Institute for State Effectiveness

DEVELOPMENT PRACTICE NOTE
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Team-Based Performance Management Systems: Lessons from Afghanistan[1]

BACKGROUND

Many global policy agreements on increased aid effectiveness, such as the New Deal for Engagement in Fragile States,[2] have advocated for development partners to use and build the capacity of the aid recipient country's institutions to achieve greater sustainability. However, experience from fragile and conflict-affected situation (FCS) countries[3] shows that, despite substantial investment and good intentions to build capacity in state institutions, few strong examples have emerged. In most cases, the recipient institutions have remained weak, characterized by a lack of a coherent strategy and direction and weak corporate capacities that fail to deliver on their mandates. Fragmentation and projectized development of departments continues to prevail, supported by strong Project Implementation Units and a dependence on Technical Assistance (TA) from both national and international advisers. Often this structure results in the creation of a "second civil service," as observed in other aid recipient countries such as Tajikistan, Cambodia, and Pakistan.[4] As soon as donor-funded projects come to an end, the institutions are left in a worse position than before, due to the exodus of the high-paid TA that the government cannot afford to keep.

Afghanistan is no exception to this dynamic. However, after 15 years of fragmented and projectized approaches, the Ministry of Finance embarked on an ambitious government-owned and government-led Public Financial Management (PFM) reform program. The aim of the program was to introduce institutional reforms that advocate and practice strong fiscal discipline and strategic prioritization for better and more efficient service delivery to citizens. To achieve these aims, a team-based (detailed below),

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- **Consequences of Donor- Induced Fragmentation**
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- **Community Driven Development Series**

References:

1. *By Khalid Payenda, Senior Fellow at the Institute for State Effectiveness, former Deputy Minister of Finance, Islamic Republic of Afghanistan.*
2. *The New Deal is a key agreement between fragile and conflict-affected states, development partners, and civil society to improve the current development policy and practice in fragile and conflict-affected states. It was developed through the forum of the International Dialogue on Peacebuilding and State-building and signed by more than 40 countries and organizations at the 4th High Level Forum on Aid Effectiveness on November 30th, 2011 at Busan, Korea.*
3. *Sometimes also referred to as fragile and conflict-affected states. See more here: https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations*
4. *W. Fengler and H. Kharas, "Overview: Delivering Aid Differently." In W. Fengler and H. Kharas ed. Delivering Aid Differently: Lessons from the Field*

sequenced five-year plan with a complete performance management system was introduced. This paper discusses the lessons learned from Afghanistan's PFM reform program and how the team-based performance management system could be improved for expansion in other countries.

PERFORMANCE MANAGEMENT IN FRAGILE AND CONFLICT AFFECTED SITUATIONS

Performance management in the public sector, and especially in FCS cases, is a relatively new phenomenon.[5] Performance management approaches from the private sector cannot be easily adapted to the public sector, because not only does the nature of their operations differ, but governments are also complex, multilayered organizations with large-scale and sometimes vague strategic objectives. The main criteria for judging individual, team, or organizational performance in the private sector, at least on the conceptual level, is the generation of profit. In the public sector, and more so in states emerging from conflict and fragility, the criteria are often poorly articulated (since the aims might be to prioritize political stability and/or security first rather than the efficiency of the public institutions) and in some instances, subject to disagreement. Thus, measuring progress against such goals is difficult. Another complication in the FCS context is the multiple, fragmented interventions by different actors which may further undermine a central or unified approach to goal setting and measurement of performance.

However, performance management, if applied correctly, ensures: the alignment of individual and team goals with those of the organization; the provision of information on organization and individual performance, and hence improved overall performance; increased accountability; and increased motivation by basing recognition and rewards on performance. Furthermore, while this process is an investment of time and energy in its beginning stages, once established it delivers excellent returns. This investment can help governments in FCS contexts improve their institutional performance and achieve self-reliance while better managing stakeholder expectations.

There are different types of performance management evaluation systems, ranging from individual to team-based. Some other methods focus only on managerial performance. The unit of measurement could also range from the individual, to teams, departments, whole organizations, or even an entire government.

No matter the scope, unit of measurement, or evaluation method, the literature[6] points to key features of successful performance management systems:

- Adaptation of the performance management system to the existing systems and strategies of the organization
- Commitment to and support of the performance management system from leadership
- A culture where the evaluation system is perceived as a tool for improvement, rather than penalizing poor performers
- Involvement from stakeholders
- Continuous monitoring, feedback, and learning

WHAT IS TEAM-BASED PERFORMANCE MANAGEMENT?

