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# THE QUEST FOR MORE EFFECTIVE GOVERNMENT

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# **RECENT ADMINISTRATIVE REFORMS AND THE CHANGING ROLE OF PROGRAMME EVALUATION IN CANADA**

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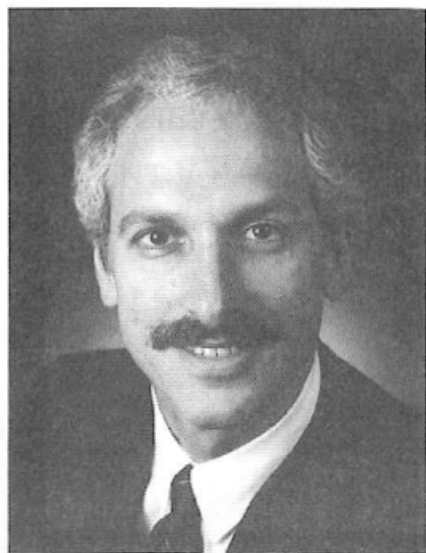
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## INTRODUCTION

We are going to consider the changes taking place in public administration in Canada and how evaluation has been undertaken to assist those changes. I leave you to draw the parallels and identify possible applications in your situation and environment.

Let me start off by saying that evaluation and control are not ends in themselves. They have as their purpose to improve the delivery of services or to assist with difficult decisions about cost reduction. That is the goal, not control in and of itself. I shall talk about how control and evaluation are changing and how the role is shifting to balance pure control and accountability with a more strategic use of evaluation.

In the first part of my discussion I will consider this change from a pure accountability role to a mixture of accountability and strategic use to assist with change management. Then, in the second part, I will discuss some of the specific administrative reforms we are undertaking within Canada to adapt to the reality of the nineties.

## RENEWAL AND REFORM OF ADMINISTRATIVE POLICIES

In Canada we are being driven to make our government run better and cost less. We are learning to do our work differently including changing our administrative policies. We have called the programme for change "Public Service 2000". Through it, we are trying to renew our organization and our administrative rules so that we will be a very modern and competitive Public Service, assisting our economy to be competitive for the year 2000.

The changes we are carrying out are designed to achieve savings and cost reductions and/or to improve services being delivered. There are basically three reasons for embarking on these reforms and why these changes are essential.

- **To achieve savings**

The first reason is that there is simply a lack of money in our system to continue doing things the way we did them in the past. The cost of unnecessary control must be removed from our expenditures and public administration in Canada.

- **To improve service**

The second reason is the degree to which competition has become global. No country, or even a part of an economy, can be sheltered from the forces of international competition. A good public sector, with an administration that makes sense and that uses available resources to provide the best possible service, is an essential component of an economy that will thrive in the competitive environment of the nineties and beyond.

- **To adapt to the pace of change**

The third reason behind our need to change these controls—and it is related to international competitiveness—is that the speed of change is much greater in the recent past; therefore, faster decision making and quicker adjustments are vital. We believe that the pace of change will accelerate even further with developments in communication and information technology, driving us to be able to adapt very quickly to changes as they occur.

The old ways of regulating or of providing service in Canada are no longer acceptable either to Canadian business or to the Canadian public. We are looking for ways to meet those three challenges.

Yesterday, Don Brereton was talking about the public sector administrative “system” and its rules. What we see in Canada are good people working in the Public Service, but trapped in bad systems. What we are trying to do is liberate the energy, the initiative, the thoughtfulness of these people, allowing them to apply judgement over those areas where they can assist us to meet those challenges. We must hold people accountable for the way they have used their programme resources.

The pace of change requires good feedback, good monitoring and good information. I will describe how we are responding.

## **EVALUATION — A TOOL FOR CHANGE MANAGEMENT**

Before I discuss evaluation in detail, let me say that in addition to the accountability and control aspects of evaluation, my colleague J.P. Boisclair explained that undertaking evaluation is a strategic tool for managers when they are managing change. I agree.

### **Communications**

Undertaking evaluations and using rigorous evaluative techniques can assist simply in getting good communications throughout an organization. It is a way of communicating an idea, communicating a direction for change, getting people to listen and give feedback in a systematic way.

### **Consensus building**

If communication about the evaluation is carried out in a participatory manner, the people who are affected by a programme, a regulation or a policy have an opportunity to build consensus around solutions.

The purpose of conducting evaluations is not strictly control, but bringing about improvement. To the extent that you can find a way of building consensus around an idea through such an exercise, this is of enormous value in making a change.

## Problem identification

One of the roles of evaluation has been simply to identify problems that require solutions; this is a more traditional role for reviews with which you are familiar.

## Best practices

The concept of using best practices is an old idea, but it is rather new when applied in a review function. For decades, the audit and evaluation culture has been based on conducting studies with the sole purpose of identifying problems and difficulties.

I'm sure that in Spain's national and regional audit offices, just as in Canada and throughout the world where reviews take place, there is a tendency to focus on problems. When I joined the Treasury Board, our Auditor General had just completed an audit of government contracting practices. It was an excellent study using the traditional audit technique. He took a random sample of 2000 contracts, made a list of those that were over budget or late, ended up with a couple of hundred of the worst ones, interviewed those responsible for the fifty absolute worst, and wrote his report. He found that in those bad contracts, people didn't check the references of the contractor, didn't specify their objectives well, didn't require milestone reports. And he made recommendations to correct that.

