



# Rethinking User Charge Implementation for Environmental Protection

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## Abstract

This article presents a summarized, theoretical framework for the effective implementation of user charge policy tools, and the implications of applying this framework to environmental management programs and projects. It is hoped the discussions in this article will promote debate among environmental management scholars on revisions to current approaches to environmental policy, and a move to designs that offer greater hope of a sustained environmental impact. The author suggests there are three essential phases in the user charge policy implementation, each of which needs to be subjected to careful technical analysis: Policy Implementation Models – identifying a process for introducing a new environmental policy tool that produces results; Implementation Process – identifying the factors which contribute to the quality of the implementation process; Implementation Operation (Policy Maintainance) – developing an empirical determination of the quality/effects for operating a user charge.

## Introduction

This article is about both the theory and the management of the implementation process. It suggests that not enough attention is given to the theory of sustainability and eco-efficiency. Policy implementation is a technology and an art in its own right. Too often it is simplistically mistaken for ‘smaller institutions’,

‘decentralization of authority’, ‘spatial planning’ or ‘technology transfer’. Too often it is driven by a project orientation and by other-field technical experts, ignoring the fact that policy implementation is a technical field in its own right.

### **Overview of environmental policy tools**

Not only governments but also markets may produce failures. The latter have more often than not internalized the costs for polluting the environment. Thus, there is a need for government intervention. It has different policy tools at hand. The concept of a ‘policy tool’ goes back Elmore’s (1987) distinction of strategies and tools, both understood as policy responses to problems :

- Strategy is planned, calculated behavior in relation to others, whose interests differ
- Strategies contain, apart from values and resources, also policy tools (or instruments), which are an authoritative choice of means to accomplish a purpose (e.g. user charge). The following, Table 1, presents twelve policy tools :



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The table was composed by the US Office of Technology Assessment. Within the table one can ‘decipher’ a paradigm shift of the policy tools. Seven of the classes of policy tools prescribe particular pollution reduction goals (single-and multi-source tools), which renders them more certain and predictable. However, these tools are often not very flexible and adaptable as many had wished them to be (for they are often anchored in laws and by-laws). This is the advantage of the 5 other classes of policy tools (among them pollution fees), for they do not directly fix pollution reduction goals (for further details see below). They are, however, less certain as to what they want to achieve, yet, there is a possible trade-off between flexibility and certainty.

### Overview over economic tools

Economic tools leave actors scope for action to respond to certain stimuli in a way they themselves deem most beneficial and are driven by monetary incentives. Among them are pollution charges, subsidies, and other tools. They will be dealt with in detail after this overview.

**A charge** is a price that has to be paid for pollution. Bird (1999b) defines user charges as service fees, benefit charges or public prices (the case of Thailand). They should be applied whenever possible at the local level, though the implementation is difficult (1999a). He argues that there are at least 3 types of user charges (service fees, benefit charges or public prices) and 7 approaches to pricing the charge: Marginal costs, short-run or long-run marginal costs, average cost pricing, average incremental cost pricing, multi-part tariffs, variable block pricing. However, Bird (1994) states, that administratively, such a system requires a clear set of ‘framework’ of laws, i.e., of instruments like local budgeting, financial reporting, taxation, contracting, dispute settlement, rules to be followed in designing user charges, as well as adequate institutional support for localities to operate in this environment. Bird (1999a) warns that it is surprisingly difficult to implement this very well in practice.

Among the pollution charges are effluent and user charges. Baily (1994 : 761) is of the opinion that user charges for property-related services

- are probably easier to assess and enforce;
- have the least visible deterrence of service use; and
- the benefits are both more clearly attributable and restricted to individual or to particular groups of service users.

The designing and ‘shaping’ of the user charge depends on many factors, the institutional framework, the policy instrument mix, and the individual preferences of each enterprise. Charges can also be added to the price of products, which pollute in the manufacturing or consumption phase or take the form of an administrative charge (authorization fee; payment for services or registration; Amin, 1999). Tax differentiation can ensure more favorable/unfavorable prices for environmentally friendly products.

**Subsidies** is a general term for various forms of financial assistance (Amin, 1999) that may give incentives for changing behavior. Among the taxes (leading to the introduction of anti-pollution measures on behalf of the beneficiary) are.

- Grants are non-repayable financial assistance.
- Soft loans : interest rates are set below the market rate.
- Tax allowances directly influence income or profits.

The **deposit-refund system** puts a surcharge on the price of potentially polluting products; when the product or some of its residuals are returned, a refund will be given.

Public authorities can create **artificial markets** in favor of the environment, hoping that one day they become ‘autonomously functioning, natural markets’ (often applied for recycling and re-use of materials, goods etc.). Actors can buy/sell environmentally relevant rights, such as:

- Emission Trading (Tradable Emission Permits) : “Tradable emission permits can be used to achieve the same allocation of resources as would occur with emission taxes, with much less information required of the regulatory authorities” (Lipsev and Courant, 1996 : 390) ;

- Price interventions (market interventions) to facilitate on-going operations, the use of goods and services etc that are environmentally friendly;
- Liability Insurance establishes the liability for environmental damage and/or clean-up costs.