A team-based performance management system[7] is an approach where teams set their own goals and evaluation metrices are structured so that performance is measured against these team goals, and not individuals, themes, or policy areas.[8] In a team-based performance management system, feedback is given to entire teams and incentives are

References:

5. *Emergence in 1980's in UK in response to NHS crisis – for more details see Fryer, Karen & Antony, Jiju & Ogden, Susan. (2009). Performance management in the public sector. International Journal of Public Sector Management.*
6. *Wang and Berman, 2001; De Waal, 2003; Franco and Bourne, 2003; Fryer et al., 2009*
7. *For more on team-based performance management, see ISE's Development Practice Note, "What is Team-Based Performance Management and How Does it Work?" https://stateeffective.wpengine.com/wp-content/uploads/2017/01/Team-Based-Performance.pdf*
8. *In this context, a theme would be a specific area of work or an activity that flows through different teams, for example, a typical payment process would flow through the budget execution unit, treasury verification unit, and a payment unit.*

tied to team performance. Evidence from Afghanistan shows that team-based performance management systems improve efficiency and effectiveness of public sector institutions. The essence of team-based performance management systems is that it creates a culture of performance and a sense of ownership and accountability of the teams' plans.

While the team-based performance management system gives teams greater freedom in setting goals, an effective system also requires articulating high-level, institution-wide goals to guide teams in planning their objectives. And since the institution's vision is medium to long-term in nature, the team's plan (which are usually set for a year) is part of a longer-term, five-year rolling plan. The performance at the end of every year is assessed and the goals for the subsequent year are adjusted accordingly. This provides flexibility in adjusting the short- to medium-term goals while still ensuring that the plans are coherently anchored in a long-term vision.

How Does It Work?

At the outset of instituting team-based performance management, a small but strong team should be established to facilitate the introduction and institutionalization of a performance culture. This performance management team (PMT) should ideally report directly to the head of the institution. The PMT's key tasks include:

- Facilitating team discussions at the start of the year and during the year. This also includes providing orientation and trainings to the teams on how the system works and key issues to take into consideration. The PMT also provides guidance on the process, when needed, rather than the substance of the plans, where teams have more expertise in their respective fields.
- Designing and maintaining a performance management system that records plans and is used for assessment. Maintaining a robust system is essential, as managing a large number of teams with overall key progress indicators (KPIs) and activities in the thousands can be challenging. Ideally, the system should generate reports on demand and be effective enough to dissuade the creation of other parallel systems for ad hoc reporting.
- Facilitate mid-year and annual assessments of the plans. The PMT should further facilitate discussions of the leadership team (and external partners) on the endorsement of the plans, and the mid-year and annual assessment and findings. The teams initially self-assess their performance, moderated by the PMT to ensure that the scoring is understood and applied correctly, and then the performance is assessed by independent validators, who rate team performance by comparing the accomplishments with the plans and reviewing evidence.

Performance Scoring

Rank	Agency Level Grouping	X Grade	X Score	X Grade Std	X Score ST
1	National Procurement Authority	A	0.85	A+	2.5
2	Revenues Department	B	0.68	A+	0.83
3	Treasury Department	B	0.65	A	0.53
4	Customs Department	B	0.64	B+	0.45
5	AEITI	B	0.61	B	0.14
6	Office of the Minister	B	0.61	B	0.13
7	Macro-Fiscal Performance Department	B	0.61	B	0.09
8	Aid Management Directorate	B	0.61	B	0.07
9	Admin Department	B	0.60	B	0.04
10	Property Department	C+	0.59	B	-0.06
11	Insurance Department	C+	0.59	B	-0.07
12	Human Resources Department	C+	0.58	C+	-0.22
13	Monitoring, Analysis and Reporting	C+	0.56	C+	-0.39
14	Internal Audit Department	C	0.54	C+	-0.60
15	Programs Implementation and Coordination	C	0.52	C	-0.78
16	Reform Implementation Management Unit	C	0.52	C	-0.79
17	Budget Department	C	0.51	C	-0.90
18	SOE Department	D+	0.50	D+	-1.05
19	Revenue Planning Department	n/a	n/a	n/a	n/a

In this table, the X Score is the adjusted score, which is the raw performance score (the weighted average for Timeliness, Quality and Effectiveness grades) adjusted for TA, Risk and Impact. Standardized grades are scores (std) are raw scores adjusted to fit a normal distribution.