After he finished his report, I said to him, "Well, what if you had taken the fifty best? If you had examined the contracts that were done on time and under budget, you would have found that those responsible had checked references, identified objectives and taken mid-term reports and milestones." And he said, "Probably that's right." And he would have ended up with the same recommendations. But he would also have ended up with a group of people ready to come and talk to the contracting community to explain why these are such good practices.

So that is what I mean by a focus on the positive—it's a mirror image of what occurs in traditional audit or evaluation. The advantage of a best practices approach, in which you identify the best, and write your report and recommendations based on the best, is that it costs far less to undertake the study compared with the cost of a traditional audit. While every evaluation, including this type, must be done with rigour, you don't need the same level of proof when you are telling someone they are the best contractor in the Government of Canada. When you tell them that they are the worst, you have to spend a lot of time proving it, and your desks groan under the weight of all the working papers. In addition, there aren't many objections to your findings when you are dealing with best practices.

Also, when you run your workshop to improve contracting practices, and you attempt to have the five worst contractors at a table, explaining their bad practice, they all have reasons to explain their actions; it focuses on doing things wrong rather than doing things right; it is very difficult to get them to come to a workshop or seminar, whereas it's easy to get the best to a table.

If the purpose is just control, then the traditional way works. If the purpose is to *improve* the system, then a focus on best practices is seen to have a much higher payback, so I will talk to you about that as a new approach to evaluation.

For some people it may seem bizarre when an auditor comes in and says how *good* the contracting is. People wonder what is wrong with this auditor— isn't he supposed to be looking for problems? So, it is a new mind-set.

## THE CHANGING ROLE OF EVALUATION

I would like to talk now about what I mean by evaluation. In essence, I'm going to talk about evaluation being a rigorous, disciplined process for generating information about a programme or policy. And I'll go into some detail about what I mean by effectiveness, what I mean by information, and then what I mean by the process that would be followed.

### EFFECTIVENESS

My discussion of effectiveness issues builds on the questions introduced yesterday by Mr. Boisclair.

#### Intended and unintended impacts and effects

Effectiveness, when used in this context, is a discussion of the extent to which a programme meets its objectives. It is impossible simply to give a "yes/no" answer about whether a programme meets its objectives. Every programme does *something*. If people have any kind of objectives, something is going to occur, especially if you have intelligent people—which you do—working towards an objective. So the question is *how much* does it meet its objective. This approach also looks at the intended and unintended impacts and effects of the activity. So the questions become "What did you *think* was going to occur?" and "What's occurring that you hadn't thought about, both positive and negative?"

#### Design and implementation

Are the design of your programme and its implementation logical and cost-effective? These are the points that J.P. Boisclair discusses in his paper, showing the kinds of questions you can consider when you are discussing the effectiveness of a programme.

### INFORMATION

#### Data are organized and analysed

What do I mean by "information"? In the world today there is no shortage of data about programmes. What happens in an evaluation is that data are organized and analysed in order to facilitate a decision, or bring about a management or programme improvement.

## **For decision making**

I'm going to talk about how evaluation can be used to assist with immediate decision making. If it is not tied to some immediate decision or clear follow-up action, its value will be reduced. There are other types of evaluation. Sometimes evaluations can be undertaken simply to contribute to a body of knowledge about an issue and eventually lead to a decision. That is of value, but not of as high value as when it is tied into an immediate decision. And then there are evaluations that simply contribute to general knowledge; those are of some value too. But for highest value in public administration, I'm talking about evaluations that contribute to making an immediate decision or plan.

## **Information is an investment**

The next point I'd like to make about evaluations is that there is always a cost attached to them. They are an investment. There is no such thing as free information. When you undertake such a study, when you attempt to gather or analyse data, you are spending money, so you want a timely payback for your investment. And if you can find ways to apply what I'm talking about, this will help to maximize the return on that investment.

## **Information is never complete**

The information gained in an evaluation study will never be complete. It will always be partial information. Nobody could afford to get full, complete information to assist the decision making about any complex public policy issue. So choices must be made throughout the study in terms of what you are going to look at, what questions you are going to ask, to whom you will speak, and how you will analyse the information.

## **Limited by methodology**

The accuracy of information collected will be limited by social science methodology. There is always a problem with the data collected from people. They don't always tell the truth. Or they sometimes put forward one point of view, rather than another, because it is in their interest. Or sometimes people forget, or files aren't kept. The limits of social science methodology in turn limit what can be done in an evaluation study (no matter how rigorous).

## **Threats to validity**

In addition, there are threats to the validity of any inference from any set of data collected. By a threat to the validity, I mean that there may be another way of explaining what was measured.

Perhaps you have noticed people taking steps to reduce the gasoline consumption of their automobiles. Maybe they are driving slower or driving less, and maybe you have a programme to reduce the use of cars in Barcelona. You can measure this and find that there is reduced consumption, but it might simply be due to the fact that gasoline prices

have gone up, or that people are out of work. So there is another way of explaining the results you have found, other than or in addition to the success of your programme to reduce car use. This is an example of a threat to validity.

