



Glossary

2016 OECD Performance Budgeting Survey

Accountability

A key concept in management theory and practice meaning the existence of an obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results vis-à-vis mandated roles and/or plans. This may require a careful, even legally defensible, demonstration that the work is consistent with the institution's mandate or contract terms.

Activities

Actions taken or work performed through which inputs, such as financial other types of resources are mobilized to produce specific outputs. For example, the actions of ministry staff on efforts designed to meet a project's objectives, such as hiring staff, purchasing equipment, constructing facilities, or commissioning studies.

Agencies/ "Executive Units"

Organisations at the central level of government which, although typically in the organisational hierarchy are located under the authority of Line Ministries and report to a minister, can also in some cases report directly to the President, Prime Minister or Cabinet.

Allocation

The designation of funds in the Budget to a government programme or organisation. Central Budget Authorities and Line Ministries may, based on performance information, increase or reduce their allocations.

Budget

A comprehensive statement of government financial plans which include expenditures, revenues, deficit or surplus and debt. The budget is the government's main economic policy document, demonstrating how the government plans to use public resources to meet policy goals and- to some extent- indicating where its policy priorities lie.

Budget Cycle

The budget life cycle refers to the major events or stages of the budgetary decision-making process, as well as the implementation and ad-hoc review of those decisions over time. Specifically, the budget cycle has four stages: formulation (which includes planning), approval, execution and audit.

Central Budget Authority (CBA)

The Central Budget Authority (CBA) is a public entity, or several co-ordinated entities, located at the central/national/federal level of government, which is responsible for the custody and management of the national/federal budget. In many countries, the CBA is often part of the Ministry of Finance. Specific responsibilities vary by country, but generally, the CBA is responsible for formulating budget

proposals, conducting budget negotiations, allocating or reallocating funds, ensuring compliance with the budget laws and conducting performance evaluations and/or efficiency reviews. This Authority regulates budget execution but does not necessarily undertake the treasury function of disbursing public funds. Lastly, a very important role of the Central Budget Authority is monitoring and maintaining aggregate/national fiscal discipline and enforcing the effective control of budgetary expenditure.

Central government

Central government is often called federal or national government, depending on the country. For purposes of this questionnaire, the central government consists of the institutional units controlled and financed at the central level plus those NPIs (non-profit institutions) that are controlled and mainly financed by central government. The political authority of central government extends over the entire national territory and the national economy, and central government has therefore the authority to impose taxes on all residents and non-resident units engaged in economic activities within the country. Central government institutions are also mainly responsible for national defence, the conduct of relations with other countries and international organisations, the establishment of the legislative, executive and judicial functions that cover the entire country, and the design and implementation of national health and education policy. In some countries, national governments may play a role in the delivery of some public services such as healthcare and education.

COFOG

Developed by the OECD and published by the United Nations Statistical Division as a standard for classifying the purposes of government activities, the Classification of the Functions of government (COFOG) classifies government expenditure data from the System of National Accounts by the purpose for which the funds are used. First-level COFOG splits expenditure data into ten “functional” groups or sub-sectors of expenditures (such as defence, education and social protection), and second-level COFOG further splits each first-level group into up to nine sub-groups. See Annex B of this document for the groups and sub-groups.

Contribution analysis

Theory-based evaluation approach, exploring attribution through assessing the contribution a programme is making to observed results when it is not practical to design an experiment to assess performance. It sets out to verify the theory of change behind a programme and, at the same time, takes into consideration other influencing factors.

Counterfactual impact evaluation

A quantitative evaluation method of comparison comparing the outcomes of interest of those having benefitted from a policy or programme (the “treated group”) with those of a group similar in all respects to the treatment group (the “comparison/control group”), the only difference being that the comparison/control group has not been exposed to the policy or programme. Thus it compares the results observed to the situation which would have occurred had an intervention not taken place, i.e. the counterfactual case.

Direct performance budgeting

There are explicit links between budget allocations to units of performance (e.g. outputs). Funding is directly based on results achieved. Appropriations can thus be based on a formula/contract with specific performance or activity indicators.

Discretionary spending

Public expenditure that is governed by annual or other periodic appropriations, rather than by formulas or criteria set forth in authorising legislation.

Econometric modelling

A quantitative evaluation method involving the empirical investigation of theoretical relationships among variables with the use of multivariate regression techniques.

Effectiveness

The extent to which a policy, programme and/or organisation's stated objectives have been met.

Efficiency

Costs per unit of output. Measuring efficiency aims to measure whether policies, programmes, and/or organisations are achieving the maximum output from a given level of resources (inputs).

