LEARNING FROM INTERNATIONAL EXPERIENCE: PEMPAL BCOP's Knowledge Product on Use of Performance Information for Decision-Making

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Presentation Overview

I. PEMPAL BCOP's new knowledge product *Use of Performance Information in the Budget for Evidence-Based Decision Making: Learning from International Experience*

1. Obstacles in the effective use of performance information
2. Performance management evolution and reform scope and roles
3. Key reform elements and the role of MoF
   a. legal and institutional framework
   b. integration of performance data use into business processes
   c. data management
   d. capacity building and knowledge sharing

II. BCOP's new working groups

BCOP’s Knowledge Product on Use of Performance Information


AI-generated illustration

The Performance Challenge

- Governments are under pressure to justify and get the best possible value from public spending, against a tough fiscal background (high debt levels, heavy tax burdens, and/or large spending pressures).
- Many governments have invested substantial time and resources in developing performance-oriented approaches to budgeting.
- However, the use of performance information generated by performance budgeting falls well short of the ideal. Typically, the non-financial performance information developed as part of budget preparation is only referred to again during annual reporting.

Key Barriers to Effective Performance Information Use

Limited Political Demand

Low demand from political leadership or senior officials for evidence-based analysis. The incentives to secure and spend resources are stronger than to save money and innovate.

Unfamiliarity with Data

Public servants unfamiliar with the performance data because they are not required to use it on a routine basis in their daily work and decision-making processes.

Data Quality Issues

Performance data may not be sufficiently relevant, timely, comprehensive, and/or does not adequately cover/decompose the causal chain. Moreover, in some cases/sectors, data may exit at administrative level, but is not used to its full potential. These issues limit data value for actual decision-making.

Skills and Tools Gap

Public servants lacking the necessary skills, guidance, and IT tools to convert raw data into insights that can improve policy design and resource allocation.

Notwithstanding the challenges, governments share a common interest in creating a high-performing system that can transform financial resources into high-quality programs that respond to government policy priorities and show results. Performance-driven analysis is useful at every stage of the "value chain", from policy and resource allocation, through daily management of spending and activities, and creating outputs that contribute towards outcomes, to reporting to citizens.

Evolution of Performance Management: Learning from NPM

New Public Management (NPM) Core Principles (1980s-1990s)

- **Decentralization**
- **Performance Measurement**
- **Competition and Market Mechanisms**
- **Managerial Autonomy**
- **Customer Orientation**

Key Lessons Learned

- **Performance orientation entails risks:** Targets increased accountability but led to gaming, goal displacement, and short-termism
- **Strong capacity needed:** Effective implementation required leadership, managerial skills, and institutional capacity
- **Contractual limits:** Heavy dependence on contracts introduced transaction costs, rigidity, and service fragmentation
- **Equity considerations:** Customer-centric approaches sometimes resulted in inequities in access and outcomes
- **Context matters:** Reforms needed adaptation to fit different administrative cultures and government structures
- **The complexity of relationships between spending and outcomes in the public sector was underestimated, with insufficient focus on learning/adjusting versus sections/rewards**

The concept of direct performance budgeting has been replaced with performance-informed budgeting (using performance information to supplement financial and operational information, understanding public sector nuances) **as a good practice.**

What Defines High-Performing Organizations?

There is substantial literature on the key factors that lead to high-performing public sector organizations and governments:

01

External Support

Supportive behaviors from external stakeholders such as political authorities create an enabling environment for performance.

02

Agency Autonomy

Organizations need some autonomy in refining and implementing their missions to respond effectively to challenges and opportunities.

03

Mission Valence

High 'mission valence' motivates staff and stakeholders toward common goals.

04

Performance Culture

A strong, mission-oriented culture that emphasizes results and continuous improvement throughout the organization.

05

Leadership Behaviors

Specific leadership behaviors that drive motivation and performance across all levels of the organization.

Performance-Oriented Public Sector = A Complex Whole-of-Government Reform

The MoF is a very important actor; but, **changes in budget and reporting processes, while necessary, are not sufficient** to bring about the change, which also **depends on coordinated reforms to other processes**, including strategic planning, policy making, operational management of programs by line ministries, statistics, data governance, and digitalization, and audit and legislative oversight.

Holistic Systems Approach Required

Transforming the public sector into a data-driven, performance-oriented entity demands coordinated reforms across budget processes, reporting, strategic planning, policy development, and operational management. This requires simultaneous improvements to statistical systems, data governance, digitalization, and oversight, as traditional approaches are insufficient.

