# PEMPAL BCOP Program and Performance Budgeting Working Group Workshop and 12th Annual Meeting of the OECD Network for Performance and Results, November 23-25, Paris, France

# EVENT REPORT

**Distribution**: PEMPAL website, report to be distributed within participants' governments/institutions by participants.

**Process**: The report was prepared by Naida Carsimamovic Vukotic from the PEMPAL Budget Community of Practice Resource Team, based on discussions from the BCOP’s Program and Performance Budgeting Working Group workshop. The report was shared with all event participants.

## **Background**

### **Event Objectives and Participants**

On November 23-25, 2016, members of PEMPAL Budget Community of Practice (BCOP) gathered in Paris, France to attend a workshop of the Program and Performance Budgeting Working Group and to participate in the 12th meeting of the OECD Senior Budget Officials’ Network on Performance and Results. BCOP representatives came from Ministries of Finance of 13 BCOP member Governments from the ECA region: Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Kosovo, Kyrgyz Republic, Moldova, Russian Federation, Ukraine, and Uzbekistan. The BCOP resource team members Maya Gusarova and Naida Čaršimamović provided technical support in preparing the agenda and facilitating the workshop, while logical and administrative support was provided by Ksenia Galantova and Kristina Zaituna of the PEMPAL Secretariat.

The objectives of the workshop of the BCOP’s Program and Performance Budgeting Working Group were:

1. to review findings from performance budgeting cases of the selected countries outlined in the World Bank’s new report Towards Next Generation Performance Budgeting: Reflections on the Experience of Seven Reforming Countries;
2. to review in detail the French experience in performance budgeting implementation, presented by the Ministry of Finance of France;
3. to identify the key trends in spending reviews in selected OECD countries; and
4. to hold face-to-face roundtable of the Working Group to reflect on lessons learnt from advanced countries, share updates on the Working Group countries’ developments, and decide on future activities of the Working Group.

The objective of the BCOP members’ attendance and contribution to the 12th meeting of the OECD Senior Budget Officials’ Network on Performance and Results was to network with the Ministries of Finance of the OECD countries and learn about the current state of affairs and plans of the OECD countries in performance budgeting.

### **Agenda Overview**

The Agenda of the workshop of the BCOP’s Program and Performance Budgeting Working Group is provided in the Annex. BCOP Program and Performance Budgeting workshop, organized on November 23, comprised four sessions. In the first session, participants had an opportunity to review and discuss the findings from performance budgeting cases of the selected countries outlined in the World Bank’s new report Towards Next Generation Performance Budgeting: Reflections on the Experience of Seven Reforming Countries. In the second session, the French Ministry of Economy and Finance presented the French experience in performance budgeting implementation, which was followed by technical discussion. The speaker from French Ministry of Finance emphasized the practical lessons learnt from efforts; and also their plans to reduce the number of indicators, including focusing on indicators at the higher result level, and increasing quality practical usability of performance information in budget allocation decisions. During the third session of the workshop, the Dutch Ministry of Finance and the Irish Department of Public Expenditure and Reform presented their country case studies on spending reviews. PEMPAL Working Group members are increasingly interested in spending reviews as a tool to assess the value of public spending and invited speakers from selected OECD countries to share their approaches. Presentations given in these three sessions are available at <https://www.pempal.org/events/program-and-performance-budgeting-working-group-workshop-and-meeting-oecd-senior-budget>.

During the last session of the workshop, members exchanged lessons leant from the workshop discussion. In addition, the participants also discussed the status of PEMPAL’s participation in the OECD Performance Budgeting Survey and provided ideas for the agenda of the next annual plenary meeting, planned for Kyrgyz Republic in April 2017.

The remainder of this Report provides details on the discussion and outcomes of the workshop of the BCOP’s Program and Performance Budgeting Working Group, while the Agenda and all presentations from the 12th meeting of the OECD Senior Budget Officials’ Network on Performance and Results will be available at <http://www.oecd.org/gov/budgeting/seniorbudgetofficialsnetworkonperformanceandresults.htm>.