### **Pollution charge and user charges**

This chapter depicts in detail the user charge. Since the use of this charge has been explored by the World Bank in China, the Phillipines, and Columbia,, this chapter will first report on the World Bank study. It will then discuss the different definitions of the user charge.

#### **The World Bank study**

Recently, the Development Research Group of the World Bank published a study on the ‘Greening industry : new roles for communities, markets and governments’ (World Bank, 1999). It presents what some pioneers have done by turning to financial incentives, i.e., charging polluters for every unit of their emissions. As results from programs in Columbia, China, and the Philippines have shown, many managers opt for serious pollution control when they face steep, regular payments for emissions. And pollution charges not only cut emissions but generate public revenue as well which in turn can support local efforts to control pollution (World Bank, 1999).

With this approach managers must find the right balance between the possibility of heavy penalties from too much pollution and the certainty of high costs from too much abatement. Understanding this balancing act is the key to more effective regulation (World Bank, 1999).

In fact, this approach is based on William Baumol and Wallace Oates classic book (1988) showing how pollution charges could be adapted to suit these political realities. They recommended a four step approach :

- Determine environmental quality goals;
- Estimate the pollution reduction required by these goals;
- Estimate the marginal cost of abatement at the desired level of pollution;
- Set the pollution charge equal to the estimated marginal cost. If the estimate is right, pollution should fall to the desired level. If it is wrong, the charge can be raised if there is too little abatement, and reduced if there is too much.

Based on such an approach, positive results can be achieved, as the case of Laguna Lake shows :

‘To provide new incentives and restore Laguna Lake, the LLDA (The Philippines) instituted an “environmental user fee” (EUF) for industrial pollution. Initial studies identified five industries as the primary sources of organic water pollution : food processing, hog farms, slaughter-houses, beverage firms, and textile makers. The agency first implemented pollution charges-in this case EUFs-in 1997, for a pilot group of 21 plants. The system has two parts : a fixed charge determined by discharge volume, designed to cover administrative costs for LLDA, and a two-tier assessment for emissions. The latter includes one charge per unit of emissions that meet the legally permissible standard, and a higher unit charge for emissions above the standard. As in the Colombian case, abatement cost analysis provided the basis for setting charges at levels that would induce plant managers to cut pollution significantly. After two years of implementation, LLDA reports that BOD discharges from the pilot project have dropped 88 percent (World Bank, 1999 : 42)’.

The experience in the ‘experimenting countries’ (China, Philippines, and Colombia) suggest that charges can generate a rapid, large, and sustained decline in industrial emissions. Charges appear to be an almost ideal tool because they provide maximum flexibility for both industry and regulators, who can use them to pursue varying levels of environmental quality (World Bank, 1999).

However, both within and across countries, the available evidence suggests that enforcement varies systematically with local circumstances. Such community-level flexibility in administering national regulations is probably critical to continued support for either charges or stands in countries with highly varied environmental, social, and economic conditions (World Bank, 1999). This is the major reason why one can not mechanically make assumptions and draw conclusions for Thailand and must investigate all the circumstances for introducing the user charge and its effects.

The World Bank points out in this study that political realities are of major importance for implementing and managing user charges. Political realities indicate that industry has to support any charge system, and this support has proved contingent on four conditions :

- First, industry has to be convinced that the government is serious about environmental protection.
- Second, industrialists need credible evidence that pollution control will not bankrupt them. In both the Philippines and Colombia, industry support gathered steam after numerous meetings in which regulators and international experts presented credible information regarding abatement costs.
- Third, plant managers tend to support charge systems once they understand that these systems give them great flexibility. They can abate or pay, as their conditions warrant.
- The fourth condition relates to how the charge revenues are used. Pollution charges are effective regulatory instruments because they reduce pollution through economic incentives.

While this argument appeals to economists, it cuts little ice with factory owners. To them, the charge is simply a tax, i.e., a financial sacrifice they have incurred for the common good. With remarkable consistency, they refuse to support charges until they are guaranteed that the revenues will be used to finance public or private waste-treatment projects in their own area.

A further major factor of success is that to maintain a credible charge system, regulators must obtain reliable data on plant-level emissions. This requires the ability to audit emission records, enter and store data, and analyze variations in effluent samples from each plant. Regulators also need good procedures for collecting and accounting for charge funds. These are stiff requirements, and many agencies are not capable of meeting all of them (World Bank, 1999).

### Definition of pollution and user charges

Charges are another way (instead of regulation etc.) of introducing ‘market discipline’ into the public services and of reducing the need to raise money for public spending :

‘These (user charges) are only feasible when the service is not totally a ‘public’ good (...) Proponents of charging argue that people resist these less than taxes because payment is linked to specific services. (...) A further argument in favor of charges is that services become more tailored to what consumers want (Corry, 1997 : 32)’.

Charges have been introduced into the protection of the environment; in fact, the World Bank has conducted several studies on charges and the reduction of environmental pollution. An important distinction has to be introduced here; it is the one between pollution and user charges.

