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Kishan Rana

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**PERFORMANCE MANAGEMENT
IN FOREIGN MINISTRIES**
Corporate Techniques in the Diplomatic Services

Kishan Rana

'Diplomacy is the profession par excellence: pure service, involving what the Middle Ages called a "mystery", with the quality of performance utterly immeasurable except by peer judgment', declared the American writer, Martin Mayne, in 1983.¹ The public service dimension of the diplomatist's work is unaltered, but a generational shift has taken place in the work ethos. This has been caused by globalization, interdependence between states and subject complexity, leading to intensification of the diplomatic process. In contrast to the privileged dialogue conducted almost exclusively with official partners as recently as 30 or 40 years ago, the envoy today wades in with the multitudes, tackling an almost bewildering variety of issues, economic, social, humanitarian, developmental, and the rest, besides that classic staple, high political discourse. We are in the age of 'gumboot diplomacy'.²

On one side, the ambassador and his team face harder, more varied and tightly time-bound demands from their masters in the foreign ministry.³ Public diplomacy, interactions with civil society, the blending of the image dimensions into the profession, and intensive economic diplomacy, rank especially high in today's integrated diplomacy. Multiplication of bilateral, regional and multilateral encounters, frequent summit encounters, and short reaction times add to the pressures.⁴ All these expanded expectations translate into an elevated performance barometer for the resident embassy, which remains both the field office and the cutting edge of the diplomatic process.

1 Chas W. Freeman, ***The Diplomat's Dictionary***, (Washington DC, US I Institute of Peace, 1997).

2 This elegant play on words comes from Prof. Dietrich Kappeler, President of the DiploFoundation and founder-director of several diplomatic academies.

3 The working environment of the envoy is narrated in Kishan S. Rana, ***The 21st Century Ambassador: Plenipotentiary to Chief Executive***, (Malta and Geneva, DiploFoundation, 2004).

4 One may ask, is not regional diplomacy just another version of multilateral diplomacy? True, but it is a special form of multilateral diplomacy, within a closed club of regional partners. By its intensity and importance it should be treated as a special genre, one that merits closer study by scholars.

On the other side, new ideas on public services have now entered throughout the system of government, bringing in novel demands for measurement of performance, accountability and objective reporting on the usage of public funds.⁵ Management concepts devised initially for the corporate world have migrated into the public services, impelled by the pursuit of the twin goals of efficiency and value-for-money. Foreign ministries, like other public agencies, have often changed their methods in line with recommendations given by management consultants. In some countries the ensuing changes have taken the shape of public service reform and the application of more stringent criteria of governance quality and satisfaction for 'customers', i.e. the citizens who are the users of government services. Accompanying these are 'mission statements' and 'citizen charters' that all public entities are expected to uphold.⁶

Increasingly performance management technique (PERM) is applied in myriad ways to the operational work of foreign ministries, to human resource management, and to reportage to parliamentary and other national institutions. It is a time of experimentation, of adaptation, of learning from exemplars, and change, evolutionary or radical. This essay attempts to take stock of actual developments and the current thinking in different countries, and advance tentative conclusions on the emerging directions, and the implications for diplomacy. One must add that performance management in foreign ministries (MFAs) is work-in-progress, which gives a tentative quality to this study.

We examine first the evolution of performance management and some of the leading country models; then analyze the common elements; then consider the measurement of output and outcomes plus the criteria that might apply; next the role of innovation; and finally offer provisional conclusions on where this may lead. The study is based on data collection and interview with practitioners that the author has carried out over the past five years for a study of diplomacy in Asia that remains incomplete, as well as information gathered from traditional and distance teaching activities. Details of different PERM systems are not in the public domain. Consequently, much of the information comes from interviews and conversations with those involved. Additionally

5 A preliminary account of performance enhancement techniques used in foreign ministries was provided in Kishan S. Rana, *Bilateral Diplomacy*, (Malta, Diplo, 2002) pp.239-50.

6 For instance, Namibia, with a population of 1.5 million requires each ministry to set out and display prominently such a citizen charter. The practice has not yet spread to countries in South Asia.

some MFA annual reports now give considerable information on such matters connected with the diplomatic process, as part of public diplomacy and these have been utilised.

We may consider PERM as applied at three levels – each of which offers different potential and utility.

- the embassies abroad
- the human resources of diplomatic services
- the MFA's public diplomacy

PERM for Missions

Since embassies, permanent missions and consulates abroad are the operational outposts of the system, relatively isolated from the home administration and therefore in greatest need of sound management, they are the first priority in the application of PERM. Improving performance at this level is of the greatest benefit to the entire diplomatic process for another reason, namely that they represent the cutting edge of the entire system of external relations.

The oldest performance monitoring device used by MFAs to oversee diplomatic missions is the inspection system, operated by full time or specially designated 'foreign service inspectors' who visit embassies abroad in rotation. Most large systems have a full time inspector-general of the rank of a senior ambassador, assisted by one or more deputies, and support staff, who jointly ensure that all embassies are inspected at regular intervals, often between three and five years. The smaller diplomatic services, with ten or twenty missions overseas, generally utilize the method of ad hoc inspections.