## **Overview of Presentations Given at the Program and Performance Budgeting Working Group’s Workshop**

**Towards Next Generation Performance Budgeting: Reflections on the Experience of Seven Reforming Countries**

In the first session, Ivor Beazley, Senior Public Sector Specialist from the World Bank presented the findings from performance budgeting cases of the selected countries outlined in the World Bank’s new report *Towards Next Generation Performance Budgeting: Reflections on the Experience of Seven Reforming Countries. Country cases included Australia, Estonia, France, the Netherlands, Poland, Russia, and the U.S.* The participants had an opportunity to review and discuss the findings and recommendations of the report and found them useful for their countries that are introducing or reforming their program and performance budgeting systems. The purpose of this research conducted by the World Bank was to examine what middle and lower income countries that aspire to international best practices in budgeting can draw form the lessons learnt of the seven country case studies. The research focused on a narrower definition of performance budgeting by focusing on the annual budget process, rather than tools such as expenditure reviews and program evaluations. Mr. Beazley started the presentation by reflecting on the definition of performance budgeting, noting that the most commonly used OECD definition (“*Performance budgeting is the use of performance information to link funding with results with the purpose of increasing efficiency, effectiveness, transparency and accountability”*) is overly ambitious, as it sets expectations of this technical reform at a very high level. As a result, the gap between expectation and the observed effects of performance budgeting are usually large. Research showed that the countries, which implement the approach end up reducing their expectations. One of the primary uses of performance information is for internal management. The 2008 global crisis served a natural experiment of how this system would adjust in a crisis. In theory, program budgeting would be very useful in a crisis to reprioritize expenditure based on performance when revenues are on a decline, and yet in practice all countries put the performance budgeting aside and went back to line budgeting to assert more control and discipline. In practice, none of the countries implement full performance budgeting in which budget allocations are truly based on performance information.

In discussing the challenges in performance budgeting, Mr. Beazley focused on the following:

**Setting Objectives and Looking Beyond the Budget**. A primary challenge for governments is to decide the purpose of performance budgeting. Putting all the focus on the annual budget process detracts from the value of performance budgeting in managing programs. Research findings showed that performance data was primarily used for management purposes, while use of data for resource allocation was on average a rare case. Legislative use for accountability purposes occurred even rarer.

**Capacity Constraints**. Costs of performance budget systems are underestimated and performance budgeting generates high transaction costs.

**Information Overload**. Too many indicators are usually used and the decision-makers cannot cope with the data volume. Identifying the right metrics is also challenging, especially for ministries that have policy or regulatory outputs rather than directly delivering services. Thus, a one size fits all approach should be avoided.

**Prioritizing Strategic Goals**. Metrics for the most salient service delivery areas are more likely to be used.

**Managing Performance Perversity***.* Too much emphasis on performance can motivate gaming behavior*.*

**Routinizing Performance Information Use**. There is a risk that officials only pay attention to performance information as part of the budget process. It should be used through program evaluation, audit, and learning routines.

**Changing Behavior:** The pace and ambition of changes should reflect the difficulty of building a performance culture.

**Balancing Political and Bureaucratic Support**. Performance based reforms with strong political backing may be vulnerable to changes in Government. On the other hand, to achieve cultural change across government requires top level support. Isolated performance reforms originating from officials in the Ministry of Finance are unlikely to deliver transformative results.

Presenting an overview of several country cases from the research, Mr. Beazley outlined the five following elements of suggested next generation approach to performance budgeting:

* Rather than standardized reporting, focus on the most crucial service delivery areas and strategic policy priorities;
* Rather than relying on the budget process, consider implementing performance budgeting as a part of a comprehensive approach to policy analysis and management;
* Focus on program managers as most likely users;
* Make performance budgeting consistent with capacities and needs; and
* Long-term approach is more appropriate for ensuring consistency across multiple reform efforts and incremental adaptive change based on experience.

Finally, the following operational preconditions for pursuing performance budgeting were identified: clear and realistic objectives; analytical capability; support from other performance oriented reforms; supporting infrastructure (including IT options, MTEF, strategic plans, data collection systems); simplified approaches (including the importance of focusing on limited number of the most meaningful indicators); and performance discussions routinized.