Multi-Agency Partnership Led by CoG

While the MoF leads financial management, the CoG is critical for orchestrating this transformation, using its authority to break institutional silos and ensure coordinated implementation and line ministries' ownership and accountability.
Only the CoG has the authority to align different institutions and processes to build a 'performance culture'. CoG's specialized unit/body is needed, empowered to coordinate activities across agencies.

Evidence-Based Reform Directions

International experience shows effective reform strategies include building robust data infrastructure, strengthening analytical capabilities, and establishing clear performance measurement frameworks. These reforms require careful sequencing, adequate resources, and sustained political commitment for long-term sustainability.

Enabling Systematic Use of Evidence Across the Government

Legal Foundations - mandatory framework for performance use across government operations

Center of Government - leadership & coordination

Ministry of Finance - embedment in budgeting & standardization and challenge role

Line Ministries – implementation & ownership

National Statistics Agency – data Production & technical expertise

Supreme Audit Institution – independent performance verification & evaluation

Parliament - oversight & holding accountability

Legal Frameworks

Strong legal foundations support evidence-based decision making through organic budget laws requiring performance budgeting, annual performance plans, in-year reporting, spending reviews, and ex-ante appraisal of policy proposals.

Examples of Legal and Institutional Models

United States: Comprehensive Legislative Framework

The US provides a leading example through the Government Performance and Results Act (GPRA) 2003, the Foundations for Evidence-Based Policymaking Act (2018), and the Federal Agency Performance Act (2024). These laws require strategic planning, goal setting, performance reporting, and systematic use of evidence across all federal agencies.

Austria: Constitutional and Legal Integration

Austria changed both its constitution and organic budget law in 2013 to establish the principle of results-oriented management. The Federal Performance Management Office provides sustained coordination and monitoring across agencies.

Estonia: Integrated Reporting System

Estonia's Budget Act requires that strategic documents and programs be part of the budget planning process, with specific goals and indicators for each service level. Performance data must be submitted in machine-readable format and published on ministry websites.

Integrating Performance Data into Business Processes

Routinely using performance information in all government budget-related processes is essential for advancing regular and effective use of data in decision-making. **When performance data becomes standard in planning, budgeting, and management, it fosters accountability and continuous improvement.**

- **Operational Management of Budget Programs by Line Ministries/Agencies - Budget Preparation and Adjustment.** Performance data informs resource allocation decisions and in-year budget adjustments. Advanced systems provide real-time access to granular data for budget managers.
- **Reporting.** Integration of performance information into financial reporting provides the basis for dialogue with legislators, civil society, and internal management.
- **Audit.** Both internal and external audit have significant contributions to make towards ensuring effective use of performance information.
- **Spending Reviews.** Comprehensive and targeted spending reviews use performance data to identify trade-offs between programs and seek savings to make space for priority spending.
- **Evaluation.** Ex-ante and ex-post evaluations assess the appropriateness, effectiveness, and efficiency of policies and programs using extensive performance information.

Example: the US Department of Agriculture has invested in data analytics following five principles: creating a single trusted source of data, providing analytical tools, improving data quality iteratively, encouraging data exploration, and creating a data-driven culture.

Data Management and Technology Solutions

To be useful for decision-making, performance data needs to be relevant, reliable, timely, and organized so it can be linked to other data sources. This **requires sophisticated data management approaches and technology solutions**.

1 Data Quality Improvement

Address common issues, including unclear program objectives, inconsistent data, unclear definitions, lack of relevance, and attribution problems. Collaborate with National Statistics Offices and use international standards where available.

2 Data Governance Framework

Implement strong governance covering data availability, usability, integrity, and security. The US 2018 Evidence Act requires agencies to develop data strategies, evidence-building plans, and detailed data inventories with Chief Data Officers.

3 IT Systems Integration

Financial Management Information Systems (FMIS) are evolving into tools for both financial and performance management. Business intelligence software connects to FMIS to enhance data analysis and visualization.

4 Advanced Analytics

Leading countries use AI and data science to detect fraud, analyze patterns, and improve performance. France, UK, and the Netherlands have established initiatives to exploit data science across financial management areas.