Evaluation

The systematic and objective assessment of an on-going or completed project, programme or policy. An evaluation can provide information that is useful to determine the relevance and fulfilment of objectives, efficiency, effectiveness, impact and sustainability. Evaluation also refers to the process of determining the worth or significance of an activity, policy or program. In some instances evaluation involves the definition of appropriate standards, the examination of performance against those standards, an assessment of actual and expected results and the identification of relevant lessons.

Executive

Central/federal government organisations located in the Executive branch of government. This includes the Prime Minister/President, the Cabinet, line ministries and their agencies.

Ex-ante evaluation

An evaluation that is performed before implementation of an intervention.

Ex-post evaluation

Evaluation of an intervention after it has been completed.

Expenditure (or Government Expenditure)

The term refers to government spending (or outlays) made to fulfil a government obligation, generally by issuing a cheque or disbursing cash.

Full-time equivalent (FTE)

The number of full-time equivalent jobs, defined as total hours worked divided by average annual hours worked in full-time jobs

Gaming

A conscious response to manipulate performance information (both results and indicators), as a reaction to knowledge of being measured/evaluated.

Gender

Socially constructed and socially learned behaviours and expectations associated with females and males. All cultures interpret and elaborate the biological differences between women and men into a set of social expectations about what behaviours and activities are appropriate and what rights, resources, and power women and men possess. Like race, ethnicity, and class, gender is a social category that largely establishes one's life chances. It shapes one's participation in society and in the economy.

Gender-sensitive measures

A performance measure which can measure different impacts of an intervention, policy or program between persons of different genders. For example, if an intended change due to an intervention is anticipated to increase the income of men and women, a gender-sensitive measure would measure the relative change in income distinctly for men and women.

ICT

Information and communications technology.

Inputs

Measures of the units of labour, capital, goods and services (or the costs of such units) utilised by government organisations or government-financed organisations to produce public goods and services.

Key National Indicators (KNI)

A specific set of indicators that measure progress in achieving national goals in the respective policy areas. Taken as a whole, KNIs should provide a comprehensive overview of the progress and wellbeing of a nation. KNIs are used to comprehensively describe performance in a policy area while minimizing information overload for stakeholders. KNIs are typically measured at the level of outcomes or impacts.

Line Ministries

Central government organisations responsible for designing and implementing policies in line with wider government policies, and for the direction of agencies/Executive Units under their authority. Line Ministries may be called departments in some countries, and have responsibility for their own budget portfolios although they must report to CBAs and are subject to their review.

Line Ministries' Financial/Operational Reports

The financial accounts and operational reports are produced by Line Ministries and are a useful source of performance information for CBAs which, like statistics, could potentially be under-used in the budgeting process. Such data can be used, in the strictest sense, to ensure compliance with budget directives. However, it can also provide information on the 'inner workings' of a government organisation (e.g. "what do you do?") and may often be a neglected source of input data by which to measure efficiency and cost-effectiveness. For example, the amount revenues/transfers received, number of persons employed, resources spent, capital used or purchased in a given year are kinds of financial and operational information of government organisations which can be paired with the outputs and outcomes achieved to gain a better indication of performance.

Unlike statistical information- financial accounts and operational data are- although generally timelier- of poorer quality and perhaps less consistent over time and across organisations making comparisons/benchmarking difficult. Indeed, comparative statistics need first be harmonised across units and time, thereby taking longer to produce. However, once generated, they tend to be more reliable whereas financial/operational accounts are continually updated in accordance with relevant externalities (changing priorities, changing production/delivery schedules throughout the course of a year, etc.)

See also Performance evaluations, Line Ministries' Performance Reports and Statistical information.

Line Ministries' Performance Reports

Line Ministries' financial and/or operational reports, while a useful source of potential performance information, are not generally explicitly linked with an analysis of performance. Line Ministries'

performance reports, however, (also referred to as “business cases”, “performance plans” or “strategic plans” in some OECD countries) do also contain important information for the budgeting process and more explicitly propose/set out to measure performance. Performance reports for example are namely where one would expect to find performance targets defined (see below definition), justified and/or compared with the performance results of previous years. Such reports may also provide analysis or context to explain the difference between expected and actual performance, and justifications for changes in expenditure levels or for new policies and programmes couched in performance terms.

See also Performance evaluations, Line Ministries’ Financial/Operational reports, and Statistical information.

Managerial performance budgeting

Using the system of performance information developed in the context of the budget process primarily as a tool of performance management and accountability at an organisational and management level, rather than primarily as a tool of resource allocation.