**Pollution charges** are typically defined as a charge levied on the actual or reported emissions of a particular pollutant (Bluffstone, 1999). It is an instrument for internalizing external costs and encouraging pollution control. Pollution charges are also a means for raising revenues to finance environmental investments. For the OECD (1991) pollution charges usually exist in various forms, which can be emission or effluent charges, product charges, administrative charges, including *user charges* as indirect pollution charges. While Panayoutou (1999) narrows down only emission charges, effluent charges, solid waste charges, noise pollution charges, and product charges.

**User charges** are defined as instruments for recovering costs or financing supply expansion (Panayoutou, 1999). For wastewater systems, user charges are defined as the sewer service rates paid by customers for wastewater collection and/or treatment facility. Furthermore, they are relatively new instruments which demand management reduce wasteful use and enforce conservation. In particular, user charges can be used to recover the costs of municipal or collective treatment plants and are appropriate in all cases where such treatment takes place (Worldbank, 1998).

The interpretation of user charges that the author proposes is that they be divided into 2 types as follows :

- **The direct user charges** include utility charges (e.g., for water, electricity, etc.), road tolls, and access fees to parks, beaches, etc. These charges are analogous but not identical to prices for public goods.
- **The indirect user charges** include first, **betterment charges** imposed on private property, which derive benefit from public investment to collect revenues for financing the relevant public investment or for partial cost recovery. Second, **impact fees** which aim to internalize the external cost of private investments (construction, tourism or industrial development) on the landscape or the ambient environment<sup>1</sup> which may be classified as “visual pollution charges” in a much larger set of environmental impacts.

Although user charges share a common interest with pollution charges in their concern with the basic need to internalize externality as well as raise revenue for environmental issues. User charges are generally more concerned with public goods and how these can and should be managed as a long-term instrument in environmental policy. It is important to emphasize at this point that the environment

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<sup>1</sup> For example, a charge may be imposed per cubic meter of built up place. The incentive effect here is stronger than with betterment charges, especially as it applies to new construction.

is a focal point for societal trade-offs and in this context user charge-related issues are just one set of concerns among many.

### **Policy implementation models**

Since this article will focus on the implementation of the user charge, one needs to discuss implementation. Beforehand, we would like to briefly outline the functions of management within a public administration as outlined in two recent publications (Hughes, 1998 and Nicolas, 1999). Following largely Hughes' work (1998 : 54f) the functions of general management are :

- Strategy (strategic management)
- Establishing missions, objectives and priorities (by scanning the environment etc.)
- Devising operational plans
- Managing internal components
- Organizing and staffing
- Directing personnel and the personnel management system
- Controlling performance
- Managing external constituencies
- Dealing with 'external units' (of the public agency itself)
- Dealing with independent organizations (e.g. private enterprises)
- Dealing with the press and public.

At the very end, legal provisions, public policies and programs aim at changing the behavior of the public and/or private actors. Implementation includes both, the introduction of the change (in the public and private sector, encompassing possible changes in structure, functions, resource allocation etc.) as well as the routine operation of the changes introduced (internal components and external constituencies).

Policy making has been the center of attention of several governments, among them the UK Government of Prime Minister Blair. A whole series of reports and guidelines aimed at improving implementation, at delivering value for money and having the

participation of local authorities and citizens have been produced (Comptroller and Auditor General, 2001a). This Government also pleads in favor of using regulatory impact assessment (Comptroller, 2001b); furthermore, policy formulation and change should be done based on the evidence (Schacter, 2002a).

Among the major reasons for non-compliance are :

- lack of regulatory *knowledge* or comprehension by the target group,
- the *willingness* of the target group to comply with the rules,
- the *ability* of the target group to comply with the rules (OECD, 2000a).

Lane (2000) has convincingly shown that there is no consensus on implementation and has worked out nine implementation models that are briefly reviewed in Annex I. The author of the research refers to recent publications with a focus on practitioners' views; they are added to the respective implementation model.

Lane (2000 : 107) links this new hybrid model to two sources : the policy network framework and the hypothesis that implementation is basically learning. He critically argues that if implementation is to be understood as a long-term process where policy coalitions interact and learn about program technologies and program outcomes, then perhaps implementation is everything. And he asks why is there this need for more learning? Obviously, because implementation does not work and policy coalitions do not produce implementation.

Jordan et al. (2000) have stressed the importance of the belief structure in the case of the EU's environmental policy change. John (2003) is critical of several policy approaches including the one of Sabatier and asks about their future development.

Lane has certainly pointed out some of the major policy models. However, he has not really dealt with the new 'call' for participation in policy formulation and implementation. There is a vast amount of literature that asks for participation in order to create ownership, to increase effectiveness and responsiveness

(Cabinet Office, 2002c; Bullock et al., 2001; Richardson and Grand, 2002). He also overlooks the fact that a policy is implemented and maintained if citizens or other target groups comply with it, i.e., internalize their policy roles (among many Curtin, 2003; Caddy, 1999). The involvement of street level bureaucrats beyond their daily activities is equally important (Cabinet Office, 2002b; Winter, 2002). It goes without saying, that participation has also 'costs' in terms of time and other resources.