Example: Canada's GC Infobase and the UK's OSCAR II system *combine performance data from budgets with financial information in unified, accessible platforms for parliamentarians and citizens.*

Building Analytical Capacity for Evidence-Based Government

Core Analytical Skills Required:

- Data analysis and interpretation
- Statistical and quantitative skills
- Critical thinking and problem solving
- Technical software proficiency
- Policy and program evaluation
- Communications and reporting

Strategic Approaches to Building Capacity:

- **Recruitment and training strategies**
  - The Netherlands and Austria provide exemplary training programs, a combination of internal development and external expertise acquisition
- **Creating new performance-focused roles**
  - The appointment of focal persons performance and strategic data the US.
- **Communities of Practice for knowledge sharing sharing**
  - The US PIC facilitates experience sharing and best practice dissemination
  - UK" What Works" network model - independent centres conduct rigorous analysis using evaluation techniques and randomized control trials to identify effective interventions and assess

Summary Strategic Advice for MoFs

1. Strengthen Legal Framework

Spearhead the budget-related legislation (PPB, spending reviews, ex-ante evaluation of spending proposals). Also play an active role in creating the legal bases for overall evidence-based governance (strategic planning, performance plans and reports, accountability, evidence use), with line ministries leading implementation. *E.g., outcome governance principle in Austria, a series of laws in the US inc. the Evidence Act and GPRA, reporting of financial and non-financial data in Estonia.*

2. Partner with Centre of Government

Work closely with CoG to advance performance-oriented governance reforms and promote a "culture of performance" and evidence-based policy making, aligning budgetary reforms with broad performance initiatives *(e.g., Austrian FPMO, the UK Efficiency and Reform Group & Evaluation Task Force).*

3. Integrate Performance Data in Key Processes

In addition to the budget planning stage, this may include in-year budget adjustment, management reporting on financial and operational performance, annual spending reviews, and ex-ante evaluation. All should be supported by clear guidance *(e.g., the UK color book series)*, training, and technical assistance.

4. Strengthen Relevance and Quality of Performance Data in Budget,

Develop standards for robust budget program structures and relevant and hierarchical performance indicators of line ministries. Review overall data quality and perform the challenge role in the budget planning phases. Collaboration with NSO is also advised. *E.g., Canada, the Netherlands, the US.*

5. Promote/Invest in IT Systems

Promote development of systems combining financial and performance data, using business intelligence software and "data lakes" from multiple sources. *E.g., Canada's InfoBase and the UK OSCAR system.*

6. Build Analytical Capacity

Develop MoF technical capacity to analyze/interpret performance data and offer support to ministries. Create a specialized data analytics staff/unit in MoF and support external partnerships and peer learning. *E.g., South African TA Center, French Etalab, the UK What Works Network, USA PIC, the Netherlands Central Bureau of Statistics.*

7. Engage with Legislative and Audit Bodies

Work with the legislature to develop its understanding and engagement with performance issues and the SAI on performance audits. Internal audit can have an important advisory role in performance management within line ministries. *E.g., Canada, UK, Australia.*

The journey from "performative" to "performing" government requires patience, persistence, and sustained political commitment. However, the potential benefits of improved efficiency, better outcomes for citizens, and enhanced accountability make this **transformation essential for modern public administration.**

BCOP’s New Working Groups

Why Now? The Strategic Shift

Significant Progress Achieved

BCOP member countries have made substantial advances in basic budgeting reforms and are ready for more sophisticated challenges.

Global Trends Demand Action

Digitalization, citizen accountability demands, and advanced IT solutions are transforming public financial management worldwide.

PEMPAL 2026-2030 Strategy

- Brings out the new upgraded PEMPAL to support PFM modernization and enhancement
  - Support the achievement of development goals
  - Promote innovations across the PFM cycle
  - Focus on country-level impacts
  - Engage with a wider range of institutions

Transforming Budgeting

These three working groups represent a pivotal evolution in PEMPAL's mission - moving beyond basic reforms to sophisticated, strategic budgeting that serves citizens and drives sustainable development.

Strategic Impact

Budgets aligned with national development priorities

Digital Innovation and Openness

Technology-enabled transparency

Institutional Strength

Resilient fiscal frameworks prepared for future challenges

The Three New PEMPAL BCOP Working Groups

Budgeting for Development (BDWG)

Strategic budget alignment with development objectives and performance management

Budget Innovations and Openness (BIOWG)

Digital transformation, transparency, and stakeholder engagement in budgeting

Modern Fiscal Management Tools (MFMWG)

Strengthened institutions, fiscal rules, and crisis management frameworks

THANK YOU!

More information: PEMPAL website, BCOP Factsheet, and knowledge products

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