In the past, inspections concentrated on financial audit, compliance with regulations, the logistic needs of embassies, rates of foreign allowances and entertainment grants, and personnel requirements. This covered the procedure and system-related work of missions but not their operational activities. From the 1950s some countries shifted the focus of inspections to human resource and performance evaluation. We have now reached a point where in the best systems the enforcement of rules came to be almost a side

activity, while the work of audit is carried out separately.⁷

The US State Department operates a large inspection network, headed by an inspector general, deputy inspectors general, senior inspectors and inspectors. Every embassy is visited once in three years. The US State Department is unique in posting most inspection reports for public view on its website, after excising sensitive material.⁸ The German Foreign Office has an inspector general assisted by two deputies who similarly circumnavigate the globe. The method is exceptionally thorough; for instance, six months prior to the inspection, the embassy concerned endorses to this unit all its outbound correspondence and reportage, which is closely analyzed to determine the quality of reportage and responsiveness to different stakeholders.⁹ Brazil, China, Egypt, France, Russia and the UK, among others, use comparable inspection methodology. Some developing countries with extensive networks do not follow this practice. For instance, India sends senior officials of the administration division on inspection missions on an ad hoc basis, though a proposal to create a permanent inspectorate that has been pending since 1966 is likely to be implemented shortly. Small countries often neglect to inspect missions for long periods. The problem with ad hoc inspections is that they are often not sufficiently intensive, and do not systematize the inspection

7 Audit of accounts is carried out continually at headquarters. In addition, teams of auditors visit embassies for inspection of accounts and enforcement of financial regulations. A senior representative of a Western foreign ministry indicated that with computerization, the potential for fraud has increased by manipulation of software and other methods, and the incidence of cases of defalcation of funds has increased. Auditors and foreign service inspectors often only detect it as a consequence of on site inspections.

8 Summaries of reports by the Office of the Inspector General are on the State Department website, a method not used by other MFAs. A 2002 report on the US Embassy in Mauritius reads: 'Embassy Port Louis is not rightsized. Personnel are working unusually long hours, economic reporting cannot get done, Seychelles and Comoros are ignored, and morale has suffered. The assignment of a new security officer and information management specialist will ease the burden on the embassy, but work will continue to suffer at this busy embassy'. Under the US Freedom of Information Act, the full texts of inspection reports are also available, after elimination of sensitive information, again an unusually transparent method.

9 Details of the German system are narrated in Rana, *Bilateral Diplomacy*, p. 241.

techniques, nor permit building up institutional memory.¹⁰ The methodology also differs between countries. Western countries focus especially on the leadership and man-management provided by the ambassador, and show a copy of the report to him or her, so as to include the ambassador's comments in the final document. China, India, and perhaps other Third World countries as well, do not show the report to the ambassador prior to its completion.

Around the 1970s some MFAs developed the system of an annual plan or activity program for diplomatic missions, which created a framework not just for planning activities, but also for the monitoring of performance. This method evolved to incorporate several basic features, not all of which are to be found in each country. First, the identification of the annual program involves active collaboration between the embassy and the concerned territorial unit of the MFA that acts as the parent unit: approving the plan, monitoring implementation and helping with subsequent evaluation. Second, some countries stitch together the individual plans to develop regional programs that are then monitored in integral fashion by the territorial units of the MFA. Third, resources are tied into the annual plan, so that the embassy can ask for additional manpower or financing as needed. This also tends to decentralize financial spending authority to the embassy, and enhance its 'delegated' financial powers. At one extreme end of flexibility, Canada, Singapore, and the UK for example, now permit the embassy to switch funds between different activities as they deem appropriate, provided the performance targets are met.

Such annual plans, sometimes called mission performance plans, have grown in sophistication and scope.¹¹ The US uses 'mission program plans' which focus on the resources that are to be applied to the designated tasks. The UK sets out milestones, but largely leaves it to the ambassador to set his own targets, as long as these conform to the 'public performance targets' that

10 During the time the author served abroad, his embassies were inspected in 1978 in Algeria, in 1990 in Mauritius and in 1993 in Germany. On the first occasion the inspectors were concerned exclusively with fixing allowances and checking our housekeeping procedures and logbooks; the team leader expressed pleasant surprise at being given political briefing material. By 1990 the focus had shifted to evaluation of the mission's performance, though not in as systematic manner as one may have wished.

11 A summary of performance management as it affects the ambassador and his mission is given in Rana, *The 21st Century Ambassador*, pp. 129-32.

each department is expected to meet.¹² Israel also uses annual plans with targets set out; the budget is built into that plan, in a system that is relatively simple and easy to apply. In Canada the plans take the shape of a contract that binds the head of mission to achieve the designated targets, but it no longer gives incentives for target attainment because this approach proved contentious. Germany too gave up a method introduced in the 1990s for incentive payments to embassy officials. In both cases many found it invidious to pay some officials in an embassy and not others; ambassadors were not covered. Singapore, in contrast, provides generous incentives to ambassadors and senior officials who attain set performance targets, which may equal three months salary for top achievers.¹³ A few African countries have also experimented with incentive-based performance contracts for senior personnel, but have found that in practice these become a source of additional income for them, widening the income gap with the junior personnel in the system, without producing any performance improvement.¹⁴

New Zealand system uses an annual 'unit opportunities plan' for its 40-odd embassies and permanent missions (and for units within the Department of Foreign Affairs and Trade). It sets out the strategy and the action steps in respect of up to six identified priority areas, also referring to the risks and opportunities. Six-monthly reports are sent on the execution of this plan, and a self-evaluation is carried out at the end of the year. All of these are examined by a senior management committee of the Department, headed by its highest permanent official who bears the designation of 'Chief Executive Officer'. Some elements of this system are still under review, especially the way in which it may be used for human resource management, in terms of competency development¹⁵, and performance delivery¹⁶.

Australia calls its annual programming exercise a 'post evaluation report', with four components: first, the facts and figures relating to the relationship, the quality and extent of interaction and the like; second, an assessment of

12 For a comprehensive narrative of the FCO's performance targets see FCO – *Department Report on the Government Expenditure Plans, 2000-01 to 2001-01*, (London, HM Stationery Office, April 2000).