In conclusion of the above, one may say that policy implementation is a complex process and consists of many different models that are not mutually exclusive. One of the proofs is that practitioners refer to policy and policy implementation that fit with several of Lane's models.

Despite the fact that concepts like sustainability and eco-efficiency are not clear cut and agreed upon unilaterally and that implementation itself is also multi-faceted, one should not forget the fact that sustainability and policy, program and project implementation should produce results, i.e., should perform. The following paragraph now turns to performance (such as input, structure and outcome) to precisely define what is good implementation (i.e. set the standards to define it).

### **a) Performance**

Calls for performance and result-based management are frequent, also in the case of developing countries (Saldanha, 2002). The use of evidence in order to improve the performance of local services is recommended in the UK (Audit Commission, 2002). Schacter (2002b) which has clearly seen that performance consists not only of measurements but has to be contextualized and supplemented by 'stories'.

Performance has to do with the input, activity and results of an agency (i.e. its program); it is the ongoing monitoring and reporting of program accomplishments, particularly progress towards pre-established goals. There are three types of program performance assessments. :

- Program activities (process of interaction);
- The (direct) products and services delivered by the program (outputs);
- Results of those activities (outcomes).

Output and outcome categories are specified in the Table 2 below.

**Table 2** Categories of performance measures

Measure	Characteristic	Examples	Purpose
Output	(Number of) actions	Number of subsidies Number of penalties Number of seminars Number of contacts	Demonstrates the level of activity and how resources are used
Outcome	Results associated with a particular program	Percentage of enterprises that comply with policy, program	Demonstrates results (consequences) of policy, program etc.

Source : Based on Hughes, 1998; Corry, 1997 and GAO, 1998

Since former President Clinton and former Vice-President Gore ‘pushed’ the Federal US Administration to introduce performance measures and since the US General Accounting Office (GAO) made specific efforts to make performance measurable, we briefly refer one of its recent publications.

***Performance Measurement (GAO, 1998)***

The GAO and others have employed performance measurements over the years as per the aim of the Results Act (1993) focusing on whether a program has achieved its objectives, expressed as measurable performance standards.

Performance measurement is the ongoing monitoring and reporting of program accomplishments, particularly progress towards pre-established goals. Program or agency management typically conducts it. Performance measures may address the type or level of program activities conducted (process), the direct

products and services delivered by a program<sup>2</sup> (outputs), and/or the results of those products and services (outcomes). Because of its ongoing nature, performance measurement can serve as an early warning system to management and as a vehicle for improving accountability to the public.

***Process (or implementation) analysis***

This form of evaluation assesses the extent to which a program is operating as it was intended. It typically assesses program activities' conformance to statutory and regulatory requirements, program design, and professional standards or customer expectations.

This process analysis is typically a more in-depth examination of program performance and the context allows for an overall assessment as to whether the program works and an identification of adjustments that may improve its results.

***Outcome Analysis***

The outcome of this form of evaluation assesses the extent to which a program achieves its outcome-oriented objectives. It focuses on outputs and outcomes (including unintended effects) to judge program effectiveness but may also assess the program process to understand how outcomes are produced.

***Impact Analysis***

Outcome deals with the actions and reactions of the target group(s) due to the policy or program itself. Impact analysis defines the outcome as cause and asks what effect this cause produces among sectors other than the target group (e.g. changes in the society, the region). An illustration is in Figure 1 below.

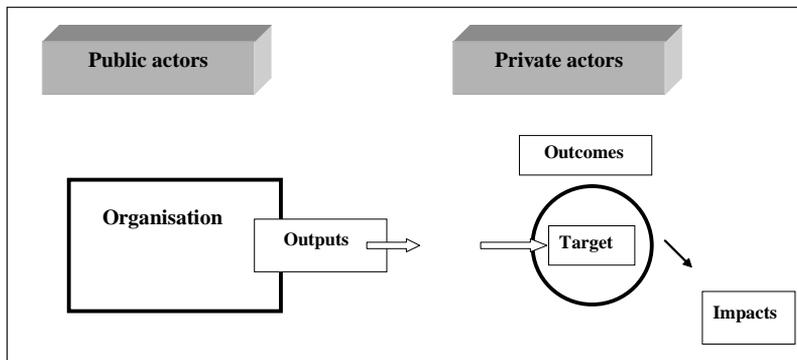
In all performance measures that go beyond simply enumerating outputs, the question of causality is at the center of critical apprehension. At first sight, the cause, the effect as well as

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<sup>2</sup> A "program" may be any activity, project, function, or policy that has an identifiable purpose or set of objectives (e.g. the introduction of the user charge by the city authorities); see also above, policy models.

the chain of causality seem to be clear. However, when it comes to deciding whether changes (outcomes) in the target group are due to the (initial) cause, then determination of what was the cause is less clear. The determination of what caused the impacts is even more difficult and in many cases, so Schacter (2002b) and Mayne (2003) believe that apart from measuring, 'stories' about the contexts have to be included as well.

