



Ministry of Finance

National Academy for Finance and Economics



***Performance budgeting:
challenges, best and bad
practices***

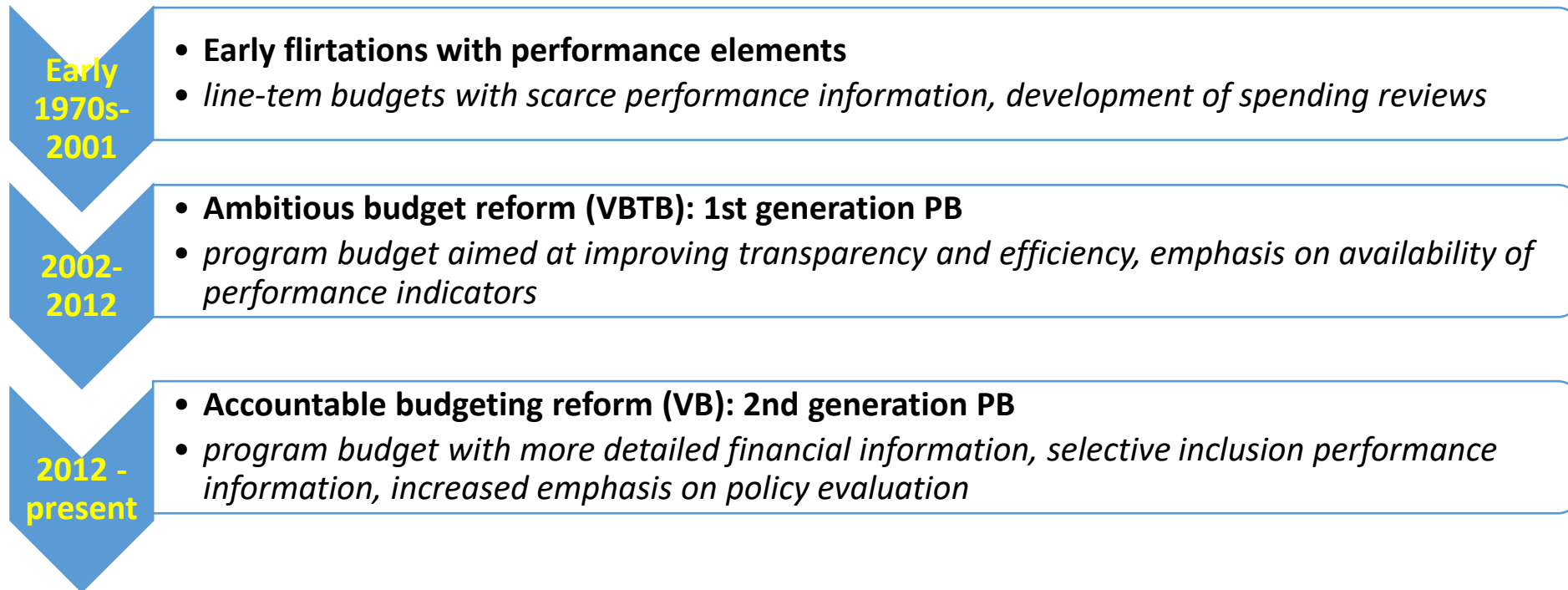
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History of performance Based Budget Reform in the Netherlands





Criticism and problems of 1st generation performance budgets

- Too much emphasis on compliance and policy legitimization
- Lengthy and inaccessible
- often containing complicated jargon content/ irrelevant information
- Limited usefulness indicators for budgeting and accountability
- Heavy administrative burden on civil service (too many indicators)
- Low political interest

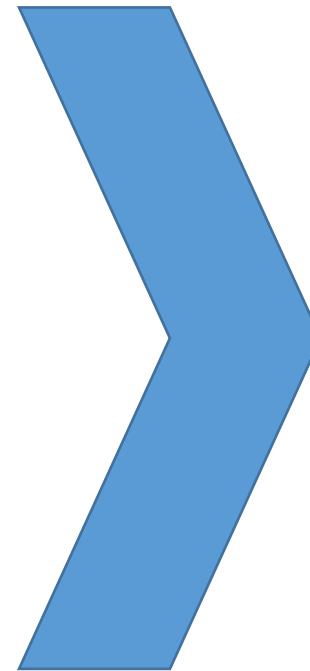


"When a measure becomes a good target it ceases to be a good measure" (Goodhart's law)