### **Cost**

As I said at the beginning, cost is always a factor. Cost involves resources and time—the amount of time available before a decision. If you are tying the evaluation exercise to a decision, it makes no sense not to have it ready in time for the decision and relevant to the decision process.

### **Evaluation valuable but not perfect**

I make these points because they relate to the Canadian Comprehensive Auditing Foundation presentation yesterday. You heard that they expect *managers* to know about the effectiveness of their programmes and to make statements about their effectiveness. They are asking the audit world to assess the basis on which those management representations have been made. And I say that if this is put in place, and if as auditors you're called upon to look at the representations being made by management, you can always find something negative to say if you so desire.

So you must understand the context within which evaluation of effectiveness is going to occur. It's not perfect—no matter how well it is done, there is always some imperfection resulting from these factors. But the existence of imperfections does not mean that an evaluation may not have enormous value for improving management. And that is what I want to focus on. Let me talk for a minute about the process.

## **THE EVALUATION PROCESS**

As I said, evaluation is a rigorous process for collecting information and analysing it, and the process is often as important as what gets done, in terms of producing information and analysis that is of value for decision making.

### **A phased approach**

In Canada, we have divided the evaluation study into phases. Dividing the study into phases and having contact with the client during each phase of the study reduces the perceived independence of the evaluator, but it increases the probability that the evaluation will provide information that will be of value for improving management—this is a trade-off.

The most elementary division of a study would be into two phases: the first being the planning phase and the second being the in-depth study and data collection and reporting.

In the first phase you would undertake an assessment to produce a plan, as opposed to producing a complete analysis of a situation. This involves getting to understand what



you are looking at, understanding the pressures from the environment, looking at all the different players involved in the programme, identifying potential questions of importance, and figuring out the best way to answer those questions.

Although J.P. Boisclair mentioned twelve questions that you could ask, at any one point in time, there may be only one or two that are of great interest for the decisions that must be taken. And the challenge to the evaluator is to identify those questions of highest value about which he or she can produce useful information and analysis.

### **Choices must be made**

You can't study everything. Many things occur within and as a result of a government programme. Some are bureaucratic and some are political. Some *can* be measured, and some are going to be impossible to measure. There is no such thing as a complete analysis that looks at every single thing—measurable and unmeasurable, bureaucratic and political—to do with a programme. Choice is required.

There may be a *variety of clients* for the programme, with different objectives and different interests, and your study has to be sensitive to this. A programme, such as road improvement in a specific area, for example, may have an impact on shopkeepers, people who get moved (if it's construction of a new road, for example), business, people who own land in one area, people who have a shopping centre somewhere else who are going to see their customers moving to a different area. There may be a lot of clients, and what is good for one group may not be good for the other. A useful task in some evaluations is simply to identify how different stakeholders would be affected, in order to assist decision making.

### **Key concepts**

The four concepts that can be measured in an evaluation study were mentioned yesterday by all the speakers. It gets harder as you go down the list to do work that would actually prove something about one of these issues.

- **Efficiency**

This is the easiest to deal with, in terms of measuring and providing relevant information, because it looks at the cost per unit of output. What quantity of resources is required to achieve a given result? This is the type of measurement that is done so often in public administration. So you know how much it costs, for example, for every thousand litres of clean water to come out of the Barcelona Water Treatment Plant, or the cost per hour of instruction in the school system—that's efficiency.

- **Effectiveness**

Much work gets done to improve efficiency. But that's not looking at results. Effectiveness is looking at results: the extent to which the intended objectives are

being met. For example, how well do the students in the school system learn to read and write?

- **Incrementality**

Incrementality is an important concept if you are trying to reduce costs or understand where to make your next investment, because it looks at the expected impact of the last unit of resources that you add. For example, consider evaluating the effectiveness of the police force. A common reaction to such a study would be for the police representative to say: "Why are you evaluating the police force? Of course we're having a police force. We have 10,000 policemen and here's what they are doing." And it transpires that there are so many prosecutions and so many traffic fines, and you can line up all their outputs and what they are doing. But that's not an important, decision-oriented question. No one is going to abolish the police force.

The question is: do you need 10,000 policemen, or would 9,500 be enough? Or what would we get from 10,500? So we are looking at the last 500, which is our budget decision. That is incrementality—trying to identify the impact of the last unit. Some writers use the term "differential impact" when addressing this concept.

- **Attribution**

This is the most difficult measurement concept, but often very valuable to decision makers. It is attributing to the programme the result that you have measured, and it requires a very skilled evaluation team to measure with credibility. It involves using social science methods which are subject to enormous threats to validity. Generally, you would set up a control group and a group that is subjected to the programme and attempt to measure differences in the results achieved by the people in each of the two groups. That's an attempt to measure what can be attributed to the programme.

## **EVALUATION AS A STRATEGIC MANAGEMENT TOOL**

Before I talk to you about how we are organized in Canada to do evaluation, let me just summarize by saying that evaluation is used for *accountability*, to hold people accountable for the way they have used resources, but also has value as a *strategic management tool*.

