**Back-to-Office Report: PEMPAL BCOP participation in the meeting of the OECD Senior Budget Officials’ Network on Performance and Results - November 16-17, 2017**

1. On November 16-17, 2017 PEMPAL Budget Community of Practice (BCOP) Chair, Anna Belenchuk from Russian Ministry of Finance and selected members participating in the BCOP Program Budgeting Working Group(representing Russia and Turkey)traveled to Paris, France to attend the annual meeting of OECD Senior Budget Officials’ Network on Performance and Results. The group was accompanied by BCOP resource team including Maya Gusarova, Senior Public Sector Specialist and BCOP Resource Team Coordinator and Naida Carsimamovic Vukotic, Consultant and BCOP Resource Team member (GGO15). Organizational support was provided by Ksenia Galantsova, PEMPAL Secretariat.
2. The objectives of this meeting was to learn about the current state of affairs and plans of OECD countries in performance budgeting reforms and to share in a dedicated session of the meeting the status of performance budgeting in PEMPAL member countries with a focus on use of performance indicators in program and performance budgeting.
3. OECD’s Network on Performance and Results meets annually and its objective is to improve the effectiveness and efficiency of resource allocation and management in the public sector by assisting member countries to design and implement performance- and results-based budgeting and management reforms. This Network provides an important platform for BCOP Program and Performance Budgeting Working Group (PPBWG), providing PEMPAL countries with an opportunity to share and benchmark their progress in program and performance budgeting with OECD countries and to learn and discuss new trends in program and performance budgeting in OECD countries.
4. This was the third meeting of the OECD Network for Performance and Results in which BCOP participated and it was the first time that BCOP was invited to make a presentation at the meeting. Ms. Gusarova delivered an introductory presentation in which she introduced PEMPAL network and the Budget Community of Practice and PPBWG agenda. She mentioned BCOP’s cooperation with the OECD, in particular the Senior Budget Officials' regional network for Central, Eastern and South-Eastern European Countries, and thanked the OECD Secretariat for beneficial and increasing collaboration with BCOP.
5. Ms. Naida Carsimamovic presented PPBWG’s recent work on a knowledge product on performance indicators in PEMPAL countries. Based on the priorities that BCOP collects from all of its member countries on annual basis, program and performance budgeting remains the top priority area for BCOP countries and in particular members reveal high interest to performance indicators and their use in budget decision-making. Moreover, findings of the OECD-PEMPAL Performance Budgeting Survey for BCOP countries conducted in 2016 clearly indicated that PEMPAL countries have a common challenge in defining and tracking performance indicators. This challenge is related to: i) encouraging culture of performance; ii) underuse of performance indicators in budget and policy decision making; iii) unclear policy/program objectives that make it difficult to set performance measures and targets, iv) and lack and/or poor quality of performance information. PPBWG has collected examples/full sets of performance indicators from ten BCOP Countries (Armenia, Belarus, Bulgaria, Bosnia and Herzegovina, Croatia, Kyrgyz Republic, Moldova, Russian Federation, Serbia, and Turkey), agreed on 10 criteria for review of performance indicators in PEMPAL countries and undertaken analysis of indicators collected from the countries. Given differences in scope of indicators collected, PPBWG decided to do additional more in-depth comparison and analysis on indicators in the sectors of health and education.
6. Findings of the general review of indicators and the analysis of health and education indicators were presented at the meeting. The findings included: i) existence of two levels of results in most PEMPAL countries (programs and activities or sub-programs or policy areas and programs) and indicators were defined in most cases at both result levels (higher-level outcomes at first level and lower-level outcomes and outputs at second level); ii) there was a great variation in number of indicators in most of countries as well as among programs in each country, with rough averages of around 10 to 80 indicators per program, however scope of a program varied, from whole sectors to much smaller scope at a level of one department in one agency/Ministry; iii) in most cases two third of indicators were output indicators and remaining were outcome indicators, iv) most common challenges included variation of quality of performance indicators among programs, existence of too many indicators, lack of defined key national indicators and/or highest level national strategy with standard indicators later connected to budget programs and their indicators; overall weak connection with overall government strategic planning in most cases; existence of some not quantifiable indicators; existence of some very low output level indicators (e.g. Number of meetings or Yes/No indicators related to legislation/regulation being developed); weak or non-existent program and performance budgeting at the subnational government level not connected to the national level programs/performance indicators; challenges for setting and tracking indicators for inter-agency programs, difficulties in targeting indicator values, and overall need for strengthening performance-based mindset.