**Program/Performance Budgeting in France**

In the second session, Véronique Fouque, Head of the Performance Department in the Budget Directorate in the Ministry of Economy and Finance of France, gave an in-depth overview of performance budgeting in France. Ms. Fouque presented the history of creation and development of the reformed organic budget law in France (LOLF), which as adopted in 2001, introduced performance budgeting in France.

In presenting the LOLF background, Ms. Fouque explained that performance is just one aspect of the LOLF, which supported comprehensive public finance management reform in France. Given its comprehensiveness, a five-year period was given between LOLF’s adoption and the first year in which it took effect. LOLF was initiated by two parliamentarians coming from two opposing political parties, thus political support for LOLF was present.

LOLF has multiple objectives:

1. For the Parliament to have a better overview on the budget, increase budget transparency, and better understand and make decisions about spending from public resources;
2. For the citizens to better understand how public resources are used;
3. For the people that receive funds from the budget to estimate the capability of administration to address his/her needs;
4. For the taxpayers: to be able to check whether his/her taxes are effectively used;
5. For the civil servants to receive clearer targets of what is expected from them and to have a higher flexibility in using their budgets.

Ms. Fouque noted that with so many different and ambitious expectations, LOLF was bound not to be successful in reaching them all.

LOLF prescribed that public policies are organized and presented around programs and that for each program, a strategy, objectives, and performance indicators and targets need to be established. This, combined with the increased disclosure and reliability of fiscal operations, aimed to provide France with reformed public management.

The 2016 budget includes 31 missions, 122 programs, and 573 actions (sub-programs). LOLF covers only the State level, which comprises around one third of general government expenditure in France (another third goes to social funds, while the last third goes to local government level). Although local government level is not covered by LOLF, regions and cities were inspired by LOLF and introduced performance budgeting.

At the State level all expenditures are divided into programs. Missions and programs have been stable in a sense that they do not change from year to year. Each program has a performance structure (objectives and indicators) and a budgeting structure (actions). As presented by Ms. Fouque based on the example of education missions, these two program sides are not directly linked, i.e. there is no direct link between performance results (outcomes) and budget decisions (closer link with outputs) and the performance structure is used more as a signal that further evaluations are needed in that respective area.

The French system distinguishes three dimensions of performance indicators:

1. Those related to socio-economic efficacy from the point of view of general population, such as in the areas of healthcare, security, and economic development (highest outcome level indicators, for which it is hard to connect them directly to budget and establish accountability as jurisdiction is usually shared and other exogenous factors influence these outcomes)
2. Those related to service quality from the point of view of the users of the services, such as satisfaction rate, waiting times, and accessibility (lower level outcome indicators, easier to connect to State)
3. Those related to efficiency from the point of view of taxpayers, such as productivity, unit costs, and cost management.

Almost half (46%) of performance indicators in France belong to the first category, 19% in the second category and 35% in the third category.

Ms. Fouque discussed the impacts of the performance network and the recent adjustments. While the transparency towards the parliament and citizens had increased, performance information was insufficiently used in the budget debates on allocation decisions. Furthermore, accountability at ministerial level had not increased as much, as numerous costs are shared among different State departments or with other government levels. In terms of managerial practices, program directors used performance information and make a link between political and management services. However, there is no formal link between performance results and career paths. Finally, from the perspective of the Ministry of Economy and Finance, window dressing may complicate the framework and the asymmetry of information between the Ministry of Economy and Finance and line ministries remains despite large number of indicators. The Ministry of Finance has undertaken two rounds of simplification of the performance network, one in 2009, and one in 2014 in order to make the performance data more transparent, manageable, and meaningful. Overall, number of indicators was reduced from around 1,300 in 2007 to 738, while the number of objectives was reduced from over 600 to 382. As a result, currently there are 122 programs with 382 objectives and 738 indicators, which feed into 31 Missions with 80 objectives and 90 indicators, which finally feeds into 1 dashboard of strategic national indicators with 3 key areas (economic development, social development, and sustainable development) and 10 key national indicators (KNIs). In this way, the performance framework aims to make a link with strategic objectives at the political level.