If you consider your objective to be improving services and making the Public Service as supportive an element as possible to a competitive economy, you are looking to improvement, not pretty reports about what is going wrong. If evaluation is seen as a strategic management tool, it would be correct for an evaluator or an auditor to provide value that does not appear in the report. The purpose of the review team is *not* just to write the report. The traditional audit approach is that you put your ideas in the report and present it—that's your product. I am arguing that the product should be much more than that.



If you have ideas about improvements as a result of an audit or an evaluation, it is fine to talk to the managers or to write them a letter that never becomes part of your report, in order to get the improvements. Because it is the *improvements* that count and that provide value, even though the traditional role—control and accountability—is still important. Your job is to provide value, so if you have a good idea, whether you can prove it (according to audit standards) or not, you can still give it to the manager in this framework.

### Potential questions

We have grouped the key evaluation questions into four categories:

- **Continued rationale.** Does it still make sense to do things the way they have been done? And in Canada, because of the pace of change, the new developments that are occurring, international competitiveness, and the free trade arrangements which are a factor everywhere, that's a question that is asked all the time.
- **Achievement of objectives.** This is the traditional question in order to measure performance.
- **Alternatives.** What other ways are there of doing things? We should try to identify ways that cost less.
- **Impacts and effects.** What are they?

## EVALUATION IN CANADA

I would now like to explain how we are set up to carry out the evaluation function in Canada.

### AT THE FEDERAL LEVEL

Let us consider first how evaluation is set up at the federal level. Evaluation is set up differently in Canadian provinces or in other organizations.

- **Evaluation units in each department**

At the federal level, evaluation units exist in each department. In 1977, the Treasury Board—the management group for the government—issued a policy requiring, within each department, an evaluation unit that reports to the deputy minister (similar to a permanent secretary, the top civil servant within an organization).

In the early 1970's, we had a unit similar to the one that Mr. Brereton spoke about yesterday—an efficiency unit located in the Treasury Board. This group was doing something similar to the efficiency scrutinies he described, to try to make departments run better. I'm sure the conditions are different now, and I know that the efficiency scrutinies are producing enormous value in Great Britain, but in Canada it didn't work.

The early 1970's was a period of growth and there was money available to do more programming in the federal government. We didn't have a big deficit; we could still borrow money on the international market without getting into trouble. In a period of growth, however, this talk about efficiency and effectiveness and putting pressure on departments from Treasury Board didn't work. Departments would come in with submissions for additional money, and they didn't look hard at the budget for the expenditures already in place (to see whether funds could be reallocated within the department to meet the new requirement), and Treasury Board would likely approve giving them the additional money. Of course, this changed in the eighties, and today it's very rare. Now, every six months in fact, we have been taking money *back out* of the budget.

Evaluation is now carried out by units in departments. Deputy Ministers are quite happy to have units reporting to them that can provide alternative information and advice about where economies can be achieved or service improved. The departments are responsible for making economies themselves. Having units within each department is an alternative approach to having a central unit that undertakes scrutinies.

We also get more of these studies done, about different issues. And the key issues now are: Can you reduce costs? Can you improve service with current resources? Do you need the programme at all? Do the services being delivered provide the proper results compared with the programme objectives? These are the questions being addressed by these units.

- **Comptroller General function**

As part of the Treasury Board we have a Comptroller General function. This is an internal auditor who audits the books from an internal perspective. He is also responsible for monitoring the work of the evaluation groups to ensure it is of high quality. Sometimes Treasury Board does undertake specific studies, but it would be quite unusual for us to go in and undertake a detailed study of a departmental programme.

There are cases where we might study programmes that involve several departments, because they won't be looked at in a system in which units in each department are studying their own programmes.

- **Auditor General of Canada**

The Auditor General of Canada is completely independent from the administration system, reports to Parliament about how well programmes are running, and is an

essential part of our accountability system. But even the Auditor General, in addition to control and reporting to Parliament, is concerned with helping departments to meet the challenge of the nineties.

- **Special studies, commissions and task forces**

In addition to these permanent operations, which are the ongoing, regular part of our management control framework, there are always special studies, commissions and task forces which are undertaking evaluation studies of different issues. These studies can be very short, such as a study to review a piece of legislation, or they may be longer.

For example, we have just finished a review of the impact of our National Transportation Act which regulates all types of transportation in Canada, and that took several months. We are in the middle of a three-year study of the Indian programme aimed at helping the Aboriginal peoples of Canada achieve some of their objectives which aren't being met under the existing legislative and administrative set-up. A commission, headed by people from the private sector, is going across the country to all the settlements and talking with Aboriginal people and others about the issues, to get their perspective and their ideas for solutions.

- **Policy and planning groups**

These exist in departments and do similar types of work, from a policy perspective. All kinds of studies are happening under these auspices. Evaluation units are different in that they are usually in a separate unit of a department, not attached to any particular programme and are therefore an independent source of advice for that deputy minister. By contrast, the policy and planning groups are often part of the delivery of a programme and would not normally step back from their day-to-day problems in the same way that an evaluation unit would.