13 Since public service salaries in Singapore are linked to rates in the private sector, top civil servants draw very high salaries, reaching the equivalent of US\$300,000 for the highest echelon.

14 Confidential discussion, 2004.

15 This includes the competencies needed at each level, the compulsory training provided for development and an annual 'learning plan', as well as a 'capability audit'.

16 This covers an agreement that would set out the official's tasks, utilized to judge performance, plus the payment of annual incentives.

current interests and future prospects, the challenges over the short and medium term; third, a statement of objectives and performance indicators for the coming year, based on a generic framework set by the Department (this is the only part of the document that is sent to the parent territorial unit in advance and cleared by them.); fourth, a self-assessment of the achievements of the previous year.

The German version of PERM for embassies is called the 'controlling' method, and it comes from corporate practices, with emphasis on the costing of different services and activities. It is based on recommendations advanced by the well-known German management consultancy enterprise Roland Berger and Partner, but has been applied after extensive modification and pilot studies.¹⁷

Many developing countries have adopted the system of annual plans for embassies aboard, but sometimes the implementation takes a pro forma character, with plans prepared, not always with the personal commitment of the ambassador, and then forgotten.¹⁸ Seldom is there any effort to link resources to these plans or to use them for real monitoring of performance.

A unique method developed by France, representing a variation of the ones described above, is the 'ambassador's instructions'. One would imagine that in a multi-national enterprise, someone going out on assignment as a new chief executive of a country subsidiary, would routinely give written directives to this individual on the tasks that he or she is expected to perform. Yet it is only the French who have developed such a system of elaborate, customized written directives.¹⁹ Every French envoy going on a new assignment receives from the Secretary General of the Quai d'Orsay a document setting out the tasks expected to be accomplished at that particular post. It is the end-product of a process of collective reflection and analysis, to which contributions from other ministries and departments having significant

17 Foreign ministries have tended to be cautious in using the services of management consultants, and there are relatively few documented instances of their use, especially in countries of the global South.

18 The author's experiments with annual plans in the late 1970s, conducted in ignorance of the system used elsewhere, are narrated in *Inside Diplomacy*, (Manas, New Delhi, 2000), pp. 81-2.

19 At Mauritius in 1989 and in Germany in 1992, oblivious of the French system, the author used the initial weeks of the assignment to prepare a 3-page set of mission objectives, setting out specific goals, in terms of outcomes expected and quantified economic targets. On both occasions the paper evoked little interest from the Ministry of External Affairs, but it served as a valuable prioritization of activities and a personal checklist.

interests in that country are made. Thereafter, within six months of taking up the post, the ambassador presents to the Secretary General his 'plan of action' for executing the instructions, plus a request for additional resources, as needed. Subsequently, during the course of the envoy's term, the implementation is tracked through annual programs, work-plans for individuals and timelines, but it is the original instructions and the envoy's plan that provide the framework. The method is Cartesian and has the merit of tying resources to objectives. Recently, Germany and Italy have borrowed the same method, but with different results.²⁰ The Germans, with a relatively rigid system, limit the range of instructions to the work area of the Foreign Office, thereby losing one of the powerful integrating qualities of the French system that covers the entire government. But on the positive side, they tend to use the process as a discussion forum from which emerge the overall directives for the ambassador.²¹ The Italians find that the method works less well in their embassies.²² This indicates that just applying a borrowed device is not sufficient if one cannot replicate its manner of utilization, and its enabling environment.

Japan has used a partly similar method since the end of World War II, in that outbound ambassadors receive a formal document of five or six pages at a meeting chaired by the vice-minister of the Foreign Ministry, setting out their instructions.²³ The past custom was for this to be read out in the presence of the directors general and other senior officials of that Ministry (but representatives of other ministries do not attend); now the time is used instead for a discussion on the ambassador's objectives. But Japan has not had a system for the ambassador to come back with an action plan of his own. Now, as part of the thorough Gaimusho reforms underway since the financial scandals that surfaced in January 2001, an annual planning method is being applied, but it is too early to say how well it may succeed.

Information on PERM as used in multilateral missions is scarce. In some respects work in a permanent mission to the UN or any other international agency involves a greater range of uncertainties, as characteristic of multilateral diplomacy. On the other hand, the role of initiative in the

20 Within the EU, the heads of the central administration of foreign ministries exchange views regularly through meetings held at Brussels, as part of their integration of foreign policy under the CFSP process. There is no comparable mutual learning device in relation to diplomatic process issues in other parts of the world.

21 Confidential discussion, 2001-3

22 Confidential discussion, 2004.

23 Confidential discussion, 2004.

advancement of national interests is at least as great as in the important bilateral embassies.

A key aspect of annual plans is the reportage on implementation. The end of year exercise of evaluation generally follows a self-evaluation format, which is then examined at the MFA, usually by a team headed by the permanent head of the ministry or his deputy. No less important is the reporting on the implementation process during the year. Some countries, such as Germany and New Zealand, opt for 6-monthly reports. Singapore uses a simple three-part monthly format under which embassies report on: the major activities of the month (political, economic, public outreach, or even administrative tasks handled like weeding out of old papers or reorganization of the consular section); a listing of the substantive reports and dispatches by each official; and a list (with names and other particulars) of new contacts established. In all such methods, the goal is to keep the implementation of the annual targets under review, and to assist or prod as needed. In practice this can best be handled by the geographic division or department that is the embassy's 'parent' entity, rather than by the administrative department, which is less well-informed about the substantive work of the mission. Nevertheless, the latter also needs to provide its input to the territorial agency, into the oversight process. Without effective oversight, the annual plan becomes a pro forma exercise.