Figure 1: 2016 "Best and Fairest" Teams, Director General Level
Source: 2016 Annual Assessment, Ministry of Finance, Afghanistan (www.apmis.mof.gov.af)

References:

9. *The performance scoring approach in Afghanistan uses a standard alphabetical system from D to A. Grading rule is as follows:*

   Grade A – Delivered above and beyond expectations

   Grade B – Delivered to a high standard

   Grade C – Delivered satisfactorily "doing the job on time and to the standard"

   Grade D – Failed to deliver on what was agreed in the plan

   "+" used to recognize better performance within those grades.

   Assessment reports and background documents are available at www.apmis.mof.gov.af

Scoring is done considering three aspects of performance:

Timeliness – was the activity completed in the same timeline as committed to in the plan?

Quality – was the activity done to a high- or low-quality standard?

Effectiveness – how effectively did the team deal with challenges faced?

In institutions that are recipients of technical assistance, a fourth aspect is the use of technical assistance in performing their tasks. For the team-based performance management to be fair in assessment, scoring rules for both importance (impact) and difficulty (risk of failure) are set.

Rating against the above dimension are compiled on a four-tier rating system[9] – high, substantial, moderate, and low (or A, B, C, and D) - which assigns numerical equivalents for consolidating performance scores. Teams are publicly ranked (on a league or standings table) based on the scores (Figure 1)

Mid-Year and Annual Assessment

Two reports are prepared for each period. The mid-year assessment analyzes performance at the middle of the year to provide feedback on where the teams stand compared to their plans for the year, allowing them an opportunity to adjust their performance in the second half of the year. The annual assessment provides a "post-mortem" report on the

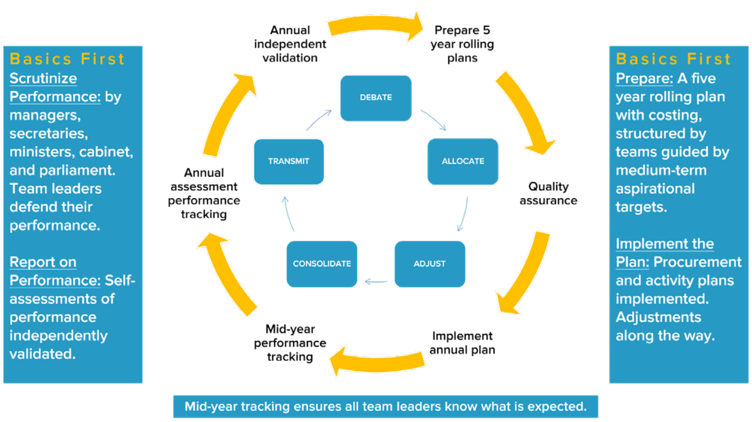

Figure 2: The Team-Based Performance Management Cycle
Source: Ministry of Finance, Afghanistan

teams' performance. The next year's plans then should be adjusted based on the results of the annual assessment.

TEAM-BASED PERFORMANCE MANAGEMENT IN AFGHANISTAN: EXPERIENCE AND LESSONS

Afghanistan achieved significant advances in its public financial management systems in the decade that followed the toppling of the Taliban regime. With an influx of unprecedented donor financing, significant investment was made in the PFM capacity and institutions of the country. However, after a decade the improvements plateaued, evidenced by Afghanistan's stalled (and in some cases declining) ranking on international benchmarks (such as PEFA[10] and OBI[11]).

While the Ministry of Finance had generous amounts of donor and technical support at its disposal, the assistance was delivered in a fragmented and projectized manner. This was characterized by departments that had years of continued improvements in performance – driven by large amounts of international and national TA – but achieved at the expense of improving the capacity of actual government staff to deliver on their core mandate. Project support units were set up to not only help in the technical aspects of ministry operations, but also provide support and administrative services such as human resources, procurement, and information technology. Moreover, some departments received little to no technical assistance and had remained chronically weak and dysfunctional – such as the corporate/administration departments. Since the resources came from the donors through projects in an uncoordinated manner, the directors general and department heads felt obliged to report not only to the Ministry of Finance leadership but also donor project managers. The fragmentation of systems meant that processes and procedures were inefficient, cumbersome, duplicative, and prone to misuse and corruption. While every department had a "strategic vision" document, they were largely prepared by consultants with little input by the staff or clients and almost never reviewed or endorsed by the leadership. All this had rendered the Ministry of Finance into a collective of fiefdoms that operated semi-autonomously, rather than parts of a larger organization with a common direction and goal. As a result, Afghanistan's PFM systems were not able to ensure strategic allocation of resources and efficient service delivery to the public. Moreover, the problems this system of technical assistance was trying to address – poor budget execution, corruption, lack of transparency and accountability – ended up further exacerbating these issues.