### **Policy, processes and standards**

At the federal level, the Treasury Board has issued policies related to what *should* occur in an evaluation and outlining the points that I raised earlier about what would occur in a normal evaluation study.

We recommend a *phased approach* to the study, which means to do a plan, discuss it with the deputy minister and, as you do the data collection, there is continuous reporting throughout the study.

This is a deviation from the standard audit culture, in which you do a scan and decide what you are going to do, but you don't interact as much with the client. If you are using evaluation as a strategic management tool, the more interaction you have—the more phased reporting—then the greater the likelihood that the information will be used and **valuable** for decision making.

This is not giving up independence. Evaluators are still providing their independent view. They just have more contact with the client and more reporting.

Because of the speed of change, people are just not willing to wait for a report. In fact some studies occur with no formal report being written—it is seen as a low-value activity. A set of overhead slides and an oral presentation are often enough to facilitate the decision. We are trying to produce *value*, not pretty reports.

### How results are used

How, then, are the results used? It depends on the type of evaluation study. J.P. Boisclair gave twelve attributes of effectiveness, some looking forward for help in planning, some looking backward to see what worked and what didn't work. Someone else has listed at least thirty-four different kinds of evaluation study; the number seems to be unlimited, depending on which of the four or the twelve attributes you look at, depending on whether you look forward or look backward, and depending on whether you involve people in undertaking the study and helping formulate the recommendations (a type of consensus-building exercise).

Evaluation can also play many roles. There is the traditional role, and that has a very high value in many instances, but evaluation can also act as a consultative tool. It is a wonderful way for a special group within a department—a neutral group not involved with the programme—to gather information in a non-threatening manner.

If you are running a programme of a police-type nature—for example, an inspection programme—you can't send out people from the inspectorate, to ask, say, shop-keepers whether they like how the inspections are being run. Such interviewers are too tied to the programme—people would be afraid to talk them. But the evaluation unit *is* separate, just like the auditor or the Auditor General, and people will say different things to a group that is positioned differently. This represents an additional way that a manager may have to undertake a consultation.

To build consensus, you can form different committees during the study. Deciding what kind of committee would be set up and who would be on it is a strategic decision. You remove some of the independence from the evaluation group if, for example, you set up a steering committee made up of the key stake-holders to participate in decisions about the scope of the evaluation study and what would get done. But you are using it to build consensus without taking time and energy away from the programme group. You are also producing a report that they can then receive and deal with since the content makes sense to them.

It follows from what I am saying that it's very hard in any country, any large organization, to convey a message about a government programme. There is enormous clutter and limited attention from all the different publics that should know about an initiative being undertaken.

For example, if in year two of a new initiative you undertake a study and send out people to survey it, you are at the same time communicating that there has been a change, a new initiative, in this programme. People say, "Oh, I didn't know that such and such had occurred." So evaluation is a way of communicating, in addition to the traditional accountability role.

Finally, evaluation can act as a corporate filter. This is a very important use of evaluation that is not usually thought of. Some managers don't think of evaluation as being a way of applying a filter to what is going on in a programme. J.P. Boisclair mentioned a study that we did about Indian housing when I was in charge of the Evaluation Unit at Indian and Northern Affairs.

I should explain first that the Indian people in Canada would like to have much more autonomy and self-government, something I am sure many readers can relate to, and the Government has responded by attempting to shift our programmes which are designed for Indian people to allow them much more say in what gets done.

Now, treaties have been signed whereby the Government has a commitment to provide housing, good adequate housing on Indian reserves for Canada's Indian people. Some \$300 million is spent every year building houses on these Indian reserves. We evaluated this programme.

But, in using evaluation as a corporate filter, we didn't just look at whether the objectives were being met, because houses *were* being built (which was the objective). The evaluation could have just measured the extent to which Indian people had houses to live in, or how many were built. But we didn't just do that. We were using evaluation as a corporate filter, and the filter was: Is the way that we are delivering our housing programme, the way that we spend that \$300 million, advancing Indian self-government? And when will they be able to take over this programme so that they can design and build the houses themselves? Of course, the people who were delivering the programmes said, "This is a new way to judge the programme. When the procedures were put in place years ago, no one told us that one day you would assess the degree of decision-making authority Indian people would have to decide what the design of the houses would look like."

When the report came out, we had all kinds of recommendations saying that, yes, the objectives were being met, but you could do the following things and it would improve preparations for Indian self-government. We were taking the existing programme delivery system and pushing it through the filter that was a government priority. The people running the government programme may not have been thinking about this as a top priority as they carried out programme operations. That's what I mean by using evaluation as a corporate filter in terms of strategic change management.

## **PROVINCIAL LEVEL AND NON-PROFIT ORGANIZATIONS**

Evaluation has uses outside the federal government, especially in our provinces which are very autonomous in a number of areas, especially health care and education. It is also useful for not-for-profit organizations, like the Red Cross, for example, who are providing assistance and funding to groups within Canada, who would like to see what results are being obtained from the resource they are providing.

In the provinces, evaluation has been used extensively in the education area and in the health care area, especially because of financial constraints and the need to ensure that every dollar being spent on these services is producing the maximum possible value.



## THE CANADIAN EVALUATION SOCIETY

I was invited to give this presentation as President of the Canadian Evaluation Society, so I would like to explain to you what the CES is.