Whatever the level of sophistication, an annual plan that is taken seriously, and invested with collective effort by the mission team, works as a compass for the mission's orientation and prioritization, and also as a barometer for self-examination.²⁴ If quantified targets are used, these should be tempered with the understanding that the mission is not the only player in the game, and often not even the primary one, for instance, to deliver on export or investment mobilization goals. For those who are inside the system, it is not difficult to judge the role played by the mission and its contribution. Peer evaluation does indeed work.

PERM and human resource management

Measurement of performance is logically the prerequisite of a good human resource (HR) management system, to ensure 'horses for courses', as well as for optimal capacity building, efficacious incentives, and a sound promotions

24 This was the author's experience at six assignments heading a mission or post.

policy. This also happens to be the segment where corporate techniques are directly relevant to public sector management.

Assessment reports on officials, usually in the shape of annual reports (called 'annual confidential reports' in some systems) are the staple basis for personnel evaluations, rewards and punishments, as well as for promotions. In the good systems, PERM is tied closely to contemporary HR management, and includes several concrete steps, namely:

- The annual report is integrated into PERM. The report narrative includes the steps taken by the administering authority to build up the capacity of the official, the performance goals set, and a self-evaluation by the official. The administering authority's assessment is invariably shown to the official, and is often finalized after a personal discussion.
- Annual appraisal that takes the form of an interview with the reporting official is now standard practice in many diplomatic services, but not all. It adds to transparency and reduces friction, besides genuinely improving HR management.
- Promotion is not automatic, and takes place through a structured process. Generally the official applies for a promotion, and undergoes detailed evaluation, that may, as in the case of Brazil, also include a formal written examination. Sophisticated screening procedures, borrowed from corporate HR and adapted to the needs of public services are now standard in many countries — but alas, not in all. In countries where the diplomatic service is truly a pyramid, with a large base of entry level and junior officials and a narrow apex with a limited number of senior appointments, the selectivity is naturally greater than in services where promotions follow an escalator principle.
- One variation on standard reporting formats is to take into account assessments by peer groups, and in addition, have junior personnel report on their seniors, as a kind of feedback that supplements the normal evaluation of the senior personnel. Both these methods are customary in China, with its long tradition of self-examination and self-criticism. As part of the post-2001 reforms, Japan has also introduced the system of junior staff reporting formally on their seniors.
- An adjunct to good HR practices is an effective grievance redressal system. The German Foreign Office has a person at the rank of a senior counselor, who functions autonomously. He is mandated to receive grievances from all personnel, from the state secretary to the most junior, and holds quarterly meetings with the Foreign Minister to report on

significant cases, besides regular liaison with the central administrative department.²⁵

Singapore uses a unique method of Foreign Ministry personnel evaluation. Applying a system called 'current evaluated potential' (CEP) it tries to chart the anticipated future growth potential of officials who have served between 10 and 20 years, and places them notionally at the level they may attain after 25 years of service, on the basis of the posts currently available. For instance two or three may be identified as capable of reaching the rank of deputy secretary (the second highest rank in ministries, after the permanent secretary). These CEP rankings are conducted each year, and are not disclosed to the individual concerned; but they form the basis of career planning. This comes across as a tough system, designed for efficiency, rather characteristic of the island-state's meritocratic image.

Promotion in modern foreign ministries to a grade that crosses a major threshold involves special procedures such as written exams and interviews, and careful appraisal of the individual's record. In the US State Department an individual has to apply to open a 'promotion window', which has to be entered within six years; failing to do so, the individual has to quit. Australia, China and New Zealand, among others, require the individual to apply for a promotion, against vacancies that are available. In stark contrast, in India the escalator principle still holds in the Ministry of External Affairs; a 'batch' or cohort moves in unison, and only those who fall off, judged to be unsuitable for promotion, are left out.²⁶

Any system of HR evaluation and promotion in a foreign ministry deals with elites who need to be handled with fairness and objectivity. Human resources are the primary asset, and safeguarding morale, and encouraging excellence should be major goals. One strength of PERM-based systems is

25 A senior German official disclosed that unlike other ministries where promotions were frequently held up because of appeals filed with the administrative services tribunal by disgruntled officials, the Foreign Office had very few such cases; confidential discussion, 2004.

26 In practice, around 15 to 20% in a 'batch' miss initial promotions to the key level of head of division or 'joint secretary' (or a junior ambassador abroad). When someone overlooked in one year is promoted later on, as happens frequently, that individual regains his or her original seniority. Similar systems also exist in a few other developing countries. And yet the same Indian system is flexible and innovative in application, in that assignments abroad are mainly given on the basis of ability. A relatively junior ambassador may be sent to an important neighboring country, while a very senior one languishes in an assignment where there is limited substantive work.

that it makes it easier to operate 'fast tracks' or other forms of selectivity among foreign ministry officials, who are appointed through rigorous selection processes and see themselves as among the best public officials. All the available evidence from the countries that apply such PERM-oriented HR methods bears this out.

PERM for the foreign ministry

Since the 1990s several Western countries publish documents that set out the foreign ministry's statement of 'objectives', as an explicit and comprehensive foreign policy master matrix that is presented to the public. The more open annual reports carry detailed narration, in which secondary 'targets' are set out under each objective, and at a third reporting level, a set of 'outcomes' is also provided as an objective measure of the manner in which the designated targets and objectives have been fulfilled. The transparency and the content of such reports is closely aligned to the degree to which the country concerned implements public diplomacy in order to inform, and mobilize support from, its domestic constituencies. These include the elites of the foreign affairs community – including think tanks and academia – and the citizens at large.

