In Nicaragua structure and function diagnoses of 9 government agencies led to a program of emergency cuts and a new Executive Branch Organization law streamlining the central government. Thailand has embarked on functional reviews of its six economic ministries. These reviews have supported some re-engineering of processes in the Department of Commercial Registration of MOC and the Lands Department, as well as reforms in the Revenue Department, Customs Department, and Social Security Office. In 1999, Latvia undertook a functional review of the Ministry of Agriculture.

However, little is known generally about the effectiveness of such efforts, and a recent informal survey within the Bank failed to yield any new examples of cases where the review was analytically optimal and actually implemented.

In the OECD, two country cases – Canada and the UK – have successfully developed program/functional reviews and integrated the decisions into the annual budget process.

The question to be addressed is whether a practical and proven approach to functional or program reviews can be identified, providing a discrete set of activities that can lead to sustainable policy rationalization and efficiency improvements. This entails asking whether such reviews can be structured so that they lead to reforms that address efficiency improvements through restructuring, that address fundamental causes of over-staffing, that balance sector-specific concerns with cross-cutting reforms, and that engage fully with the budget process. In examining this question, the proposed activity would:

review program and functional review experiences internationally, in consultation with other donors and government counterparts

arrange for brown bag seminars by speakers from the UK, Canada, and other developing country cases

propose practical guidance for Bank staff

Subsequent to the seminars, a draft PREM Note summarizing findings would be prepared

3. Breakdown of costs:

Staff time: \$15,000

Cost to bring speakers to Bank (UK, Canada): \$2,000

PREM Note: \$2,500.

Total: \$19,500

Support is jointly requested from the PE TG and Administrative and Civil Service Reform TG, 50 % each.

Requested support from PE TG is \$9,750.

4. Timeline:

Seminars completed by end of August 2001.

Draft guidance and PREM note for TG consideration to be completed by end September 2001.

5. Description of expected contributions to current operations on the ground (with identification of specific operations):

Through collecting examples of successful and less successful reviews, particularly with regarding implementing recommendations and building reviews into the regular budget cycle, and distilling lessons, will help improve the targeting and application of this ESW.

6. Explanation of the public good aspect of this activity, i.e. the generalizable lessons and benefits that this activity is expected to provide:

Better understanding of program and functional review characteristics leading to successful analysis and implementation.

Generalizing principles that will improve usefulness of this ESW toll in future applications.

7. Form(s) of knowledge output(s) that this activity will generate (e.g., PREM Note, paper, workshop, seminar):

PREM Note, 3-4 seminars and policy note.