It is a not-for-profit organization that exists to help people in the evaluation profession to have the tools they need to do their work. It is funded by members who pay dues to the Society. There is a representative from each province and region of Canada on a national council. There are a number of local units across the country.

There are 1300 people who pay membership dues to belong to the Canadian Evaluation Society. Twenty-five per cent of our members come from the federal and the provincial governments, 25 per cent are private sector consultants who get invited to bid and to undertake various evaluation studies on contract. The university community participates very actively, and about 25 per cent of our members are professors in Canadian universities from a wide range of disciplines, from business, economics, the health care professions, the education professions. Finally, about 25 per cent come from non-profit organizations.

The Canadian Evaluation Society assists evaluation professionals to undertake this work by providing courses and promoting better knowledge and practices. When something works, we encourage people to meet and talk about what works best. We publish a journal and a newsletter, for which I understand there are some subscriptions from Spain, and we run annual conferences. We also assist our members to publish books that they have written and we offer workshops, seminars and courses across Canada.

There are committees of our society that are developing standards for evaluation, because as evaluation becomes relied upon, especially for funding decisions, it's essential that minimum working standards be applied in terms of how data are collected and analysed. In addition, the basis on which a recommendation is made must follow certain principles, in the same way that generally accepted auditing standards exist in the audit field. This allows people buying evaluation services and who may not understand 100 per cent of what they are buying (for example, Indian bands wanting a study of their child service agency) to know that whatever a consultant is offering meets the minimum standard.

We are also certifying courses and designing a minimum set of courses that someone must take, at different Canadian universities and colleges, in order to be considered qualified to undertake evaluations. In addition, we have established a foundation to provide scholarships for students who are studying evaluation techniques and courses in Canadian universities.

In 1995, with the American Society, we are organizing an International Conference, to be held in Vancouver, from October 31st to November 5th; so if you happen to be on our side of the ocean in November 1995 and you want to see a very beautiful Canadian city, please come and join us in Vancouver.

## RENEWAL THEMES

In the last part of this discussion I would like to consider how the Government of Canada is renewing itself and changing administrative practices to free our good people from these bad systems.

### RE-ENGINEERING, STREAMLINING, DELAYERING

We talk about something called re-engineering, streamlining and delayering. What it means is that we are looking at our existing structures and practices and are ready to consider any other way of doing it that gets the job done and that is feasible from a common-sense perspective. So if there is a rule that is causing trouble, slowing things down, that is costing money and doesn't make sense, we are eliminating it.

Let me explain one point about dropping controls or eliminating rules. We have identified two kinds of rules, and we are not changing the first kind.

The first kind are *basic or fundamental rules* that *must* be followed. They relate to the Canadian Constitution, loyalty to the Crown; they are basic rules that people follow because they are common sense or legal requirements. They guarantee administrative fair play.

Then we have a second category that we call *operational rules*. Let me give you an example. A basic rule for traffic circulation is that you drive on the right hand-side of the road. Everyone follows this rule; it makes sense. It would be very dangerous if people were allowed to drive on any side of the road. An operational rule would be the speed limit on a road, for example. You can set it at 40 km/h or 60 Km/h, depending on what makes sense and what is safe. This is an operational rule, and we will consider the cost and the impact of all operational rules and change them where required so they make sense.

### SHARING OF ASSETS AND INFORMATION

We are looking at sharing of assets and information as we never have before. When there was money, it was fine for the Department of Fisheries to have a boat to carry out their research and inspections, and the Coast Guard to have a boat, and the Navy to have a boat, but we can't afford this any more. We will have fewer boats and departments will share wherever possible.

The same thing with databases and information. We would collect information for pensions, we would collect information for unemployment insurance and for schools. It would be in three different data banks. We are not doing that any more. We are going to share information, and we are going to share assets. This is a new mind-set for many. It requires much cooperation between departments, much more than in the past. We plan to use information technology in a much smarter way, and we are going to save a lot of money doing so.

## **IMPROVED COMMUNICATIONS**

In order to get through these changes and the high stress of change, when something works (or doesn't work) we are applying enormous energy to improving communications within our organization so that people find out about it. We will discuss communications a bit more later on.

## **SHIFTING RESOURCES TO SERVICE DELIVERY**

The essence of what we are doing as we change, as we apply these themes, is to move resources out of the administrative area and apply them to the delivery of programmes.

## **MANAGING RATHER THAN AVOIDING RISK**

We are changing our old system of controlling everything and avoiding every risk. When something went wrong in the past, the normal reaction of our ministers and our senior civil servants was: "Well, that will never happen again. We are putting in place a rule and we will police that rule, and it will never happen again." But in fact the error did happen again. We attempted to avoid all errors and all risk. That has finished. Now we *manage* risk.

The answer isn't another rule when something goes wrong. It's understanding what went wrong, looking at the cost of additional control, and understanding how we can manage those risks rather than avoid them entirely. And that's allowing us to shift resources out of administration and into programme delivery.