Lessons from a difficult process

- Performance information seldom plays a role in allocation by politicians
- The budget cannot be the comprehensive and objective 'mother of all policy documents'
- A harmonized approach to performance information is not always a uniform approach
- Attribution of outcomes to spending on an annual basis is often unrealistic



Rely on multi year ex-post policy evaluation for assessing effectiveness

instead of

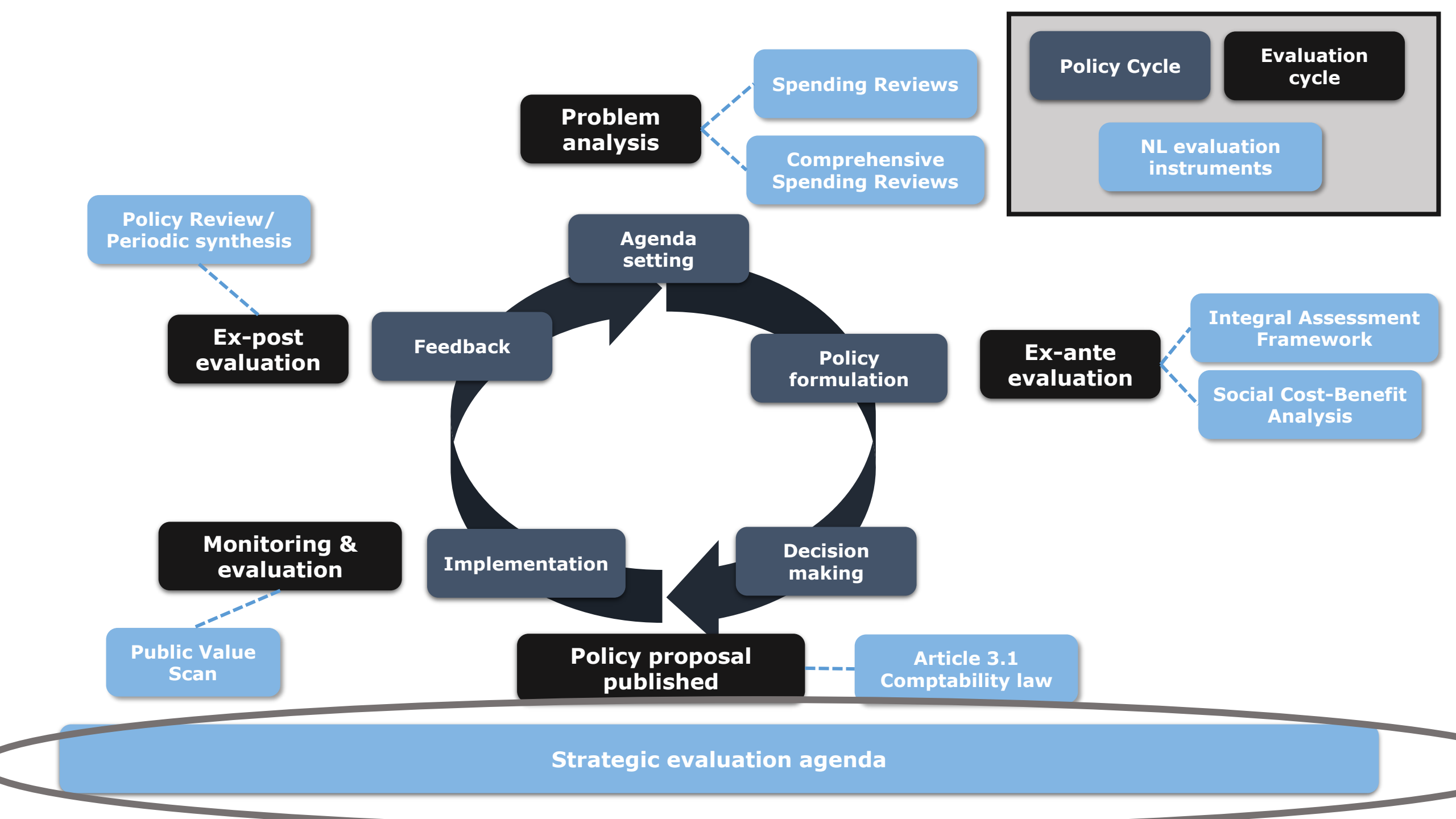
Relying (only) on PI use in the annual budgetary cycle