**Fig. 1** Cause - effect relationship : Public cause - Private reaction



Source : Compiled by author in 2000

### b) Aspects of change

Having dealt with formal aspects of performance management and change, one needs to precisely state what may be the dimensions (objects) of change and what factors may contribute to change. The table below presents the dimensions of change and also answers the question on how the dimensions of change can be influenced. It should be noted that these dimensions of change might be relevant to the executing agency (e.g. an Environmental Protection Agency, EPA) and the target group (e.g. hotels). The dimensions of change are presented in Table 3 below.

**Table 3** Dimensions of change<sup>3</sup> at target group level

Strategy	How
Organization Roles Skills	<ul style="list-style-type: none"> <li>• Job descriptions</li> <li>• Organizational chart (distribution of tasks, competencies, responsibilities)</li> <li>• Knowledge</li> <li>• Decision-making levels</li> </ul>
Management system	<ul style="list-style-type: none"> <li>• Performance measures</li> <li>• Performance feed-back</li> <li>• Leadership</li> <li>• Costs</li> </ul>
Processes	<ul style="list-style-type: none"> <li>• Tasks and steps</li> <li>• Procedures</li> <li>• Inputs</li> </ul>
Culture	<ul style="list-style-type: none"> <li>• Beliefs and attitudes</li> </ul>
Changes	<ul style="list-style-type: none"> <li>• Technologies (wastewater)</li> <li>• Substitutes, Reductions</li> </ul>

Source : Compiled from Montana, 2000 and Government of Canada, 2000

Since this research is interested in analyzing the implementation process and also in determining what is good implementation, one needs to define the factors that may lead to success (in principal these are hypothetical factors that will have to be empirically verified):

- Meaningful vision, objectives (case for change, strategy, performance targets);
- Skills (education, leadership, manage conflict);
- Incentives (top management behind change and accountable for change, address fears, plan for early successes);

<sup>3</sup> Oral message from Zimmermann (August 2000).

- Resources (time allocated for change, budget, infrastructure);
- Action plan.

To address the difficulty in implementation, most research papers focus in developing and searching for results-oriented performance, information, and the challenges. Key challenges to local authorities and local enterprises that lead to an effective or ineffective implementation. Among the most important challenges are :

#### ***Missions and strategic goals***

It challenges the effective implementation in establishing clear agency/enterprise missions and strategic goals when program efforts overlap or are fragmented. In addition to the problem of overlapping and fragmented programs, agencies are challenged in setting goals because those goals must often reflect a balance of competing policy priorities.

#### ***Measuring performance***

Local authorities have limited possibilities for determining whether a desired result is achieved. Among the approaches that might be chosen (and perhaps have been chosen) are

- Using impact evaluations;
- Using intermediate performance measures;
- Using a range of measures; and
- Working with stakeholders to identify and reach a consensus on the most meaningful measures for the program.

#### ***Generating the results-oriented performance information needed to set goals and assess progress***

This third challenge to the effective implementation of a program is the lack of results-oriented performance information in many agencies, which hampers efforts to identify appropriate goals and confidently assess performance.

#### ***Instilling a results-oriented organizational culture within agencies***

Do the ‘managers’ of local authorities-enterprises (those in charge) have the authority to decide and the intention to achieve

effective results? If the managers are to be held accountable for program results, they would need the authority, flexibility, innovation and creativity to achieve those results.

Therefore, agencies should be authorized to apply for managerial flexibility waivers of non-statutory administrative procedural requirements and controls in their annual performance plans.

There are three major factors that lead to missing managerial flexibility and accountability. First, changes in government management practices and laws. Second, agencies could use other, less rigorous, means to obtain waivers from administrative requirements. Third, agencies seeking to take part in managerial accountability and flexible pilot schemes.

#### ***Linking performance plans to the budget process***

A fifth challenge to the effective implementation is the need to link the agencies' performance plans directly to the budget process in order to base the annual program performance goals on the budget's program activity structure (GAO, 1998).

#### **c) Implementation and performance**

To identify the performance of implementation, two steps have to be considered (based on GAO, 1998):

- In the process of introducing the necessary changes in the public city's administration and enterprises.
- In the process, after the introduction, for routine interaction (also called maintenance of the policy or program).

This effort is the starting point and foundation for defining what the agency seeks to accomplish, identifying the strategies it will use to achieve the desired results and then in determining how well it succeeds in achieving its objectives.

Ad A) The process of introduction of change on the side of the public actors/enterprises.

For strategic planning to be well executed, the author believes that three practices appear to be critical. Organization must (1) involve their stakeholders; (2) assess their internal and external

environment; and (3) align their activities, core processes, and resources to support mission-related outcomes.

For good implementation there must be clarity :

***Mission statement, in particular municipal level***

It explains why the agency exists and tells what it does in terms of (1) missions are well-defined or are aligned with related efforts in other agencies, (2) goals are clear, and (3) programs are properly targeted.