With the National Unity Government assuming office in 2014, there was a greater focus on PFM reforms to increase the government's transparency and accountability. A fiduciary risk assessment[12] commissioned by the President in 2015 recommended, amongst other things, the introduction of a comprehensive government-owned and government-led Fiscal Performance Improvement Plan (FPIP) and utilization of team-based performance management at the Ministry of Finance and other key PFM institutions.

Since several projects providing support to the Ministry of Finance were coming to an end, laying out the government's plan for fiscal improvement at that time was important so that it could guide and be aligned with future donor support.

Donor Support to The Government's Plan

Once the government's PFM plan was ready, it was shared with donors to ensure alignment of any future support with the FPIP. This decision was initially resisted by many stakeholders, including the Ministry of Finance teams who relied heavily on the national and international project advisers to carry out their primary mandates and feared such disruptions would prevent set targets from being achieved. At the time, around 300 to 400 local advisers[13] were hired in the Ministry of Finance through these projects combined with a significant number of international advisers. The revenue directorate alone had 32 international advisers hired through such projects. Part of the resistance for this change was also because these projects provided support services to the directorates in the form of administrative support, vehicles, and even salary top-ups.

However, the government leadership decided to address the fragmentation issues and the donors welcomed and supported the idea. An explicit goal of the FPIP approach was to ensure alignment of donor activities under a single coherent PFM improvement plan. The World Bank and Afghanistan Reconstruction Trust Fund (ARTF) donors responded to the government's request by proposing a three-pronged approach consisting of an investment project (Fiscal Performance Improvement Support Project), a budget support program (the ARTF incentive program), and an advisory facility to support the FPIP.

2016 – 2018: Introduction of the Team-Based Performance Management

The FPIP was launched in 2016 to address the challenges raised in the fiduciary risk assessment. As of FY2019/20, the plans are in their fourth year. Two cycles of the performance management have been completed so far – in 2016 and 2018. The 2017 performance management cycle was not completed mainly due to inadequate available resources to conduct a validation and insufficient time to launch the

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10. *Public Expenditure and Financial Accountability (PEFA) is a methodology for assessing public financial management performance. It identifies 94 characteristics (dimensions) across 31 key components of public financial management (indicators) in 7 broad areas of activity (pillars).*
11. *Open Budget Index is an international comparative measure of central government budget transparency.*
12. *Afghanistan: A Preliminary Fiduciary and Development Risk and Cost-Effectiveness Assessment. https://effectivestates.org/afghanistan-preliminary-fiduciary-development-risk-cost-effectiveness-assessment/*
13. *The actual number of advisers is not known, as the HR department at the ministry did not keep an account of all the TA provided by projects that liaised directly with the departments, bypassing the ministry's leadership, finance, and administration teams.*
14. *FSP is a $100m investment project financed the ARTF and the World Bank to provide support to the Government's Fiscal Performance Improvement Plan (FPIP).*

donor support program for the plans, the Fiscal Performance Improvement Support Project (FSP),[14] and the Afghanistan Performance Management Information System (APMIS). Moreover, no timely arrangements were made to assemble the independent validation team to analyze the year's self-assessment.

Introducing the rolling plans in the Ministry of Finance was challenging. A PMT was established in the Macro-Fiscal Performance Directorate (MFPD) to facilitate the introduction of the rolling plans. While the reforms had high-level ownership and support by the president and the minister of finance, the fiduciary risk assessment was not broadly discussed at the Ministry of Finance's lower technical levels to form a consensus. This meant that the PMT had to reach out to teams through a time-consuming process of individual meetings to explain their findings, how the five-year rolling plans work, and facilitate the teams' efforts to develop their plans. The inaugural five-year rolling plans were a mixture of high-level reforms as well as routine activities, since there was a low level of understanding of the strategic direction and relevant international benchmarks to which to anchor the plans (such as the PEFA and OBI). However, given that this was a completely new system, the priority was to introduce the team-based performance management rather than focus on the quality of plans in the first year.[15] Once the team-based performance management became familiar within the ministry and a culture was established, the quality of the plans improved over time.