The UK's Foreign and Commonwealth Office has been one of the pioneers of such a system. Its' 2002-04 biennial 'expenditure plan' (the latest in a series that dates to the mid-1990s) stipulates nine precise 'objectives'.²⁷ Under each of these objectives, one or more 'public service agreement' performance targets are set out. At a third level, several 'performance indicators' are specified for the implementation of that target. The document also provides a fourth column that gives the 'outturn at the end of 2001' for purposes of comparison of data from the previous year, sketching a continuous narrative of policy implementation.

Australia also presents its foreign policy objectives and performance at three levels, but with its own nomenclature: outcomes, outputs, and reports against 'effectiveness indicators' and 'quality and quantity indicators'. The three outcomes set out in the Department of Foreign Affairs and Trade

27 ***FCO: The Government's Expenditure Plans: 2002-2003 to 2003-2004*** (London, HMSO, June 2002).

Report for 2000-01 are:

'Outcome 1: Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation.'

'Outcome 2: Australians informed about and provided with access to consular and passport services in Australia and overseas.'

'Outcome 3: Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally.'

At the next level, five 'outputs' are identified against Outcome 1. The first two are protection and advancement of Australia's international interests through the diplomatic network and Canberra-based activity, and 'provision of policy advice and analysis to Portfolio Ministers'.

At the third level, a narrative presents the actual performance in different regions around the world in the shape of 'effectiveness indicators' and 'quality and quantity information'. One notes a conservative approach, setting out rather few details, especially under the rubric of 'quality and quantity'. Thus notwithstanding the open reportage format, a relatively minimum amount of hard diplomatic data is provided (except of course for trade figures and the like).

New Zealand follows a similar system, with a novel feature. Each year a 'statement of intent on the budget' is presented by the Department to parliament that contains detailed descriptions of the same three-level examination of the key goals: 'outcomes', 'areas of focus', and 'achievements'.

The US State Department's system of reportage, through the annual 'Fiscal Year Performance and Accountability Report', is thorough and exceptionally lucid, in that charts and symbols make it fairly easy to navigate through the complex message that it conveys.²⁸ As befits the global superpower, the listing of goals is comprehensive, commencing with a narration of the 'mission and values'. The Secretary of State declares: 'In conducting our vital foreign policy mission, we have been effective and accountable stewards of the taxpayers' money.' This is followed by a declaration of 'national interests and strategic goals'. Next comes a summary of the 'most important results and outcomes', juxtaposed in two columns, 'positive results' and 'continuing challenges'. The issues covered range from terrorism and humanitarian assistance, through to building mutual understanding and all the rest. Actual performance is then rated through five

28 See: www.state.gov/m/m/rls/perfpt/2002/

performance levels, ranging from 'below target' to 'above target'. Against each of the 20 strategic goals set out in this document, graphics show the actual performance, very effectively summarized in just four pages. This is followed by a narrative of overwhelming detail, where the strategic goals are further dissected into 'annual performance targets'. Key results (e.g. Chinese cooperation in engaging North Korea, or status of market opening negotiations at the WTO) are shown through a succinct presentation of the target (plus a revised target in some cases), the result and the rating.

France changed its organic law concerning public finance some years ago, and with effect from 2006, all ministries will be required to provide quantified results that flow from public expenditure; the Quai d'Orsay is not exempt. This has forced re-examination of the entire management and reporting system, and its full impact is still to emerge. In 2005, a trial set of reports will be prepared in order to fine-tune the way the French diplomatic machine reports to the National Assembly.

As yet, Germany does not publish a comparable statement that sets out policy goals and measurable achievements against these goals. Many developing countries provide annual reports to their parliaments that follow a traditional narrative format, and in a general way provide information that is similar in content to the PERM-oriented reports outlined above. However they lack precision and provide less of the kind of data that those outside the systems might be able to analyze or compare. China produces an annual report on the work of the Foreign Ministry, which gives information on external relations in a narrative form.²⁹ The foreign ministries in a few countries (Singapore among others) do not provide annual reports.

Research on foreign ministries has perhaps not as yet focused on the PERM-based reports of the kind described above. The material available is relatively rich in content and should produce interesting analysis. It also offers potential for comparative studies, an area that also deserves greater attention than it has received so far.

What about measurement of the performance of the sub-units of the MFA headquarters at home? This takes place under the national system in each country as they apply to all government ministries, but in practice the norms devised for typical home-based agencies may not fully relate to the environment of a foreign ministry. It is only in well-managed systems that this work receives the attention it deserves from the operational executive of the MFA. This is one of the differentiators of an effective diplomacy network.

29 This Chinese annual document is called a 'white report' and for the past two years has been available in English.

New Zealand, for instance, applies its PERM system to the units of the Department of Foreign Affairs and Trade. Since 2002, Thailand has established 'public sector divisions' in each ministry, concentrating exclusively on implementing new management methods. It has also created a new Public Sector Commission as a counterpart to the Civil Service Commission, to oversee reforms. Each ministry has a 'chief change officer' who is required to implement the new methods.

Measurement and Criteria

Comparative studies of MFAs would become easy if there was a simple way of measuring efficiency, but of course that is quite impossible. One acute difficulty with diplomatic performance management is that – aside from consular affairs, some segments of commercial work and responses to public inquiries – it is impossible to quantify much of the work. While trade volumes and investment flows are measurable, how can these be attributed to the effort of a particular embassy or commercial team? Notwithstanding this limitation, it is relevant to consider such economic data in assessing the work of a bilateral embassy, and then relate that to the observed activities of the embassy. Taken together with other data on embassy activities, it provides a fairly comprehensive picture.