Mandatory Spending

Public expenditure that is governed by formulas or criteria set forth in authorising legislation, rather than by periodic appropriations alone. Includes certain kinds of entitlement spending in many OECD countries.

National Performance Framework

A framework to support outcomes-based approach to performance, not necessarily linked to the budget. A national performance framework would typically comprise of high-level objectives, such as targets for key national indicators and lower-level indicators linked to these objectives in a hierarchy of goals and outcomes.

Non-governmental Organisations

An organisation created by natural or legal persons that operates independently from any government. The term originated from the United Nations (UN), and is normally used to refer to organisations that do not form part of the government and are not conventional for-profit business. In the cases in which NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status by excluding government representatives from membership in the organisation. The term is usually applied only to organisations that pursue some wider social aim that has political aspects, but that are not overtly political organisations such as political parties.

Outcomes

Outcomes refer to what is ultimately achieved by an activity. Outcomes reflect the intended and/or unintended results of government actions (e.g. policies, programmes and other activities). Examples of outcomes include the change in student test scores following an increase in hours taught, the change in the incidence of a disease following an immunisation programme, or the change in income inequality following the introduction of a new welfare payment. Outcomes are a broader performance metric than outputs, and are harder to measure since generally factors outside of the governments’ intervention also play a role in influencing outcomes.

Outputs

Outputs are defined as goods and services produced and/or provided by government (or government financed) organisations. These measures are derived from the direct measurement of output volume. Some examples include: teaching hours delivered, immunisations provided or welfare benefits paid. Outputs tend to be easier to measure than outcomes.

Performance Budgeting (PB)

Strictly defined, performance budgeting is the utilisation of performance information for the purposes of allocating/re-allocating public resources (e.g. such as linking an increment/reduction of funding to an increment/reduction of outputs or other results). More broadly defined, however (and the definition adopted by the OECD Performance Budgeting Survey), performance budgeting refers to the use of performance information to (i) inform budget decisions (whether as a direct input to budget allocation decisions or as contextual information and/or inputs to budget planning), as well as (ii) instil greater transparency and accountability throughout the budget process (by providing information to the public on performance objectives and results).

Performance Evaluations

The retrospective analysis of a policy, programme or organisation to assess how successful or otherwise it has been, what challenges may exist to improving performance, and what lessons (good or bad) can be learnt for the future.

Performance Goals

Higher-order objectives to which a government policy, programme, or organization are intended to contribute to. Goals typically refer to broad results which may take a number of years to achieve and often involve many people, activities, processes and intermediate achievements. Performance goals may be stated in qualitative terms, as well as in quantitative terms (e.g. performance targets see below definition).

Performance Information

Performance information can be generated by both government and non-governmental organizations, and can be both qualitative and quantitative. Performance information refers to metrics/indicators/general information on the inputs, processes, outputs and outcomes of government policies/programmes/organizations, and can be ultimately used to assess the effectiveness, cost-effectiveness and efficiency of the same. Performance information can be found in statistics; the financial and/or operational accounts of government organisations; performance reports generated by government organizations; evaluations of policies, programmes or organizations; or Spending Reviews, for instance.

Performance-informed budgeting

Performance information plays a role in spending decisions; however, resources are related either to proposed future performance or to performance results in an indirect manner. There is no automatic linkage between performance and funding levels. The weight given to performance information depends on particular circumstances.

Performance Reports (of Ministries)

Performance reports (also called “business plans”, “performance plans” or “strategic plans”) are (usually annual) documents produced by Line Ministries which lay out the organisation’s mission/vision statements and contain their planned programmes/policies. These documents are where one may usually find “performance targets” (see below definition) defined and justified for the near future. These may also provide a review of recent activities and/or relevant contextual information. Since performance reports are generated by the Line Ministry itself, they are often made for communication purposes and for justifying its budget proposal and strategy to the public and CBA. They are also evolving documents, as performance targets change (either as they are met, or in relation to changing policies and resources).

Performance Targets

Performance targets refer to specific and measurable outputs or outcomes that are set ex-ante with the goal of being achieved by a government policies, programmes and/or organizations within a pre-specified amount of time. Performance, as measured against performance targets, compares the initial output/outcome goals set with those actually achieved.