After her presentation and extensive discussion with the participants, Ms. Foque concluded with the following thoughts and general recommendations for introduction of performance frameworks:

* The definitions of performance budgeting should be adjusted to be more realistic by defining that budgeting should be informed by performance rather than being exclusively based on performance, as there is an increased realization that budgeting allocations cannot be entirely based on performance indicators at the highest-level outcomes. Consequently, lower level results that are under control of the government should be distinguished from the higher-level outcome indicators which have a large time lag and are influenced by too many exogenous factors. While such indicators should still be tracked, it should be clear that the government cannot be held entirely accountable for their achievements.
* The starting basis in designing programs should be to think about the development hypothesis/logical frameworks/theory of change, to clearly outline the path of achieving results at different levels and define the appropriate indicators accordingly.
* Political will and leadership is key to building and sustaining a performance framework, as the reform cannot be done from within the bureaucratic level only.
* Performance framework reform should start with a simple and flexible system, implemented relatively quickly, and then results should be monitored on a regular basis and the system should be adjusted and customized further as needed. Otherwise, if a large investment is made up front, it is harder to adjust later.
* It is key to start with the Key National Indicators (KNIs) that are in line with the political mandate of the government.
* An IT system supporting the performance framework is necessary.
* Communications with the public is essential, including communicating clearly the results of evaluation and building a culture of evidence-based decision making, both among the general population and among the civil servants.
* Most importantly, it is essential to set realistic objectives of what is expected from the performance framework and balance them all carefully.

**Spending Reviews, OECD Country Cases**

In the third session, representatives of the Ministries of Finance from the Netherlands and Ireland presented country cases of spending reviews.

Ms. Marjon Schols, Senior Advisor in the Strategic Analysis Office of the Ministry of Finance of the Netherlands presented the Dutch approach and experience. While there are multiple definitions of spending reviews, in the Dutch case result of the review is a report with options for savings or more effective and better targeted spending. Key elements of the reports include:

1. Theoretical analysis: role of the government
2. Objective assessment of current policies strengths and weaknesses
3. Options for savings and/or for more value for money
4. Impact of the proposed options on society and budget (implementation costs)

A successful spending review is defined as: i) connected (being an ongoing part of the budget preparation process), ii) completely independent (lead by an independent working group and irrespective of current policies or decision-makers’ views), and iii) creative (thinking outside of the box, using different sources and perspectives).

Presenting the background of the Dutch evaluation system, Ms. Schols explained that three types of studies and evaluations are conducted in the Netherlands. Ex ante evaluations include social cost benefit analysis and cost effectiveness studies. Ex post evaluation include policy reviews, impact evaluations, and other evaluations. Finally, studies on savings and reform options include spending reviews, comprehensive spending reviews, and other studies such as task forces for controlling certain costs (e.g. in the health sector).

Spending reviews have been conducted in the Netherlands since 1981, when a comprehensive spending review was conducted. Another comprehensive spending review was conducted in 2009, while in all other years (except 2007 and 2010), individual spending reviews were conducted, ranging between 2 and 18. In the last two years, twelve individual reviews were conducted, including in the areas of weapon systems, pensions, self-employment, police, traffic enforcement, social housing, cost efficiency of CO2 reduction options, risk control with treasury banking, health, tax revenue service, infrastructural planning, and effectiveness of education.

Terms of references for a spending review are written based on the government’s decision to review a certain area of spending (negotiations on the topics anchored within the budget negotiations and coordinated by the Ministry of Finance) and they are drafted by the Ministry of Finance and the relevant spending ministry and published within the budget memorandum. Spending reviews are completed a year after the Terms of References are published, in time for the start of the next budget negotiations process. At least one policy option in the spending review must include 20% reduction in spending. The idea is for the decision makers to have information on prioritization, i.e. to make it clear where cuts should not be made under any circumstance.

The independent working group is comprised of high level civil servants and external experts and is chaired by a senior official not responsible for the policy that is being reviewed (e.g. a secretary general of another ministry). The report itself is drafted by the collective body performing the duty of the secretariat, which is comprised of two representatives of the Ministry of Finance and two representatives from the ministry under review. A review committee conducts a quality check, after which the review report goes to the Cabinet, which then needs to write a political response to the review. Both the spending review and the Cabinet’s response are available to the public.