The other way is to look to outcomes (or achievements) rather than quantified output. This is the path that the UK, Australia and others have adopted. These outcomes are assessed in their context and value, in a descriptive or narrative form, without the artifice of rigid data comparison. That is adequate if the national system accepts diffused answers. But, for instance, the French Fiscal Law that goes into effect in 2006 may demand greater precision in Quai d'Orsay reportage on the measurable aspects of diplomatic activity, which will perhaps lead to other creative solutions.

There is another danger with a management orientation towards hard data. This is that it may misdirect diplomatic activity to the measurable forms and de-value the more subtle, long-term work of relationship building. MFAs are surely aware of this issue, but we lack information on the internal examinations that may have been carried out in assigning weight to the non-quantifiable activities. This draws occasional comment in the media, but the author is not aware of any MFA study of this problem.

Windows through which the achievements of MFAs are visible to the outside world are narrow and opaque. We can analyze their public and parliamentary statements, the press conferences and interviews with the media and the other published documents, including the treaties and

agreements, joint statements worked out with foreign governments and the like, as well as reports of parliamentary committees of public policy panels. Many MFAs publish annual reports, but this is not standard practice even in some practicing democracies, as noted above. Most of the key foreign ministry documents are internal, including the vast feedback generated by the network of embassies and permanent missions. These become accessible only when 'freedom of information' procedures begin to operate, typically under the 30-year rule that France, Germany, the UK and other countries apply. But in other countries (China, Russia and parts of the Third World) no firm procedures for even delayed document release exist; others that have a 30-year rule do not implement it.³⁰

A few devices that provide indirect and approximate measurement of the way a foreign ministry performs, for the purpose of comparative analysis, have been identified.³¹ These are:

- A. Headquarters-Mission Ratio: Comparing the total number of officials at the MFA headquarters, in comparison with the total abroad (in embassies, permanent missions and consulates), gives the relative strength of each, and shows if one is imbalanced against the other, looking to the practices of other countries.³² For instance, in 1999, France had 2400 personnel at the Quai d'Orsay, and 4850 home-based staff at its posts abroad, giving a ratio of 1 to 2. Countries such as Australia, New Zealand, Singapore and UK have ratios of 1 to 1, or lower.³³ Most of these are 'lean' systems, where budget cuts, and intelligent manpower management have led to cutback in staff abroad,

30 A number of developing countries are reluctant to release foreign ministry documents, even much after the specified period for general release. India is a case in point, unwilling to release all but a handful of anodyne documents, on grounds of continuing sensitivity of documents, relating to the 1947-50 period, the first years of independence, or later.

31 A good compilation of these methods is available in a study carried out by the Italian Foreign Ministry, Andrea Cascone, *Comparing Diplomatic Services: Structures, Networks and Resources of the Ministries of Foreign Affairs of EU and G8 Member States* (Malta, Diplo, 2002). The author's books contain some of the same ideas that have emerged in parallel fashion.

32 The author has used this measurement in *Inside Diplomacy* (Manas, New Delhi, 2000; revised paperback edition, 2003). The same method is used in Cascone, *Comparing Diplomatic Services*.

33 In 2001, Australia had 524 home-based staff posted in missions abroad, against 1184 in Canberra, giving a very low ratio of 1 to 0.44 (not counting the 252 staff in the States and Territories handling issue of passports and trade liaison).

plus 'localization' of many jobs handled earlier by home staff. China also has a ratio of about 1 to 0.8, but that is because it has an exceptionally large foreign ministry. Empirical observation suggests that as long as the numbers of personnel abroad are less than double the headquarters figure (i.e. a ratio of 1 to 2 or less), there are sufficient officials at the MFA to supervise the diplomatic system and process the data generated. The existence of a higher number of personnel in the field probably signals an acute insufficiency of home personnel, (e.g. India with a ratio of 1 to 3³⁴).

- B. Teeth-to-Tail Ratio: This measures the number of personnel at the level of diplomats (all those at and above the levels of desk officers at home and third secretaries in missions), in relation to the support staff. An excess of support personnel also suggests inefficiency. The UK, Australia and New Zealand (as also Cuba and Singapore) run slim missions. The UK has some consulates without a single home official, and several outposts with just one, not counting the local staff.
- C. Average Mission Size: On the assumption that the tasks handled by missions in different systems are broadly similar, a comparison of average size also shows if a country tends to use 'lean staffing' formulas such as the UK, or tends to favour large embassies such as Germany and the US.
- D. Home-Local Ratio: A related measure is the use of locally engaged staff as a proportion of home-based personnel. Australia, Canada, Singapore and the UK excel in extensive use of local personnel, investing in training them to upgrade skills. A global shift in work towards low diplomacy and the relative transparency of most activities (i.e. a reduced need for acute confidentiality) also favours this trend. The UK is the trend leader here as well, with some 30 consulates that are manned entirely by locally engaged personnel. China, which did not use any local staff in its embassies in the West in the past (no doubt for security reasons), now uses them for consular and administrative work. In general, such methods produce huge savings, given the fact that local staff may cost as little as 15 to 20 per cent of home-based personnel.³⁵
- E. Embassy Networks: Comparing the number of one's embassies abroad with the number in the home capital gives a sense of the quality of the

34 Every study of the Indian system over the past 15 years and more has pointed to this chronic shortage of manpower at headquarters as the root of a number of problems.