Although the 2018 planning cycle was initially delayed, donor project support was finally in place for the teams and the APMIS was ready to facilitate the performance management process. Given the plans were finalized with a delay, it was decided that a mid-year assessment could not be conducted, and 2018 plans were assessed only at the end of the year. In 2018, the team-based performance management was introduced in new government institutions: The Supreme Audit Office and the Asan Khidmat, - a "one stop shop" of public services administered by the Ministry of Communication and Information Technology.

Progress So Far

With the completion of the validation assessment of the 2018 plans in early 2019, three years of team-based performance management in the Ministry of Finance and other relevant institutions has been completed. While this is a significant achievement, the progress has not been without setbacks. The 2018 plans started with a delay, and the 2017 plans were not independently validated. Teams did not receive the full required support in order to fulfil the activities in their plans on time. The leadership meetings that provide inputs to the FPIP process and support implementation and resource allocation did not happen as planned, and the public rewards and recognition programs to acknowledge the best performing teams have not all yet happened.

While challenges remain, the results so far have been very positive. The framework has already introduced sound practices to the government, such as an improved culture of performance management, and increased ownership and engagement with a performance management culture is emerging. It also introduced tools for allocation of resources based on department plans, abolished fragmented Project Implementation Units in favor of a strengthened administration providing the teams with support services, and improved human resources, finance, and administrative services. There is increased ownership of plans by their teams, with more engagement in the planning process by the directors and directors generals (compared to some teams in 2016, where only a single person was assigned to draft the plan). Many managers now rely on the rolling plans as a management tool. The plans are used as a basis for allocation of resources, although the linkages between the plans and financial allocations needs further strengthening. While in 2016 the Ministry of Finance human resources department could not account for the exact number of advisers at its disposal, the full picture is now captured, and teams are required to justify their TA numbers based on their plans. Donor support that was provided in a fragmented and uncoordinated manner before 2016 is now all channeled through a single project that is coordinated increasingly with the plans. The Ministry of Finance is implementing

References:

15. *ISE, 2016, Ashcroft, Liang, Lockhart, "State Building in conflict affected and Fragile States A comparative study: Public Finance and National Accountability in Timor-Leste and Afghanistan" for more details*

significant budget reforms that have already resulted in an unprecedented budget execution rate, more steady revenue growth, and satisfactory performance against the benchmarks of an International Monetary Fund-supported macroeconomic reform program.

Donor support is now better coordinated and supports the FPIP. The ARTF and the World Bank-funded FSP provides the bulk of the support to teams. In addition, the budget support programs of ARTF incentive plus (IP+) and the EU's State and Resilience Building Contract (SRBC) provide discretionary financing against specific flagship reforms of the FPIP. This further reinforces good behavior and is establishing a culture of performance. Besides the financial support, the EU also provided support to field a mission of independent validators to assess the 2018 plans, and the World Bank's support, along with funding through the FSP and ARTF IP+, includes providing expert advisory support to teams during the planning process. While there is room for further improvement, these are commendable steps that have helped the government in its effort in implementing the new phase of PFM reforms.

LESSONS AND EXPERIENCE

A Proper Enabling Environment Conducive to Team-Based Performance Management is Critical for Implementation

Every performance system and approach, including team-based based performance management, requires prerequisites that provide an environment conducive for successful implementation. From experience implementing the system in Afghanistan, it was crucial these preconditions were present for the performance management system's success, especially for teams to truly benefit from the time and energy required for such organizational change. It is crucial for teams and leaders to understand these preconditions before beginning implementation.

1. **Team-based performance management requires a relatively stable organization with a relatively clear mandate to make an impact.** The system cannot be implemented in an environment where there are frequent changes and the mandate of the organization is unknown or vague. While setting their activities for the year, teams are required to set targets with which to align their plans. If there is ambiguity at the top, coherent bottom-up goal setting is almost impossible. Moreover, with frequent changes to the priorities at the top of the organization, adjusting and re-adjusting the plans would be inefficient and time consuming.