We have just finished an exercise that lasted a year and a half, in which we looked at the administrative rules in the government—not specific programmes, but rules applying to every programme. They refer to how you award and execute a contract, how you take care of an asset, how salaries and operational expenses are calculated in managers' budgets—all the rules—and we looked at their impact on how programmes were delivered.

### **Cost of excessive control**

In the Government of Canada, somebody bought a wrong desk at some time in the past. I don't know when. But when I came into the Treasury Board, we had a book of rules saying exactly what desks you could buy; someone making this much money gets one of those desks and it's so many metres high and so many metres wide. Every piece of furniture was specified. There could be no mistake—you had to buy that furniture. If you were an inspector you got this set, you had an office this big. We had rules about the car and the office and everything, and you could have twenty inspectors and you would walk into the offices and there would be twenty offices, all the same size, with the exact same furniture in them—it was the rules.



We have now changed all that. Now, if there are twenty inspectors and if they work mostly from their cars, managers can decide to have the inspectors share a smaller number of offices and use the money previously spent on the offices to run more cars. Managers can shift the number of offices and cars to the proper ratio. And the inspectors will have what they need in their offices to do their job. And if they need computers in their cars, or telephones to do their job, they'll have that in their car. We have changed the rules to use very limited programme resources in the way that makes the most sense for the specific work to be done.

When we put the earlier rules in place, we weren't thinking about how it affected programme delivery. Now we are; so the rules conform with what is needed to deliver the programme—not to remove the risks of a mistake being made.

We are managing rather than avoiding risk. We have recognized the cost of excessive control, and we can't afford it any more.

### **Impact of excessive control on innovation**

We know that in addition to the cost of control, excessive control impedes innovation. Rigid operational controls, if they work, don't allow people to exercise judgement. The person running that inspection group was not allowed to think about expenditures on offices and cars. He or she just followed the rules. Managers also had no choice about whether to have twenty people and this much money for gas and travel, or fewer people and more money for gas and travel. They had separate budgets for people and the expenses. Now we have *combined* the budget items into one single operating budget. Let *the manager* figure out the best mix. There's still an enormous amount of control over how managers spend that money, but the manager is free to make decisions within that framework. Also we are tying the inspection process to the results achieved—not to the process inputs.

### **Risk communication**

We list communication as a separate point because in the Government of Canada in the past we never trained anyone to talk about risk communication. When we passed a regulation we were *eliminating* risk; when we delivered services, we *avoided* risk.

It is a big task to explain to our whole group of civil servants that we are managing risks, and to explain how they can communicate this risk management approach to the different people who are interested in what they are doing.

## **INCENTIVES-BASED FRAMEWORK**

Having gone through our rules and eliminated the irritants and those operational rules that are too expensive and don't make sense, we are also applying what we are calling an incentives-based framework to the remaining rules.

It might make sense to have in place a set of rules for a specific purpose, but now we want to apply a hierarchy of management tools to achieve that purpose. This hierarchy is made up of:

- shared values,
- guidelines,
- incentives,
- directives,
- pre-transaction controls.

The hierarchy starts with the least intrusive method of managing—common values, which means doing something because it is the right thing to do without a set of detailed rules—through to the most intrusive, a pre-transaction control, which would mean coming to ministers of Treasury Board for permission to undertake a very large, high-risk project, for example.

So we are using values and guidelines. We are saying: “Here is what appears to work, to assist you in applying judgement.” That is a guideline.

Let me explain what I mean by an incentive-based rule. We used to have a rule that said that when an asset was no longer useful to you for delivering your programme, or when it had been used up, you were to declare it surplus and sell it through the government surplus sales organization. For example, you were supposed to sell a five-year-old car that needed a lot of repair and buy another one—you were supposed to be making a financial judgement. That was a rule—it was clear in our book of rules that you had to sell.

When you sold, that money went into the Canadian Treasury, our Consolidated Revenue Fund; it didn’t go back to the department; so, when this car reached the end of its useful life, there was no *incentive*, other than the rule, to sell the car.

We changed the rules. Now when you sell an asset, the money *flows back* to the manager who made the decision to sell. If it’s a huge asset the money goes back to the department and they reallocate. As a result, managers have a big incentive now not only to sell their surplus assets, but also to make sure they get a good price for them. We have found that the value of our surplus asset sales has gone up significantly, simply because there is better accountability. The person who sold the car now has to look his or her superior in the eye and say, “I got a hundred dollars for it,” and there is pressure throughout the system, competitive pressure, being applied. There is no need for a “police force” of auditors to audit whether people are selling their surplus assets; it will simply occur. That is an incentives-based framework.

## THE PS2000 TASK FORCE

What has evaluation got to do with all of this? Well, in December 1989, the Prime Minister gave the President of the Treasury Board the task of undertaking an evaluation of all these policies and other aspects of how the Canadian Government runs. He created twelve committees, with every deputy minister in the Canadian Government being

assigned to one or other of these committees, giving them the task of reviewing different sets of administrative rules. It was mostly *the senior managers themselves* who were assigned the task of reviewing all these policies.

The framework that I have just described was developed during the course of this review, as the filter that they were going to put the policies through. They were to look at all the personnel rules, all the other administrative rules, and the common service organizations. Common service organizations are the agencies within government that deliver services to departments—the printer, the telephone group, the public works group, the justice group, the statistics organization.