Do not overburden the annual budget process

Capacity issues:

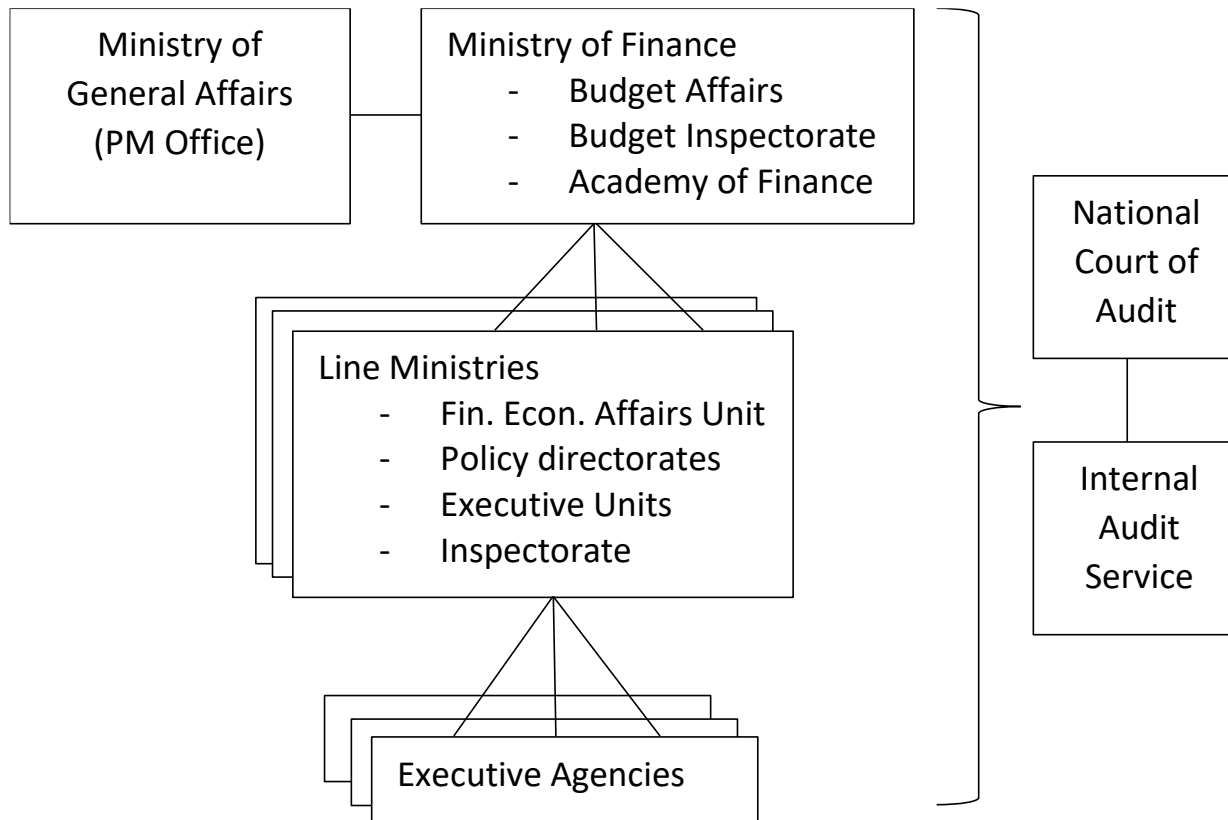
- Bureaucratic burden
- Analytical capacity
- Accessibility documentation







Roles and responsibilities in monitoring and control



Key responsibilities monitoring:

- First line: primary responsibility
- Second line: FEAD's: controller + monitoring KPI's + policy evaluation
- Third line: internal audit: broad scope including performance
- Fourth line: National Court of Audit: parliamentary eyes and ears (in control statements)
- Ministry of Finance: spending reviews + evaluations



Discussing improvements performance chain

The emphasis during implementation is (or should be):

- A) More focus on output and outcome instead of input
- B) Transparent information
- C) Better governance and clear responsibilities
- D) Driver for better processes and regulation
- E) More compliance and reliability of information
- F) Integrating performance information into the budgetary debate
- G) Other