

# Performance Budgeting: Learning from Experience

## *Selected country case studies*

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## About the study...

- ☐ Case studies of Australia, Estonia, France, Netherlands, Poland, Russia and US
- ☐ Consistent analytical framework and questionnaire to aid comparison.
- ☐ Mainly local consultants, with close personal involvement in performance reforms
- ☐ Analysis is preliminary!
- ☐ Full report and detailed case studies will be available with the next few months.

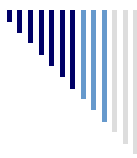


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## Areas of focus

- ☐ Survey questions on:
  - Design of current system
  - Evolution and adaptation to particular challenges
  - Policymaker trust and use of data
- ☐ Cases included a drill down on a comparable policy area: secondary education



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## Need clear objectives for PB

High expectations and confused objectives contribute to general disappointment with results of PB:

- PM, Presidency want to drive policy priorities down to the level of budget decisions
- MOF wants to improve spending efficiency
- Parliament wants to increase transparency and accountability for use of funds

Institutional leadership and understanding of PB varies widely

- Prime Minister's Office or Presidential Administration
- Ministry of Economy
- Ministry of Finance

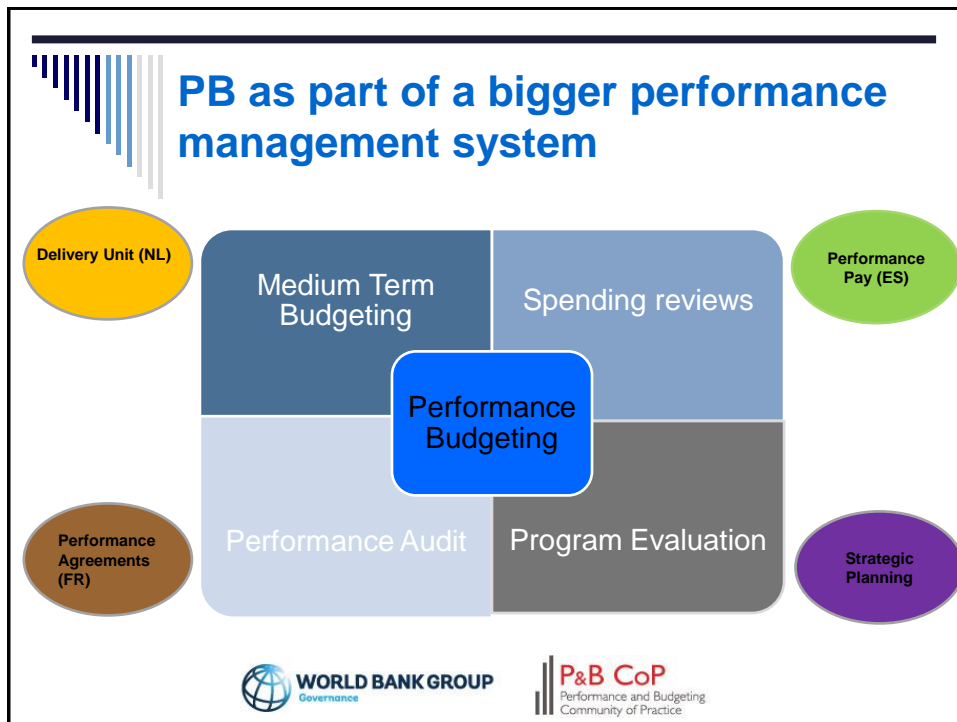


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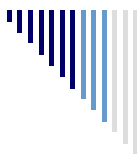
## PB needs both political and bureaucratic support

- Political champions give reforms visibility and impetus
- Mixed blessing to be identified with political patron if they lose elections, or in polarized setting
- Continuity in systems needs bureaucratic institutionalization
- Need to expect change and re-packaging

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## Don't overload the annual budget cycle

- ☐ Countries with most experience have retreated from making strong links between annual budget and performance.
- ☐ Basic common elements are strategic planning, budget programs, annual performance plan and performance report as annex to the budget
- ☐ Rely on multi-annual processes to align expenditure with political priorities and evaluate program effectiveness, value for money etc.