The good implementation practice will observe how the agencies have done or modify their missions; re-setting priorities; and restructuring, creating programs or projects as per these following questions :

- Is the mission results-oriented, and does it fulfill a public need? If not, how could the mission better focus on results?
- Is the mission based on statutes, and if so, does it cover all the relevant statutes?
- Are parts of the agency's functions or activities not covered in the mission statement? Why?
- Are there developments (e.g. in technology or competition) that suggest the mission and corresponding legislation need to be revised or updated?
- Is the agency's mission similar to those of other agencies, and if so, has coordination occurred or does unwarranted duplication of missions exist?
- How is the agency's mission differentiated from those of other agencies with similar missions? Are there unique agency characteristics that give it an advantage in fulfilling its mission, such as location of field offices or staff expertise?

***Goals and objectives***

They explain what results are expected from the agency's major functions and when to expect those results. And the long term mission translated into specific annual performance goals and objectives. Good implementation can justify the goals and objectives with questions as follows :

- Do the goals cover the major functions and operations of the agency? If not, what functions and operations are missing? Are the goals logically related to the mission?
- Are the goals results-oriented, such as to reduce crime or have fewer workplace accidents? Or, are they focused more on outputs, such as inspecting more than the workplace? If so, why?
- Do the agency's goals appear similar to the goals in the plans of other agencies that are performing related activities? If so are these sets of goals complementary or duplicated?
- Are the goals targeted at results over which an agency has a reasonable degree of influence?

***Strategy (achievement of goals through activities and resources)***

Strategy helps in aligning an agency's activities, core processes, and resources to support achievement of the agency's strategic goals and mission. Some agencies need to do a better job of designing strategies to improve efficiency and reduce costs. Good implementation practice needs to look at how the agency has designed the process and its support for resource allocation that minimizes the cost as much as possible with the questions as follows :

- How are the goals to be achieved? Are the strategies logically linked to the goals and the day-to-day activities of the managers and staff? Are they consistent with historical resource trends?
- What steps will the agency take to align its activities, core processes, workforce, and other resources to support its mission-related outcomes?
- What are the required resources such as human, capital, and information? Are new regulations, flexibility, user fees, or legislation required?
- What steps is the agency taking to ensure that managers have the authority they need to achieve results? Are there strategies to hold managers accountable for the results? Are

there any strategies that focus on providing incentives for managers and other staff to achieve the goals?

- Do managers have the knowledge, skills, and abilities to implement user charges? If not, what strategies are needed to develop the necessary capacity?
- Are technological advances necessary to successfully execute the strategies? If so, how likely are those to advance?
- What alternative strategies were considered?
- Are there programs or activities that need to be eliminated, created or restructured to achieve the goals?

***Key external factors that could hinder the achievements***

This component of the plan involves an identification and discussion of key factors external to the agency and beyond its control that could occur during the period covered by the strategic plan and could significantly affect achievement of strategic goals. Such factors could include economic, demographic, social, technological, or environmental factors. Key external factors could also include conditions or events that would affect the agency's ability to achieve its strategic goals if they do not occur. The agency's plan should briefly (1) describe each key factor, (2) indicate its link with particular strategic goals, and (3) describe how achievement of the goals could be affected by the factor.

**Ad B) Policy maintenance**

Beyond monitoring external factors, leading organizations monitor their internal environments continuously and systematically. Internal factors could include the culture of the agency, its management practices, and its business processes by the key questions which are :

Does the agency monitor external factors? If not, why not? If it does, is the monitoring process likely to identify all the major factors? What has been the finding of this monitoring?

Are the agency's strategies for achieving its long-term goals properly reflective of external factors? For example, if changes in information technology make it possible to increase productivity, does the plan discuss how this change will be translated either into

more progress in achieving results or into saving through downsizing the workforce?

Does the agency monitor internal factors? What internal factors within the control of the agency could affect achievement of the strategic? Are agency culture changes needed?

### ***Performance measure (PM)***

- Identifying the goals of performance measurements

- An agency can use output goals, outcome goals, or some combination of the two to reflect the agency's intended performance. Output can be defined as the direct products and services delivered by a program. Outcomes are the results of those products and services,
- Performance measures developed,
- Annual performance specified. The annual performance must provide a basis for an agency to compare actual results with performance goals,
- Indicators for measurements,
- Performance Levels Set,
- Define effects that may appear years after implementation.

### ***Data collected***

It needs to ascertain the significant limitations to data from agency sources that should be recognized, indicate when performance data will come from sources external to the agency and should recognize known significant limitations to external data.

### ***Analysis of data***

The agency should ensure that its performance information is sufficiently complete, accurate, and consistent. However, an explanation of data limitations can provide decision makers with a context for understanding and assessing the agencies' performance and the costs and challenges agencies face in gathering, processing and analyzing the needed data. The discussion on data limitations can help identify the actions needed to improve the agency's ability to measure its performance.

## Need for Good Implementation Model

Regarding the theoretical considerations above, good implementation comprises two following factors (given that elaborate public management and performance measures have not yet been introduced into the administration) :

### a) Implementation process

#### *Unit (s) designed and responsible for implementation*

The government agencies need to clearly define roles and responsibilities, if not, it could be difficult to determine which entity should lead the efforts. Also managers need the authority and flexibility to achieve intended results. One challenge is how to balance competing priorities among each entity without duplicating the work. A summary of factors that determine the quality of the implementation process is in Table 4 below.

