



## SBO Network on Performance and Results - Political economy of reform (Denmark)

- Reference to country report (Chapter 3) : Denmark – performance management
- The state budget process
- Annual reports from ministries and agencies
- Unspent appropriations: Free surplus vs. Reserved surplus
- A "Quality Reform" is launched 2007



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- **Reference to chapter 3: Denmark – performance management**

- Budget reforms: Framework management; expenditure control
- Results based contract management (linking goals and budget)
- Activity based budgets – "taximeter-models" (Educ. + Health)
- Efficiency strategies (improving corporate governance)
- Annual reports (based on accrual budgetting and accounts)
- Still major challenges:
  - Linking results and budgets
  - Informing the decision making process



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- **The state budget process**

- Funding of institutions rather than programmes
- Funding of activities/programmes/goals within institutions
- Focus on wording of tasks and goals – committing
- Follow up:
  - Accounts; Annual reports; Performance results
- Problem:
  - No stringent performance review system feeding directly into the state budget process



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- **Annual reports from ministries and agencies**

- Introduction: The organisation, its results and expectations
- A performance report: externally given targets, actual performance, analysis of over/under-performance and explanation of reserved surplus in total.
- Accounts: description of principles of accounts, statement of results, balance, cash flow review, grant accounts.
- Approval: signing of annual report.
- Attachments: explanatory notes etc.
- Major challenge:
  - Parliament is informed – but is information used by budgetting?



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- **Unspent appropriations: Information on “Free surplus” vs. “Reserved surplus” is given in budget law & annual reports**
  - Result of the year - To be divided in two parts:
    - **Free surplus:**
      - In principle a gain from more efficient ways of making results than expected at the moment of budgetting and deciding the appropriation. Can be used for whatever activity within the overall purpose.
    - **Reserved surplus**
      - Earmarked residual reserved for a specific project for which an appropriation has been given, but where completion of the project has been delayed. Demands an explanation as to content and reasons.
  - Major challenge:
    - To develop a relevant level of specification: Informing decision-making



## SBO Network on Performance and Results - Political economy of reform (Denmark)

- **A "Quality Reform" is launched 2007**
  - High political priority: Rooted in Prime Ministers office
  - 5 main lines of focus and priority:
    - Citizens choice, user involvement and personal responsibility
    - Coherent public service – with respect for the individual citizen
    - Clear objectives/targets and responsibility for results
    - New ways of thinking and competition
    - Management, involvement and motivation of public employees
  - Major challenges:
    - State-Municipality: Long range contract mgm. by objectives
    - Proper balance between front end efforts and documentation