35 The author examined this in the Indian Embassy in Germany in 1992-95, and found competent English-speaking German personnel at a saving of 80% of the annualized total cost of home-staff replaced (including their cost of travel, furnished housing, children's education and health allowances and the like).

external engagement. Some big powers send out a smaller number of embassies to foreign countries than the number they host. The figures are: the US, 173 foreign embassies in Washington DC, 160 bilateral embassies abroad; Germany, 147 to 137; Italy, 127 to 118; Canada, 116 to 93; Belgium, 162 to 86 (surely this imbalance is largely on account of the EU headquarters at Brussels). We might call this a kind of international 'under-representation'. The corollary is that a number of very small states find it necessary to be over-represented abroad because some of the larger powers do not establish resident embassies in these states, even on a reciprocal basis.³⁶ In contrast, the figures for France (155 to 154), UK (149 to 146), Russia (140 to 140) and Japan (123 to 119) are pretty much in equilibrium.³⁷

- F. Attrition Rate: An analysis of the numbers that leave after the first five or ten years of service points to the HR issues that the service confronts, and the kind of competition that the foreign ministry faces in retaining talent. For instance, in Singapore the rate is over 25% of the annual intake, i.e. the numbers that leave after five to seven years. China confronted a similarly high rate in the late 1990s, but this has subsequently decreased as a consequence of the declining attractiveness of jobs in foreign companies. In general, the best talent tends to leave, especially in countries where the diplomatic service is no longer seen as a vocational commitment. Each voluntary exit represents a loss of valuable investment for the MFA.

Similar comparative analysis can be carried out through examining the changes in the budget and personnel figures in MFAs and their networks. At a time when public service budgets are generally shrinking, such analysis would be a useful tool to gauge the way different countries are engaged internationally. Annual reports and foreign ministry websites usually provide some information that is relevant for this analysis.

One measurement index that is not available is the range, depth and quality of the MFAs relationship with the other national actors, official and non-official, in its role as the coordinator and network activist within the country's foreign affairs community. We perforce rely on episodic data and subjective impressions gathered through direct observation, including the

36 Ali Naseer Mohamed, *The Diplomacy of Micro-states*, Discussion Papers in Diplomacy No. 78 (Netherlands Institute of International Relations 'Clingendael', January 2002).

37 The figures are calculated from the Europa Yearbook, 1999; Rana *The 21st Century Ambassador*.

perception of the other partners. This is also a fit subject for closer study and analysis.

Related Developments

The application of performance management involves constant innovation. This applies with even greater force to the low diplomacy that dominates the actual work of diplomatic systems, covering a myriad of soft issues such as culture, media relations, education, science and technology cooperation, and above all economic partnership building, mostly focussed at bilateral levels. Multilateral diplomacy may sometimes appear to be dominated by issues of peace and security, but here too it is the technical and functional dialogue that occupies the foreign ministries much of the time.

Modern communications technology, coupled with the application of information technology has produced an integration of the MFA with its network of embassies that has qualitatively changed the way the diplomatic process operates. Germany has been a trend leader in this, and has consciously opted to create a seamless unified diplomatic network, in place of an earlier conceptual division between the headquarters and the field units, that remains typical of the classic model. This has been one result of the implementation of the innovative Paschke Report of September 2000.³⁸ Implementation of these changes will throw up new difficulties, but it also represents a significant transformation in the way the MFA and missions relate to and work with one another.³⁹

Countries use other methods for gauging performance. The Chinese Foreign Ministry requires all official delegations going abroad to specifically comment on the performance of the Chinese Embassy in assisting the delegation and impressions on its overall work. While such comment is usually to be found in official reports of delegations that have travelled

38 See: <http://www.gberridge.co.uk/Paschke.htm>

39 In the reorganized German system, embassies are treated as components of the territorial department in the Foreign Office, using the dedicated 'intranet' to dialogue with this and other departments, and offering their suggestions into the decision process. Briefs and papers produced by the embassy are acknowledged as their work when passed up the hierarchy. (Source: confidential discussion, 2003). Contrast this with the situation elsewhere; a critique of the British FCO notes that recommendations from ambassadors are undermined by 'burying them within the ministry's own recommendations', Shaun Riordian, *The New Diplomacy*. (Cambridge, Polity, 2003), p.14.

abroad, using a mandatory reporting format on the embassy's performance is unique. It allows the foreign ministry to build up a picture that is composed of multiple observations, serving as a supplementary monitoring device.

Some diplomatic systems have obtained ISO 9000 certification⁴⁰ for the services they provide, in a bid to respond to 'customer expectations'. Thailand has obtained such certification for its consular services, while France has done the same for its economic services. One may expect others to follow suit, because such validation by competent experts encourages the entire system to sustain high standards.

A Downside?

It would be an illusion to imagine that application of any innovation or new techniques in diplomatic systems is free of risk. Obviously, mechanical application is dangerous, but that is a real danger, if the form of the method is applied but without the underlying motivation and intent to genuinely improve the functioning of the diplomatic system. A downside also exists in the shape of other less obvious problems that PERM entails. The author is not aware of any study of this aspect, which demands access to the way PERM is actually utilized in foreign ministries. Based on impressions gathered during the study, and comments received from professional diplomats and the others surveyed, some tentative thoughts are offered.

- An excess of PERM produces fatigue and user indifference. This may happen if there are too many changes in a short period, or if the level of complexity becomes excessive, losing sight of the essential goals. This can also happen if the filling out of long reporting forms becomes a burden. Late starters to PERM have a potential advantage, if they can learn from the experience of the pioneers, provided that they can access the accumulated practical expertise (see below).
- Diplomatic missions in some systems have become so lean that they are left with little reserve power to handle the unexpected, or to undertake initiatives of their own. If public service at its best is perceived as a form of entrepreneurship, then the chief executive of the field unit, the ambassador, should have both the authority and the resources to pursue

40 This is one of the standard norms used in the corporate world, given by accredited agencies after they have measured the quality of the products or services provided by the entity concerned, as well as the business process used by that entity.

any worthwhile opportunities. Indeed he or she should be encouraged in this direction.