#### *Training of personnel (Human resource management)*

To achieve the goal, implementation plans need to clearly identify the type of staff (project managers, planners, budget analysts, and executives), their authority and responsibility. Successful implementation found that training of personnel is the crucial factor.

#### *Financial resources available*

Effective implementation will be consolidated by its potential to find a funding level for most of its activities which is compatible with its performance goals. Together they will reduce costs particularly the operational cost. If successfully implemented, they will also provide decision makers with information as to the costs of all resources used, including the costs of services provided by others to support activities or programs.

#### *Information/Communication/Support*

One factor regarding successful implementation is when an agency adopted performance information to improve effectiveness and it is used to make a decision. Different measures to gain information are as follows :

- Information brochures;
- To disseminate the project details and awareness to further an understanding of the project;
- Workshops;
- Demonstration example (s);
- On site visits (direct interaction within an organization, e.g. a hotel);
- Telephone hotlines.

***High visibility actions***

High visibility actions, i.e., the presence of a mayor or an estate manager for start-up activities, visits to workshops etc.

***Preparing for reactions to change***

- Involvement of stakeholders (in the initial stage). Many government decision-makers are finding that achieving results on public issues increasingly requires coordinated responses from numerous public and private entities.
- Satisfaction of enterprises (factories/hotels) and of the implementing authorities.
- Opinions of experts.

**Table 4** Empirical determination of the quality of the implementation process

Factors	Data / ‘measure’
Strategic approach of actors	Analysis of reports
Implementation structure	Interviews (authorities/managers of enterprises)
Information/communication/ support activities	Questionnaire survey for enterprises
Stakeholder involvement	Evaluation by experts on implementation
Experts’ opinion	

Source : Compiled by author in 2000

### b) During operation (policy maintenance)

The quality of policy maintenance also needs to be assessed; a summary is in Table 5 below. The following factors seem to be crucial :

- Accessibility/availability of authorities (hours the system can be consulted);
- Customer Satisfaction;
- Customer satisfaction can identify and enable program changes. But one challenge is of how to overcome uncoordinated overlapping and fragmented programs, which frustrate program customers;
- ‘Costs’ (time to fill in forms);
- Accuracy (errors in forms, inaccurate bills etc);
- Responsiveness of authorities;
- Easy to use instructions;
- Caring, knowledgeable civil servants, empowered civil servants;
- Time spent with customer; to deliver information;
- Correct on the spot answer;
- Days to correct a problem;
- Changes within an enterprise (reduction of waste water, loads etc).

**Table 5** Empirical determination of the quality/effects of operating a user charge

Factors	Data / ‘measure’
Accessibility	Analysis of reports
Customer satisfaction	Interviews (authorities/managers of enterprises)
‘Costs’/accuracy	
Responsiveness	Questionnaire surveys for enterprises
Changes in enterprises	

Source : Compiled by author in 2000

## Conclusions

In conclusion, this article suggests that policy implementation currently being undertaken needs to be changed substantially in terms of its strategic approach and methodology for it is a complex process and consists of many different models that are not mutually exclusive. One of the proofs is that practitioners refer to policy and policy implementation that fit with several of Lane's models. The implementation itself is also multi-faceted, one should not forget the fact that sustainability and policy, program and project implementation should produce results, i.e., should perform. Good implementation of user charge comprises two following factors : Implementation process and policy maintenance.

## Annex I : Implementation Model

### a) Implementation as perfect administration

Lane (2000 : 101) first deals with Hood who suggests a model of implementation that would "produce perfect policy implementation" (Hood, 1976 in Lane). This approach includes idealistically :

- a unitary administrative system with a single line of authority,
- enforcement of uniform rules or objectives,
- a set of clear and authoritative objectives implementable on the basis of perfect obedience or perfect administrative control,
- perfect coordination and perfect information within and between administrative units,
- absence of time pressure, unlimited material resources for tracking the problem,
- unambiguous overall objectives,
- perfect political acceptability of the policies pursued.

This ideal-type construct may help to discover the sources of implementation. However, empirical work on implementation shows that the bargaining mechanism is important and the model does not reflect intra- or inter-organizational complexity.

**b) Implementation as a policy management**

Lane (2000 : 101f) then refers to Sabatier and Mazmanian's famous article of 1979 'The Conditions of Effective Implementation : A Guide to Accomplishing Policy Objectives' which refers to the policy program. It's target group whose behavior is to be changed by formulating objectives, changes in target group behavior for the achievement of the desired end-state (objectives), unambiguous policy directives and structuring the implementation process. The necessity for programs and project approaches have recently been stressed again by the UK Cabinet Office (2002a). The driver behind the emphasis on project and program management is the need for urgent change to policy making, in particular in improving government's ability to deliver efficient, effective and high quality services. Policy service delivery should contribute to a higher value for money and better customer satisfaction (Mulgan et al., 2001). The policy and program dimension has also been stressed by the governments of the UK, Sweden and Canada in the new 'sector wide approaches' (Norton and Bird, 1998; SIDA, 2000; Schacter, 2000).