Types of spending review topics include:

1. A broad policy area, such as agricultural policy
2. A topic specific to one ministry, such as innovation in health care or governmental loans for educational institutions,
3. Interdepartmental topics, such as traffic enforcement, social housing market, or pensions
4. Horizontal topics, such as government communications or subsidies

Topics are usually selected in areas where financial problems exit, areas which are particularly relevant for the line ministry/society, areas in which there is no consensus, or in the areas that are considered a political taboo. Special attention is given to specifying the scope appropriately, not too narrow and not too broad. Overall, there is a balance of topics selected between ministries.

In terms of the content and methodologies, spending reviews go beyond providing lists of technical savings options. They combine multiple sources and perspectives, using empirical evidence, performance of policies, economic theory on role of government, future challenges, experiences abroad, incentives and disincentives in finance systems, expected future budgetary risks etc. Policy options are based on analysis of strengths and weaknesses and they distinguish no regret elements and strategic choices. Defined policy options are realistic and implementable in practice, describing the (positive or negative) impact on society and budget. As spending reviews have been done since 1981, the process is well-understood.

In the last part of her presentations, Ms. Schols presented a special case of spending reviews in the Netherlands – the 2010 comprehensive review. This review was motivated by a significant deterioration of the fiscal position, from surplus to deficit of 5.5% of GDP. Thus, the Cabinet instructed to provide insight into different cutback options and their effects. This review included 20 topics, theme-based across the departments, and had to provide a 20% spending/tax expenditure cut policy option. The oversight of the review was provided by the Prime Minister and the Vice Prime Ministers and external expertise was provided by the Netherlands Bureau for Economic Policy Analysis. In total, possible savings in the amount of 35 million euros were identified. This review had a significant influence both in terms of public discussions and in terms of election programs of political parties.

Ms.Annette Connolly, Principal of the Central Section in the Department of Public Expenditure and Reform of Ireland presented the Irish practices and experiences. Ireland introduced spending reviews in 2009 (with a comprehensive spending review), in a large-scale effort to restore public finance and reduce spending at a time of unprecedented fiscal consolidation caused by the economic crisis that reduced revenues by one third. The 2009 review was preceded by a round of administrative efficiency measures in 2008, with the necessity to find additional savings (no explicit savings target was identified, the objective was to eliminate the current budget deficit by 2011). The review was conducted over a six-month period, led by a group of six external members, chaired by Mr. McCarthy from the University College Dublin.

In terms of methodology for the 2009 review, each department held a meeting with the reviewers and submitted an evaluation paper in advance, using a structured template provided by the Department of Finance in advance. At the same time, the budget analysts responsible for monitoring of the respective spending areas prepared independently their own evaluation papers with recommendations and options for expenditure and staff reductions. Both sets of evaluation papers were considered in advance of meeting the management teams of each department. Total savings in the amount of 5.3 billion euros were identified, with associated reductions of over 17,300 public sector employees. This amounted to over 9% of expenditure. Most of these savings were delivered in 2010 with some to be delivered over a longer period. In total, 5 billion euros in savings have been implemented.

Since 2009, Ireland undertook two more rounds of spending reviews (all comprehensive spending reviews) in 2011 and 2014. As the public finances recovered (with the fiscal balance deteriorating from 3% surplus in 2006 to 11.4% deficit in 2009, and recovering to a 1% deficit in 2016), the goal of reviews shifted from deficit reduction to increasing fiscal space, reprioritization, and exploring new and innovative ways to deliver policy.

As of 2011, the government decided that spending reviews should be part of a wider sweep of budget reforms, having spending reviews inform more evidence-based budgeting. The oversight of spending reviews was given to the Department of Public Expenditure and Reform established in 2011 (comprising the Sectoral Policy and Public Service Management Divisions of the Department of Finance with units assigned from the Public Service Modernization Division of the Department of the Prime Minister). Results of the comprehensive spending reviews are now used to develop multi-annual budget plans and they are now internally led by a high-level steering group chaired by the Department of Public Expenditure and Reform. In addition, for the 2014 reviews, a Working Group of Senior Officials was formed to support the High Level Steering Group and to manage day-to-day operations. The next review is scheduled for 2017 and it will again be a comprehensive spending review.