   As the Ministry of Finance in Afghanistan was already 15 years into its rehabilitation and had good institutional capacity (relative to other government institutions in Afghanistan), it was a prime candidate to utilize team-based performance management. After the first year of implementation in the Ministry of Finance, expansion of the team-based performance management system was considered for the Ministry of Mines and Petroleum (MoMP), given the importance of the mining sector for Afghanistan's long-term economic growth. However, after initial deliberations, it was concluded that because MoMP leadership was in a transition period with several key positions left vacant, and the legal framework and regulations of the MoMP were under revision, the environment in the Ministry was not the right fit to implement the team-based performance management system.

2. **Strong leadership support for the team-based performance management is crucial.** Team-based performance management requires significant change in the way an organization plans and assesses its performance, and rewards its best performers, making strong leadership to champion and lead the process a crucial element. This also includes a change in leadership behavior, due to the fundamentals of the system. For example, leadership is required to chair at least three meetings in a year to validate plans, review the mid-year performances; and endorse the final validation, all while avoiding the temptations of creating parallel planning, reporting, and recognition systems. The introduction of a team-based performance management system in Afghanistan was strongly backed by the president and the minister of finance. The president launched the program in 2016 at a public event in the presence of high-level officials from key ministries, parliamentarians, and donors, sending a clear and strong message of support. The president remained engaged with the system, requiring periodic

policy reporting on the progress of implementation of team-based performance management and other PFM reforms in the Ministry of Finance and other relevant government institutions. This strong signal of support from the President created the urgency and visibility needed to adopt the team-based performance approach across the Ministry of Finance and other government institutions, lending credibility to a new system that many civil servants may have otherwise aimed to avoid or ignore.

3. **Low staff turnover is important to enable team-based performance management culture to take root.** In an environment where there is high turnover of key staff, a team-based performance management culture is difficult to build. Reduced staff turnovers enable teams to develop shared values, which is crucial for the performance of the teams and their ability to decide upon their goals and change their work accordingly. High turnover rates within institutions also means that teams spend most of their time and energy in the "storming" stage – where there is a lack of mutual trust – and their performance is negatively impacted.[16]

4. **Abolishing duplicative planning and reporting mechanisms in favor of team-based performance management is essential.** For the teams to own and accept the team-based performance management system, it is essential that it is seen as the tool for planning, managing, and assessing performance. As mentioned above, this requires discipline and support from leadership to avoid the creation of parallel assessment and reporting systems that undermine the team-based performance approach. While there will always be ad-hoc reporting requests (such as from the parliament or other branches of government, the president's office, etc.), it is critical for institutional leadership to uphold a performance management system that is able to generate such reports without establishing parallel systems of assessment.

5. **Donors can play a crucial role in the performance management culture.** Donors not only bring financial resources to the table but are also substantively engaged in policy discussion in aid recipient countries. This gives donors the leverage to enforce discipline and support the efforts of reformers in creating and maintaining a performance culture. In the case of Afghanistan, the World Bank and ARTF donors pledged financing to support the government's fiscal plan through an investment project (FSP), as well as conditioned additional funding on benchmarks from the government's own plan. The EU conditioned disbursement of its €100m budget support on the completion of the assessment of the 2018 planning process. Moreover, to ensure the expansion of the 5-year rolling plans, there is an explicit indicator in the mutual accountability framework between Afghanistan and its international partners to expand the rolling plans into an additional three government ministries. These examples of conditional support are aimed at directly improving the capacity of the government to deliver its core services and decrease its reliance on aid, which ultimately is the primary purpose of development partnerships.

6. **Establish a performance management team (PMT) that reports directly to the minister or agency leader.** A small team should be established to facilitate the introduction and institutionalization of a performance culture. This performance management team should ideally be reporting directly to the head of the institution/minister, as it gives credibility to the teams' work and directions. The direct relationship between the PMT and the ministry leadership is also a key tool to engrain the team-based performance management system within the institution, signaling that the approach necessitates a dedicated team that is accountable to top officials. A PMT in Afghanistan was established in the Macro-Fiscal Performance Directorate General that reported directly to the

References:

16. *The forming–storming–norming–performing model of group development was first proposed by Bruce Tuckman in 1965, who posited these phases are all necessary and inevitable in order for a team to grow, face up to challenges, tackle problems, find solutions, plan work, and deliver results. Storming is the second stage of team development, where the group starts to sort itself out and gain each other's trust. For more on Tuckman's group development stages see: https://web.archive.org/web/20151129012409/http://openvce.net/sites/default/files/Tuckman1965DevelopmentalSequence.pdf*

minister of Finance. This encouraged and enabled the ministry teams to pay attention to the communications coming from the PMT, as they were operating on behalf of the minister. Direct reporting also allowed the PMT to inform and advise the minister in an efficient manner on the progress.