Policy

A government policy is a decision determined by the government to (i) address socio-economic challenges in a country (or in the case of foreign policy, in the country's relations with other countries) and usually also decisions about (ii) how these challenges will be addressed. Policies are governments' main tools for guiding action, and are typically expressed in laws/regulations, official policy statements or guidelines, and institutions which then result in programmes and specific initiatives financed and/or conducted by government organizations to address these challenges. In addition to foreign policy (e.g. rules for governing a government's relations with other countries), governments enact fiscal policy (e.g. rules for governing a government's actions with respect to aggregate levels of revenue and spending), monetary policy (e.g. rules for governing a government's influence over money market and credit conditions), as well as environmental policy and social policy (among others).

Presentational performance budgeting

Performance information is presented with budgeting documents or other government documents but is included as background information for the purposes of accountability and dialogue with legislators and citizens on public policy issues and government direction. Performance information does not play a significant role in decision making on allocations nor is it intended to do so.

Process tracing

An evaluation approach using observational and analytical methods to examine case-specific diagnostic evidence to establish a causal mechanism and thus adjudicate between alternative possible explanations. Process tracing can be used both to see if results are consistent with the program theory (theory of change) and to see if alternative explanations can be ruled out.

Programme

A programme is a grouping of government activities in relation to a specific set of policy objectives. A government programme can consist of several initiatives and address multiple policies simultaneously, though both the initiatives and policies are likely to be closely related.

Reallocation

A movement of funds from one account to another, which can be limited by formal rules. To prevent misuse, government organisations must normally seek authorisation to make such transfers. Also referred to as virement.

Spending Reviews

A spending review is the process of identifying and weighing adopting savings options, based on the systematic scrutiny of baseline expenditure. A spending review generally has two main purposes: (1) to give the government improved control over the level of aggregate expenditure and/or, (2) to improve expenditure prioritization. They can be used as a tool to improve efficiency and effectiveness or create fiscal space by reallocating and/or reducing public expenditure for programmes or organisations. Spending reviews differ from other types of evaluation by looking not only at programme effectiveness and efficiency under current funding levels, but also examining the consequences for outputs and outcomes of alternative funding levels.

Statistical information

Statistical information is numerical data produced by both government and non-government actors and is a widely available source of performance information for public managers, politicians and the general public. Statistical information does not have to relate specifically to the government policies, programmes or organisations, it can also provide contextual information (e.g. economic conditions, demand for services, demographic/cultural trends, environmental data, etc.) Statistical data are useful for performance evaluation since they utilize harmonised/standardised data (usually over time) allowing for accurate comparison and assessments of trends.

Supreme Audit Institution

The public body of a State which, however designated, constituted or organised, exercises by virtue of law, the highest public auditing function of that State.

Classification of the Functions of government (COFOG)

Developed by the OECD and published by the United Nations Statistical Division as a standard for classifying the purposes of government activities, the Classification of the Functions of government (COFOG) classifies government expenditure data from the *System of National Accounts* by the purpose for which the funds are used. The first-level COFOG splits expenditure data into ten "functional" groups or sub-sectors of expenditures (such as defence, education and social protection), and second-level COFOG further splits each first-level group into up to nine sub-groups.

First level

Second level

General public services

Executive and legislative organs, financial and fiscal affairs, external affairs.
Foreign economic aid.
General services.
Basic research.
R&D general public services.
General public services
Public debt transactions.
Transfers of a general character between different levels of government.

Defence

Military defence.
Civil defence.
Foreign military aid.
R&D defence.
Defence

Public order and safety

Police services.
Fire-protection services.
Law courts.
Prisons.
R&D public order and safety.
Public order and safety

Economic affairs

General economic, commercial and labour affairs.
Agriculture, forestry, fishing and hunting.
Fuel and energy.
Mining, manufacturing and construction.
Transport.
Communication.
Other industries.
R&D economic affairs.
Economic affairs

Environmental protection

Waste management.
Waste water management.
Pollution abatement.
Protection of biodiversity and landscape.
R&D environmental protection.

	Environmental protection
Housing and community amenities	Housing development. Community development. Water supply. Street lighting. R&D housing and community amenities. Housing and community amenities
Health	Medical products, appliances and equipment. Outpatient services. Hospital services. Public health services. R&D health. Health
Recreation, culture and religion	Recreational and sporting services. Cultural services. Broadcasting and publishing services. Religious and other community services. R&D recreation, culture and religion. Recreation, culture and religion
Education	Pre-primary and primary education. Secondary education. Post-secondary non-tertiary education. Tertiary education. Education not definable by level. Subsidiary services to education. R&D education. Education
Social protection	Sickness and disability. Old age. Survivors. Family and children. Unemployment. Housing. Social exclusion R&D social protection. Social protection