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## Less is more when it comes to performance reporting

- ☐ Initial tendency to have many programs and indicators
- ☐ Ministers complain of information overload
- ☐ Staff complain about workload and pointless bureaucracy
- ☐ Strong trend towards simplification of programs and PIs



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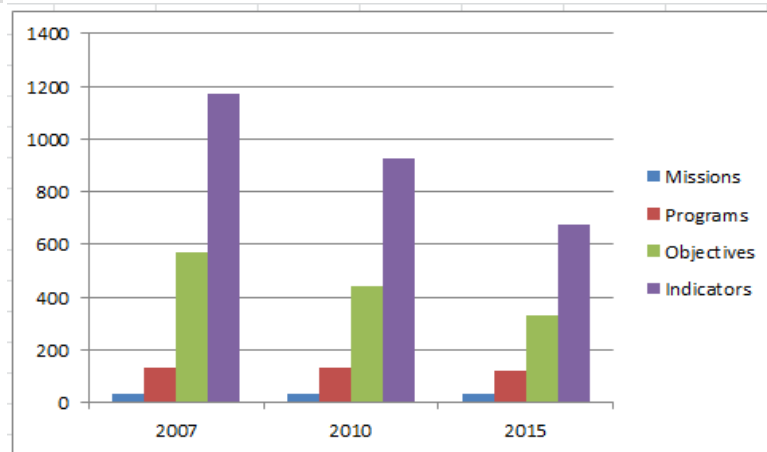


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## Trend is towards simplification (France)



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## Once size does not fit all

- ☐ Attempt to implement a comprehensive approach contributes to resistance
- ☐ Pointless bureaucracy?
- ☐ Challenge of identifying meaningful indicators that cover all activities
- ☐ Possibility of a differentiated approach (e.g. Netherlands)



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## Program managers main users of performance info.

- All country experts identified program managers as most likely users
- Some discussion of performance between CBA and departments
- Limited legislative interest in performance data, and
- Reversion to input information during fiscal crisis

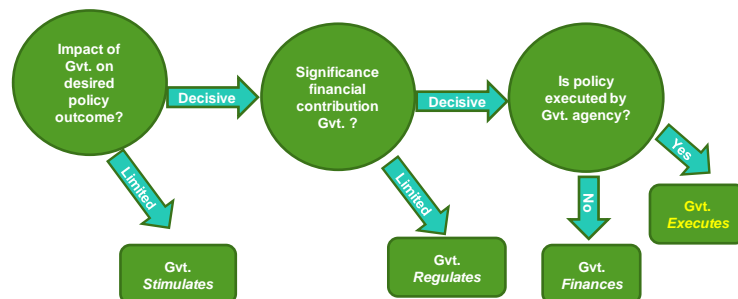


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## Netherlands: a differentiated approach



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## Building culture of performance is a long-term task

- Case studies demonstrate that sustained efforts to implement PB have gradually changed civil service mindsets
- But more effort needs to be devoted to building capacity
- Formal requirements for reviews are largely limited to annual discussion with CBA
- CBA needs to develop an effective challenge function
- Can build data-driven reviews with agencies on a more regular basis



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## Need to build analytical capacity

- Very varied capacity across ministries to manage performance information
- Under-investment in analytical skills
- Information systems also require investment
- Need to build an effective challenge function in the CBA



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## Tentative conclusions

- ☐ Quest for performance orientation continues despite disappointments
- ☐ Need for greater realism, budgeting remains political
- ☐ PB needs to be integrated as part of overall performance management system
- ☐ Don't overload the annual budget process
- ☐ Case for differentiated approach to use of performance data
- ☐ Investments needed in skills, data and communications

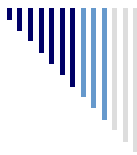


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## Thank you



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