7. At the start, the process is more important than the outcomes. Changing organizational culture is difficult and requires time and patience. For the teams to own the performance management culture, the quality of the plans should be secondary to the process itself. Actions such as the leadership reviewing and endorsing the teams' plans, carrying out self-assessments to judge teams' performances before independent validation, and linking the reward and recognition of teams to their performance help engrains this process. In Afghanistan, a review of the 2016 inaugural plans found that teams identified a mixture of high-level strategic activities coupled with mundane, routine tasks. Interventions to fix the plans were kept low, as this would have been not only time consuming, but more importantly would have reduced the level of team ownership. It is expected the quality of plans will improve overtime with more team engagement, provision of assistance during the planning process, and more closely linking the plans to a long-term vision and international performance comparators.

8. Recognition and feedback of performance should not be an afterthought. Recognizing performance is a critical step in any performance management system. It reinforces the culture and ensures that interest is maintained in the system. While in the public sector, monetary rewards are limited by the non-profit nature of the institutions and civil service regulatory limitations, non-monetary rewards can be as effective (and in some cases more effective) in motivating teams for better performance. In the case of Afghanistan, despite two completed cycles of performance management in the last three years, leadership has not publicly rewarded teams, causing resentment and demotivation in the best performing teams. For the rewards and recognition to be effective, it is important for the assessment on which the best performing teams are identified to be perceived and accepted as a fair. This requires deliberations between the validators and the teams on the scores of the assessments, and a honest discussion among leadership of achievements and areas that require improvement.

Recommendations for Expansion and Application of Team-Based Performance Management in Other Country Contexts

An assessment of the three-year experience of introducing team-based performance management in Afghanistan provides insights and lessons on how the approach should be modified for future expansion, sustainability, and adoption in other country contexts.

1. **The 5-year plans should be guided by an organizational strategy or roadmap.** While linking plans to international performance comparators (such as OBI, TADAT, INTOSAI etc.) is important and should be further strengthened to inform the planning process and guide the quality of the plans, there is a need for an overall strategy. The major risk of team-based plans is that they are designed from the bottom-up with little top-down guidance, and may not necessarily contribute to the shared, high-level goals of the organization as a whole or directly contribute to its agenda. For instance, the Public Expenditure and Financial Accountability (PEFA) assessment completed in 2018 in Afghanistan gives a picture of where the country's public financial management systems stand and what further improvements are needed. However, there are no PEFA indicators that assess the quality of the corporate backbone and institutional capacity of the Ministry of Finance or the Office of the Minister, both of which play crucial roles in determining the performance of the line departments and enabling their coordination. Moreover, in absence of a long-term vision for the whole organization, the continuity of the team plans cannot be ensured beyond the current year. While it is an important aspect of the 5-year rolling plans to allow teams to adjust plans for the outer years based on the performance at the end of the year, if a long-term plan is absent, the annual planning process becomes arbitrary, with little continuity and linkage to goals.

2. **Integrate feedback from beneficiaries.** The current performance management validation process in Afghanistan only takes into account the discussions and evidence provided by the teams, making assessment by validators on the true quality of the performance very difficult. Moreover, the validation does not extend to receiving feedback from the relevant stakeholders and potential beneficiaries of the reforms. While requiring feedback from these groups in the performance cycle will likely further complicate the process, it is possible to validate the outcomes via surveys and analyses. For example, a revenue department that claims they achieved their goal of implementing a more simplified tax process should be echoed by a reduced number of taxpayer complaints.

3. **Strengthen the quantitative assessments of activities.** Team-based performance management uses a subjective scoring system (A, B, C, and D) for high, substantial, moderate, and low performance and assigns numerical equivalents for consolidating performance scores. This is important, as the teams "tell the story" of how they performed, what challenges they faced, and how they did or did not resolve them. However, this subjective system has the potential for irregularities in fairness and does not always present a complete picture of a team's progress. Strengthening the quantitative assessment of actives will not only help teams better judge their own performance, but also give validators a clearer picture of the implementation of the performance management system.