According to Lane the presumed sufficient conditions for successful implementation do identify crucial factors that affect policy accomplishment which are technology, unambiguity of objectives, skill, support and consensus. However, Lane wonders if conditions can be formulated to determine when a policy is 'significantly' undermined by conflict?

**c) Implementation as evolution**

A further model that Lane (2000 : 102f) presents is Majone and Wildavsky's approach to implementation. The evolutionary conception of implementation implies that implementation processes may not be neatly separated from stages of policy formulation, mingling objectives and outcomes, and that implementation is endless.

**d) Implementation as learning**

Wildavsky – so Lane (2000 : 103) - has given another

interesting interpretation of the nature of the implementation process, this time implementation as an endless learning process where the implementers through continuous search processes come up with improved goal functions and more reliable program technologies. There is no natural end to the process of policy implementation and learning.

#### **e) Implementation as structure**

An implementation structure consists of sets of actors. Yet, implementation structures are not organizations; they comprise the parts of many organizations and of many programs. As analytic constructs, implementation structures are conceptualized to identify the units of purposive action which implement programs. But, to Lane, which sets of actors constitute one and only one implementation structure? The description of implementation structures as comprising units that implement programs is of little help as it is circular (Lane, 2000 : 104).

#### **f) Implementation as outcome**

According to Lane (2000 : 104), Fudge and Barrett state that a theory of the implementation process follows from a particular concept of implementation. It is a relationship where policy-makers and implementers are more equal and the interaction between them becomes the focus for the study.

One may add that outcome is a concept that has a specific place in the implementation process. The latter is considered to have an input, throughout, output and outcome. This conceptual framework has its practical use in cases of modern public sector management (a specific version is new public management). New Zealand has pioneered the outcome approach for a very long time and is currently refocusing its view on this concept (Schick, 1996; Department of the Prime Minister NZ, 2002; 2003; State Service Commission, 1999; OECD, 2002a, Mayne, 2003; Economics & Strategy Group (New Zealand), 2003 ; for an assessment of New Zealand's reform strategies and results see Scott, 2001).

**g) Implementation as perspective**

According to Lane (2000 : 104f) it is Williams who has argued strongly in favor of taking a special perspective as the starting point for policy execution, i.e., the so-called implementation perspective as some kind of practical science of administration, a body of knowledge that policy-makers and implementers could draw upon as they approach the implementation of policies.

**h) Implementation as backward mapping**

The implementation process involves a number of participants. Lane (2000 : 105) cites Elmore who argues convincingly that much of implementation analysis has focused on those placed in the high levels of hierarchy, whereas implementation analysis should also focus upon those responsible for the production of outcomes on a day-to-day basis.

The crucial nexus in the implementation process is the behavior of those who are placed most closely to the production of outputs—that is, those placed far down in the hierarchy. Recent publications support the importance of street level bureaucrats (Cabinet Office, 2002b; Winter, 2002).

**i) Implementation as symbolism**

According to Lane (2000 : 106) studies of implementation processes reveal that the implementers may resist change and that the policy-makers may find it is advantageous to neglect policy execution.

Based on Edelman a process implementation exhibits political symbolism by not making a sincere effort at implementing a real policy. However, that does not mean that a policy is not implemented for goals which may be intertwined with other goals. The extent to which an implementation process has more or fewer symbolic elements, and to what extent policy goals may be accomplished, is according to Lane an empirical question.

**j) Implementation as ambiguity**

Policy ambiguity may be a strategic instrument but also a necessary by-product of the political process. Here Lane (2000 :

106) refers to Baier et al. (1986) who argue that implementation fails because bureaucracy is either not sufficiently able or is too autonomous. Thus, a policy implementation may fail because of a gap between rational policy-making and imperfect policy implementation and/or due to the looseness of policy. It is also argued that policy can not be separated from implementation, that on the contrary, policy can only be identified in the process of implementation.

### k) Implementation as coalition

Sabatier has introduced the concepts of advocacy coalition and policy change (Sabatier, 1998 : 113; Sabatier, 1999 : 130f). A major policy change is a change in the policy core whereas a minor change is a change in the secondary aspects (Sabatier, 1999 : 147) of a policy only. Policies are carried out by advocacy coalitions and are part of their belief system (idem) :

- The deep core, i.e., normative and ontological, axioms and values that go across all policy systems which are very difficult to change;
- The policy core, i.e., fundamental policy positions regarding strategies for achieving the core values which are sub-system wide and difficult to change;

The secondary aspects, i.e., instrumental decisions and information to implement policy core; usually part of the sub-system and moderately easy to change. The so-called advocacy coalitions consist of actors from various public and private organizations who share a set of beliefs and who seek to realize their common goals over time. Thus, a (epistemic) community consist of individuals, groups (network) of professionals with competency in a particular domain have

- a shared set of normative beliefs,
- a shared set of causal beliefs,
- shared ideas of validity,
- a common view of policy enterprise.

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