Ms. Connolly shared the following Irish lessons learnt with the participants:

* Spending reviews are resource intensive. It is important to be aware of the necessary commitment and time investment required at the outset, including the necessary staff expertise. Spending reviews need to be driven entirely by the central expenditure function, Departments (line ministries) need to have the internal capacity to conduct the necessary analysis.
* Leadership and ownership are crucial. There must be buy-in at a political level and among senior management.
* External leadership was important at the outset to include external viewpoints (which helped implementation), however, afterwards it was important that the ownership of the process shifts back to the public service in order to encourage the culture of evaluation.
* Central Budget Authority must play a key role in designing the spending review framework and advising the political level on selection of parameters. It also must provide templates and guidance to line departments and be a clearly designated ‘command center’ to co-ordinate the review and take on a challenge role where necessary. Thus, it is important that there is a cohort of staff with not just financial or public knowledge but also relevant policy experience.
* Goals and structure of the spending review must be clearly defined at the start. The target and focus of the spending review should be specifically articulated. A focus on creating appropriate templates and a consistent methodology at the beginning of the process proved itself very useful later.
* Performance information should be used in the spending reviews, however, performance indicators by themselves are insufficient to assess whether a specific policy is effective. It is a challenge to ensure that performance information becomes embedded into resource allocation and decision making. The spending review process plays a key role in developing the culture of evaluation by demonstrating the importance of this information in creating fiscal space for new policies within the budget process. It should be ensured that the budget preparation process is designed so that information from evaluations is available at the right time in the right format in order to assess new proposals and ongoing programs.
* Continued development of an evaluation culture is necessary. Spending reviews are a subset of overall evaluation/analysis. Department of Public Expenditure and Reform promotes a culture output and evaluation information and the focus should be on impact.

## **Lessons Learned**

In the last session of the workshop, in a round table country-by-country format, participants of the visit identified the following selected main lessons applicable in their own countries based on this workshop:

1. Based on sessions led by Mr. Beazley and Ms. Fouque, the most important lessons learnt was reaffirmation that the future of performance budgeting would be in simplification of the performance budgeting systems in order to provide clearer, more manageable, and more meaningful performance information to better support policy decision-making (*noted by all participating PEMPAL countries*).
2. The Polish experience - discussed by Mr. Beazley as a country in which eroding political support, understaffed Ministry of Finance, complex state-of-the-art program budgeting design, and cultural obstacles resulted in lack of reform success - was in particular noted for the need to “move from a revolutionary to an evolutionary approach”. It also revealed the importance of designing customized approaches, which would take into account country specificities, capacities, and objectives, as opposed to simply applying a best practice from another country. The workshop participants concluded that countries should not rush into program budgeting before essential parts of public finance and public management reforms had been undertaken. These reforms include but are not limited to introducing government-level strategic planning, addressing citizens’ demand for performance information and higher accountability (by *inter alia*, introducing citizens’ budgets), implementing public administration reform, medium-term planning, introducing ministries strategic plans, and reforming internal control systems (*specifically noted by* *Kyrgyz Republic, Armenia, Bosnia and Herzegovina, Kosovo, Georgia, and Belarus*).
3. In addition to the essential pre-condition of having political will (since program budgeting cannot be done successfully at the technical and bureaucratic level only), the importance of staff capacity building and the importance of the IT system for program budgeting should not be underestimated *(noted by all participating PEMPAL countries).*
4. The program/performance budgeting approach should have an element of flexibility, in order to allow continuous improvement of the system based on evidence from implementation (*specifically noted by* *Ukraine, Armenia, Bosnia and Herzegovina, Croatia, and Bulgaria*).
5. Several participating PEMPAL countries have already started with the simplification of their program budgeting approaches, including the program structure, the amount of information provided for each program, and number of performance indicators. In this context, it is important to note that performance indicators important for government and the public should be treated differently than those needed for internal management. Another important reconfirmation based on this workshop was that a direct link between spending and each indicator was not necessary (*specifically noted by* the *Russian Federation, Kyrgyz Republic, Bosnia and Herzegovina, Moldova, Croatia, Bulgaria, Georgia, and Belarus*).
6. Most PEMPAL countries have not undertaken spending reviews in the extensive form as used in OECD countries, thus lessons learnt from the Irish and the Netherlands experiences were useful as the PEMPAL countries plan to consider implementing elements of spending reviews. In particular, lessons learnt included the importance of mid-term approaches as opposed to only focusing on annual approaches, and to understand the complexity of a spending review tool. Importance of preparing legislation and regulation to introduce spending reviews was also noted by the participants, to clearly define expectations of the spending reviews, to embed the reviews into the budgeting procedures, and avoid running spending reviews as an ad hoc exercise but rather a systematic one (*specifically noted by* *Russian Federation, Kyrgyz Republic*, *Bosnia and Herzegovina, and Moldova*).
7. For spending reviews, similar to program/performance budgeting, the importance of staff capacity building (in both Finance Ministries and line Ministries) should not be underestimated, as well as the need for external experts and independent external reviewers to be involved to balance Ministry of Finance views *(noted by all participating PEMPAL countries).*
8. Two PEMPAL countries, Croatia and Bulgaria, have started undertaking spending reviews and the discussions in this workshop provided valuable ideas for improvement of their approaches, including the need for a longer period of time to conduct a high-quality review (around 8-12 months, as in the Netherlands and in Ireland).

