

Performance Budgeting: Learning from Experience

Selected country case studies

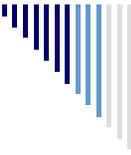
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Warsaw
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About the study...

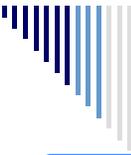
- Case studies of Australia, Estonia, France, Netherlands, Poland, Russia and US
- Consistent analytical framework and questionnaire to aid comparison.
- Mainly local consultants, with close personal involvement in performance reforms
- Analysis is preliminary!
- Full report and detailed case studies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



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



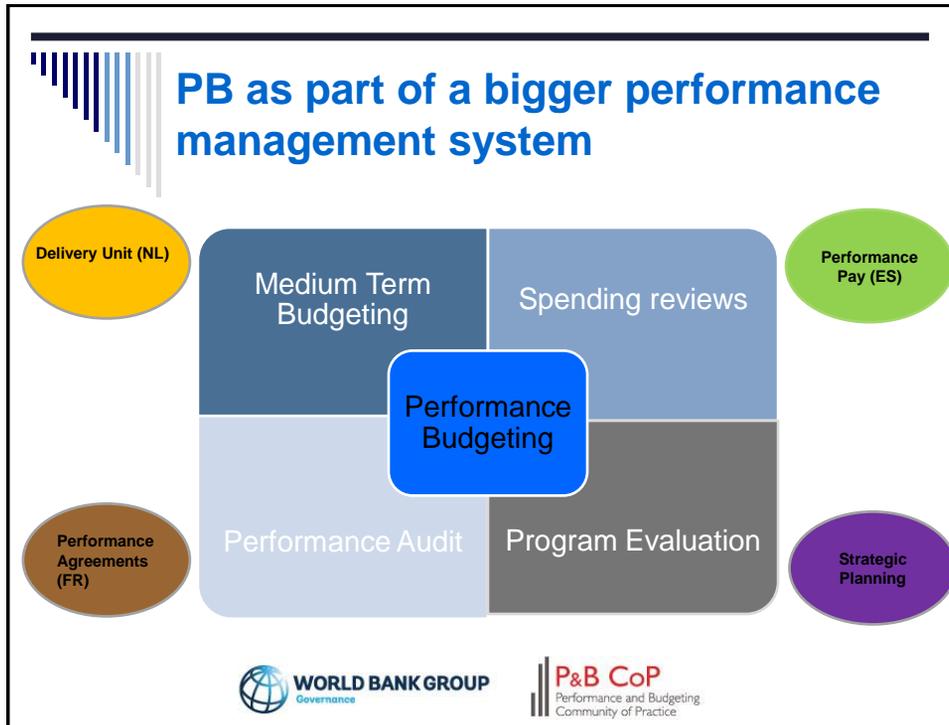
Need clear objectives for PB

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



- ## 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
- 




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.

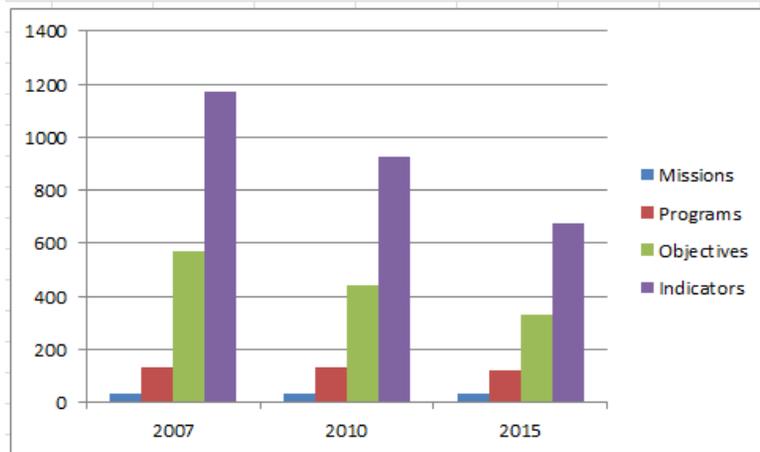


Less is more when it comes to performance reporting

- 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



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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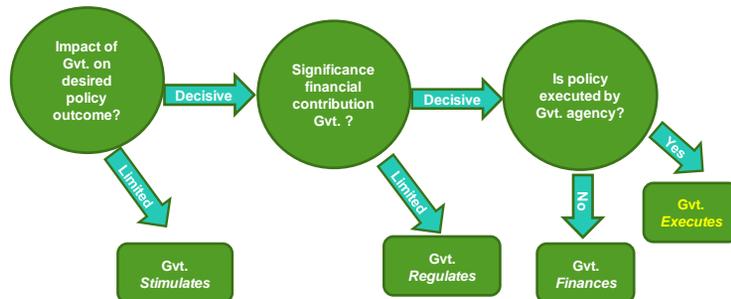


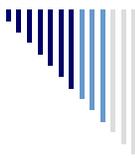
Program managers main users of performance info.

- 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



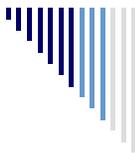
Netherlands: a differentiated approach





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



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





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



Thank you