4. **Focus on simplification for long-term sustainability and expansion.** Perhaps the most important aspect of any positive change in an organization's culture is whether it remains sustainable after the initial hype and enthusiasm of the system's introduction. The 2018 validation assessment the of Ministry of Finance, Supreme Audit Office, and National Procurement Authority contained around 2,040 KPIs and activities across 138 teams. This took an eight-person independent validation team five intensive weeks of work, to conduct interviews with all the teams and prepare the annual report. Expanding rolling plans to more government agencies requires not only a larger PMT (or multiple PMTs) to facilitate discussions, but also significant inputs into the quality assurance plans. Similarly, a full-scale mid-year and annual external assessment requires a monumental effort from a large number of external validators who are subject matter experts and/or have a strong understanding of ministry's institutional history. Expanding team-based performance management systems without modifications to make the process simpler and cost-effective would be technically and feasibly impossible. Some suggestions to make team-based performance more accessible and sustainable for expansion are:

   a. Limit the number of activities per team (detailed below);

   b. Replace a thorough mid-year assessment with a "light-touch" validation assessment that may provide a quick overview of where teams stand, with discussions occurring at lower levels of leadership (such as deputy minister)

   c. Develop core PFM competencies within the PMT to better facilitate discussions, shepherd the process, and reduce the reliance on preliminary outside technical assistance;

   d. Redefine the unit of measure of a team to one hierarchal level higher – such as from a directorate to a directorate general. While it could be argued that in some cases this may go beyond the traditional notion and size of a "team," it constitutes a trade-off for the sake of sustainability. For instance, redefining teams at the directorate general level in Afghanistan's Ministry of Finance would reduce the number of teams from 96 to around 16, likely increasing efficiency of the performance management system.

5. **Strategic versus routine activities: decide on the level and number of activities in the annual plans.** In the introductory phase, the primary focus of team-based performance management should be on instilling the culture of team-based performance management rather than the quality and number of

plans. However, as the plans move into their second and third years, a decision should be made to use the rolling plans to capture either only strategic reforms (the preferred option) or the routine, core activities of the teams. Keeping a mixture of both routine business and strategic activities within the plans becomes problematic, as the ranking of the teams and the subsequent reward and recognition is based on how well teams have completed standards tasks, despite validators' efforts to adjust scores based on impact and difficulty. In other words, a team settling for achieving easy, routine activities on its annual plan and delivering on them may be scored more favorably than a team that chose ambitious and meaningful reforms and failed to deliver, potentially due to factors outside their control. Similarly, keeping the consistency and fairness of scoring when the number of activities varies widely across teams is difficult. Hence, in an environment where the aim is to bring reforms, the teams' plans should capture only 3-5 strategically important activities. In the case the teams wish to identify and record routine activities as well (potentially for their internal use), the performance management system should be flexible enough to provide that option, given that it can distinguish between the day-to-day tasks and strategic reforms.

6. **Team-based performance management systems should be integrated into the overall appraisal system of the government.** Typically, civil service regulations on promotions and salary increases are rigid, one-size-fits-all rules that are applied to the whole of government and are mostly issued as individual rewards based on time-served rather than performance. While there may be fiscal and socio-political reasons for this uniform treatment, such systems are poor at differentiating between good and bad performance. Additionally, as they are designed with the individual employee as the unit of measurement, they are not adequate to reward teams. The introduction of team-based performance management in such an environment risks not only disconnect between performance and rewards but also creates a parallel process of individual performance appraisal alongside the team-based performance assessment. A government-wide change in how performance is assessed to accommodate team-based performance management in a few pilot ministries or institutions may not be feasible. However, accommodating team-based rewards and recognition for the institutions participating in team-based performance management is important. At the least, to reduce duplication of processes the traditional individual appraisal should be informed by the results of validations from the annual team-based performance management system until the necessary regulatory changes enable rewards and recognition across a government at the team-level.

CONCLUSION

Afghanistan instituted team-based performance management to support the implementation of its fiscal performance improvement plan and address institutional weaknesses and fragmentation that impacted service delivery to citizens. While challenges remain, team-based performance management has already shown significant results in the first three years of its implementation and important lessons-learned from implementation can be applied for introducing and expanding the process in different country contexts.

For successful implementation of team-based performance management a conducive environment is essential, including a relatively stable institution with low senior staff turnover, strong leadership support, the buy-in of development partners, and the willingness to recognize and reward good performance. Expansion and implementation of team-based performance management in other contexts would benefit from strengthening the quantitative assessments of activities and plans; process simplification to improve sustainability; a focus on achieving strategic reforms, not routine activities; and integrating the system into the government's overall appraisal and promotion system.