Overall, the participants concluded that the workshop was very useful in offering a range of different approaches. It was agreed that additional materials from the Dutch and Irish authorities would be collected and shared with the workshop participants. This Report and all of the materials from the workshop have been shared with the wider BCoP community at the web-site [www.pempal.org](http://www.pempal.org). The participants appreciated the highly qualified presenters who were aware of both the big picture as well as operational details. This contributed greatly to excellent discussion, which took place between the hosts and the participants.

**ANNEX: Agenda of the Program and Performance Budgeting Working Group Workshop,** Paris, France, November 23-25, 2016

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| **November 22nd** | |
| *Arrival, Hotel Renaissance Le Parc Trocadero*  *19:00 – Welcome dinner (hotel restaurant Salons 59)* | |
| **November 23rd, 1st day, Working Group Meeting** | |
| *Location* *– Hotel Renaissance Le Parc Trocadero (Magnolia room, located at the Level -1)* | |
| 08:30 – 09:00 | Registration and distribution of materials |
| 09:00 – 10:30 | **SESSION 1: Towards Next Generation Performance Budgeting: Reflections on the Experience of Seven Reforming Countries**  *Ivor Beazley, Senior Public Sector Specialist, World Bank*  Q&A |
| 10:30 – 11:00 | *Group Photo and Coffee break* |
| 11:00 – 12:30 | **SESSION 2: Program/Performance Budgeting in France**  *Véronique Fouque, Head of the Performance Department in the Budget Directorate, Ministry of Economy and Finance of France*  Q&A |
| 12:30 – 13:30 | *Lunch (hotel restaurant Le Relais du Parc)* |
| 13:30 – 15:00 | **SESSION 3: Spending Reviews, OECD Country Cases**  **The Netherlands:** *Marjon Schols, Senior Advisor, Strategic Analysis Office, Ministry of Finance of the Netherlands*  **Ireland:** *Annette Connolly, Principal, Central Section, Department of Public Expenditure and Reform of Ireland*  Q&A |
| 15:00 – 15:30 | *Coffee break* |
| 15:30 – 17:00 | **BCOP PROGRAM AND PERFORMANCE BUDGETING WORKING GROUP ROUND TABLE:**   * Reflections on lessons learnt from advanced countries and update on the Working Group countries’ development * Update on preparation of the knowledge product based on PEMPAL’s participation in the OECD Performance Budgeting Survey * Plans for future activities of the Working Group |
| 19:00 – 21:00 | Dinner*(hotel restaurant Salons 59)* |