- Foreign ministry headquarters that are home to a larger proportion of the diplomatic service personnel (i.e. when the headquarters-to-missions ratio is well below 1 to 1, as say in Australia, New Zealand and Singapore) might confront a problem of excessive interference from headquarters in the working of their embassies. A former British diplomat has written: 'Foreign ministries micro-manage their ambassadors and negotiation teams down to the last comma'.⁴¹ This is a risk that systems characterized by undermanned MFAs do not face, which is a fine illustration of the silver-lining syndrome!

It is legitimate to ask if PERM leads to complexity for its own sake and whether it truly delivers value, in terms of improving the way diplomatic systems manage relations with foreign countries, or meaningfully advance national interests. In a few diplomatic systems, for instance, one encounters a mood of what might be called 'post-modern angst' where continual experimentation with new concepts has produced user fatigue, and even loss of morale. In large services, the situation is compounded by the fact that there is little assurance for new entrants that they will ever get the coveted 'letter of commission' as an ambassador, or a consolation appointment as a consul general. This surely contributes to a high incidence of resignations among the intake, especially in the first 5 to 10 years, as visible in very different circumstances in countries ranging from Canada to China, Singapore and the US – though this is by no means the only factor leading to such churning among young officials.

Conclusions

Performance management is a device for getting better value out of the diplomatic system, especially at a time when in absolute or real terms the resources available to the foreign ministry each year from the national budget are either static or shrinking. Some countries have already scaled down diplomatic representation, in numbers of embassies and the strength of home personnel. Others may well be forced travel down the same road, reprioritizing their external requirements.

41 Shaun Riordian, *The New Diplomacy* (Polity, Cambridge, UK, 2003) p. 13.

New diplomatic representation methods have evolved in recent years. For example, 'non-resident ambassadors' are used to cover countries where full representation is not feasible or economic. The non-resident envoy is typically based in the home capital and handles ambassadorial tasks on a part-time basis. Such an envoy is useful for basic outreach activities in the assignment country, often making two or three visits there, and providing a communication link. Singapore has over 25 such non-resident envoys, mainly drawn from public life; Malta is another major practitioner of this format. Such systemic use of non-resident formulas is not to be confused with the method of concurrent or 'cross' accreditation, where an envoy based in one foreign capital also holds charge as the envoy to another country, usually a neighbour.⁴²

It is possible to link this with a 'virtual envoy' method of internet-based contacts, though this has so far been untried. Another formula is 'joint ambassadors', used by the eight Caribbean state group, Caricom. The EU is planning to implement the same formula. 'Co-location' is a much more limited format for sharing costs and logistics, used by some EU states and by the Nordic group. Such innovations demonstrate flexible diplomacy.

In the transition countries of East and Central Europe and Central Asia, foreign ministries often grapple with the basic issues for installing effective diplomatic networks, from the foundation upwards. To some of them PERM may appear as a luxury for the present. But we may expect them to move to these methods with alacrity, not the least because they are not encumbered with the baggage of the past, and also since they are keen to borrow ideas from the best exemplars available, often from Western Europe.

The goals of performance management are not always articulated with precision. Looking to the experience of various countries we can identify four potential issues. First, it helps to optimize the entire system. Assuming that the country accepts and is able to act on the premise that an effective diplomatic machine is vital to attain foreign policy objectives, it follows that the machine needs continual refinement, in part to adapt to the changing world environment. Performance management is thus a continuous activity. Second, it should target the average level of performance which will initially require concentration on the weaker links. The high achievers will shine in any system – though good PERM will nurture excellence too. Raising the performance of the missions abroad should be a deliberate target. Third,

42 While 'concurrent accreditation' is the correct term stipulated in the 1961 Vienna Convention on Diplomatic Relations, 'cross' accreditation is an Australian term which provides a clearer description.

oversight also must help to catch deviations from the system in time, and act as a barrier to rogue elements. Because of the geographic spread of diplomatic missions, and the fact that implanting the home environment in varied foreign climes can produce bizarre blooms, the incidence of system breakdown and abuse is far more frequent than a simple statistical average for subsidiary offices might warrant. Performance management should act as a trip-wire to prevent or reduce deviations of this nature. But catching wrongdoing should not become a prime objective. Fourth, PERM is an effective tool for domestic public diplomacy. It informs citizens and the leading actors of the international affairs community of the precise external policy goals, and improves the quality of the public discourse. It produces transparency and serves democracy.

To sum up, this examination of performance management indicate that:

- PERM is good and relevant for diplomatic systems, but ‘smart’ application is essential. Otherwise one may be left with an elaborate system that produces paradoxical results, either complexity for its own sake, or missing the wood for the trees.
- PERM works best in the management of embassies abroad. Its direct utility in managing the sub-units of the foreign ministry is not too clear.
- PERM is highly effective in HR management, improving efficiency and providing a rational and credible basis for selectivity in appointments and promotions that is vital to small systems that deal with elites.
- PERM is an essential tool of domestic public diplomacy. It leads to governance transparency and signifies the application of democratic principles to external affairs.

This preliminary study raises issues that deserve closer examination, both by foreign ministries looking to best practices and scholars interested in practical diplomacy. It also underscores the utility of greater interchange among foreign ministries on methods and practices, which necessarily have much in common. Shedding greater light on these issues would also contribute indirectly to public accountability, and to improved governance of the diplomatic process.