Ninety per cent of the reforms were implemented within the existing legislative framework. Part of the reform required a change to legislation, and the Public Service Reform Act was passed in December 1992. I know that here in Spain some of the problem is seen to be that all these rules—not just basic rules but operational rules down to the most detailed item—are set in legislation, so nothing can be done about them.

I am arguing that if you do realize at the political level the importance of a public sector that is delivering good, effective and efficient service to the private sector, you *can* change legislation. The legislation that was changed by the Public Service Reform Act in Canada was 25 years old and cut in stone. It described very detailed practices that were holding back the public sector from reducing costs and delivering good, innovative service. Where there is recognition that it is essential to make those changes it *can* be done. But it requires a recognition of the importance of streamlining, modernizing and reducing costs in the public sector.

The changes that have been implemented as a result of the PS2000 review can be summed up as follows:

- **Simplification of administrative rules and procedures**

For example, procedures and rules for materiel management were reduced from 153 pages of detailed rules to just two pages of clear principles.

- **More delegation of authority**

Greater authority for contracting combined with local purchasing authority has reduced paperwork and bureaucracy. In addition, reforms have included the elimination of one layer of management and a 10 per cent reduction in the number of executives.

- **Better communication and feedback**

A Council for Administrative Renewal was set up, comprising 24 senior financial officers from a broad range of departments. They have been addressing cross-functional issues to eliminate the stovepipe mentality, to recognize the interconnections between finance, personnel and materiel management systems and to identify re-engineering opportunities. Federal Regional Councils have become more active, as have senior committees such as the Treasury Board Senior

Advisory Committee and the Human Resources Development Council. The implementation of system-wide electronic-mail has also been accelerated.

- **A new framework for the operation of common services**

Before this review, common service organizations were generally *the* mandatory way to obtain internal services. If you needed something printed, you went to the government printer; if you needed to sell an asset you went to the asset sales group; if you needed a translation, you went to the translation services group. You didn't have the right to go to a private sector firm. That has now changed. Where it makes sense, we are opening up internal service agencies to the pressures of competition. Managers have enormous pressures on their budget, and we know that by making people compete for business, everything—their attitudes, their business practices—changes.

This is quite similar to some of the points that Don Brereton explained about the Efficiency Unit in Britain and the scrutinies that are undertaken. But rather than attempt to introduce a regulatory environment to make these groups more business-like, we are forcing them to compete for work. We are not making a decision to privatize them, or to contract out work to the private sector; rather, we are allowing this to occur, where it makes sense, through the forces of the market.

If private sector organizations have better prices or service than our common service organizations, the latter lose market share until they become more competitive and business-like. Once they have improved their operations, then they may gain market share. This new orientation is having an enormous impact on those organizations. We published a White Paper in December 1990 which set out this framework and it has been very well received by the Canadian public and the Canadian Public Service.

- **Incentives-based framework**

We have already discussed this concept. One particular feature to be implemented has been a change to operating budgets, allowing a 3 per cent carry-over to the next fiscal year. This gives greater flexibility and reduces the "year-end effect" when officials rush to spend the remaining budget not only to avoid losing it but also to avoid sending the message "We can get by on less."

- **The Public Service Reform Act (1992)**

This Act, passed in December 1992, meant a thorough overhaul of Canada's public service legislation. Many of the amendments are designed to improve service to the public by streamlining internal administration including:

- Quick deployment of employees (with their consent).
- Rapid recruitment of employees for very short-term requirements.
- Simplification of the processes by which employees are released.
- Clearer authority for the government to contract out.

- Authority to simplify the scheme by which jobs are classified.
- Steps to remove red tape from staffing.
- Net proceeds from the sale of surplus Crown assets being credited to departments.

It was also designed to increase the fairness of treatment to employees including:

- Major new provisions on employment equity.
- An end to probation on appointments other than initial entry to the Public Service.
- Union membership for those term employees appointed for more than three months (rather than six months as before).

## CONCLUDING REMARKS

I would like to conclude by saying two things about the management of change and about evaluation.

Achieving change is very difficult. In fact each step that actually works is almost a miracle. There are a hundred reasons not to change anything. And you should probably expect to hear all one hundred when changes such as those I have been describing are proposed.

In order for change to occur you must be very impatient for a very long time. Everything should happen tomorrow, but probably nothing will. But you must have this attitude in order to produce and manage change. If you're going to try to apply any of these ideas, you will figure out a way in your situation. But none of it is easy, so be impatient and be prepared to be impatient for a long time.

My last comment is that there is enormous power in terms of affecting people's behaviour through the strategic use of evaluation and evaluation techniques. You have to be very careful, and make a strategic decision about what you choose to measure. Some things are very easy to measure, and I am sure you are measuring them now. I'm sure we know how much it costs to do a police inspection, or the cost per kilometre of road being built in Barcelona.

What you choose to measure will have an impact on people's behaviour and the way they expect to be rewarded for performance. A whole variety of things occur once you select what you are going to measure. You have got to be very strategic and careful as to what you choose. People *will* react. The way to tell whether you are measuring the right things is to monitor continuously and look for the impact, because what gets measured gets done.