7. In terms of the findings of the analysis of health and education indicators, they included: i) countries on average had around 140 indicators in education and around 80 in health, noting again that comparison was not entirely applicable, as scope of a program varies among countries; ii) in majority of cases indicators were properly defined (they were quantifiable and precise, it was clear what they measured, what was the unit of measure, and they were neutral in their name), however, there were some exceptions, iii) in most cases, very low output level indicators were used, and iv) in most cases, highest outcome level long-term indicators (usually based in internationally comparable measurements) were included–e.g. student PISA scores, population covered by education levels, investment in R&D, life expectancy, mortality related to different disease types, vaccination coverage).
8. Mr. Nikolay Begchin, Deputy Director of the Department of Budget Policy and Strategic Planning, Ministry of Finance of the Russian Federation, and Leader of PPBWG presented the case of program budgeting in the Russian Federation. His detailed presentation included overview of: i) history and general context of program budgeting in Russia, ii) the current program budgeting framework, iii) initial lessons and outcomes of implementation of government programs, and iv) ideas for future work. Russia’s positive outcomes of program budgeting implementation so far include increased transparency and simplified composition of budget expenditures, improved discipline and understanding of the need to achieve specific outcomes, broader opportunities for analysis (with previously unnoticed issues now coming to light through program and performance information), and possibility to formalize the relationship between activities of the central and subnational government. As in all countries, including the OECD countries, not all of expectations from program and performance budgeting have been realized – remaining challenges include using performance/program information for better prioritization of activities, using performance/program information more in budget allocation decision, and need to further increase quality of goal-setting and of performance indicators (including need to establish top level indicators at highest level, rationalize number of indicators and order them in a more hierarchal way so that outcome indicators are not lumped together with lowest-level technical output indicators, improve connection with subnational and local programs, and improve approach dealing with cross-functional indicators). Finally, several ideas for further enhancement of the approach were identified and launched in 2017 in pilot government programs, including developing a goal-setting system for government programs, streamlining program format, consolidating within a program all budget appropriations related to a specific sector and expected outcomes, introducing mechanisms to coordinate government programs and action programs, clarifying approached to building budget classification, expanding the authority of program managers in terms of input management, developing a single information system, and assigning government programs the status of the main instrument for planning and reporting outcomes of the executive.
9. BCOP’s presentations were well received and enticed lively discussion of the OECD countries, in particular about the Russian country case. Several of the representatives from OECD countries (such as France and Australia) expressed that their experiences were similar to Russian experiences, noting that such a comprehensive reform as program and performance budgeting might take many years and require continuous efforts and readjustments based on country’s specific lessons learnt and circumstances in each country, including those most progressed in these reforms.
10. At the meeting OECD Public Expenditure Division presented OECD’s Draft Best Practices in Performance Budgeting. Seven of proposed best practices were discussed in break-out sessions, including: i) setting clear and realistic objectives for performance budgeting, ii) linking the performance budget to the strategic goals of government, iii) adapting performance budgeting to the complex, varying needs of policy making, iv) managing performance Information, v) creating the infrastructure to support performance budgeting, vi) ensuring systematic evaluation and oversight of performance, and viii) incentivizing performance-oriented behavior and learning. BCOP representatives actively participated in the discussions and provided suggestions for improvement.
11. The remaining part of the meeting covered the role of ICT and big data in performance budgeting (with presentations from OECD Secretariat, the US Treasury Department and French National Health Insurance Fund), spending reviews (with presentations from OECD Secretariat, the HM Treasury UK, and Treasury Board of Canada), and increasing the use of evidence in performance budgeting (with presentations from US academic research on connecting performance management with performance information, Chilean Ministry of Finance, Australian National Audit Office, and the OECD Secretariat).
12. All materials will be available at <https://www.pempal.org/events/bcop-participation-oecd-senior-budget-officials-performance-and-results-network-meeting> and <http://www.oecd.org/gov/budgeting/seniorbudgetofficialsnetworkonperformanceandresults.htm>.

Attachment: Agenda of the 13h Annual Meeting of the OECD Network for Performance and Results, November 16-17, 2017

