



MINISTRY OF FINANCE
Finland

Lessons from the Finnish Productivity Programme

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Network on Performance and Results

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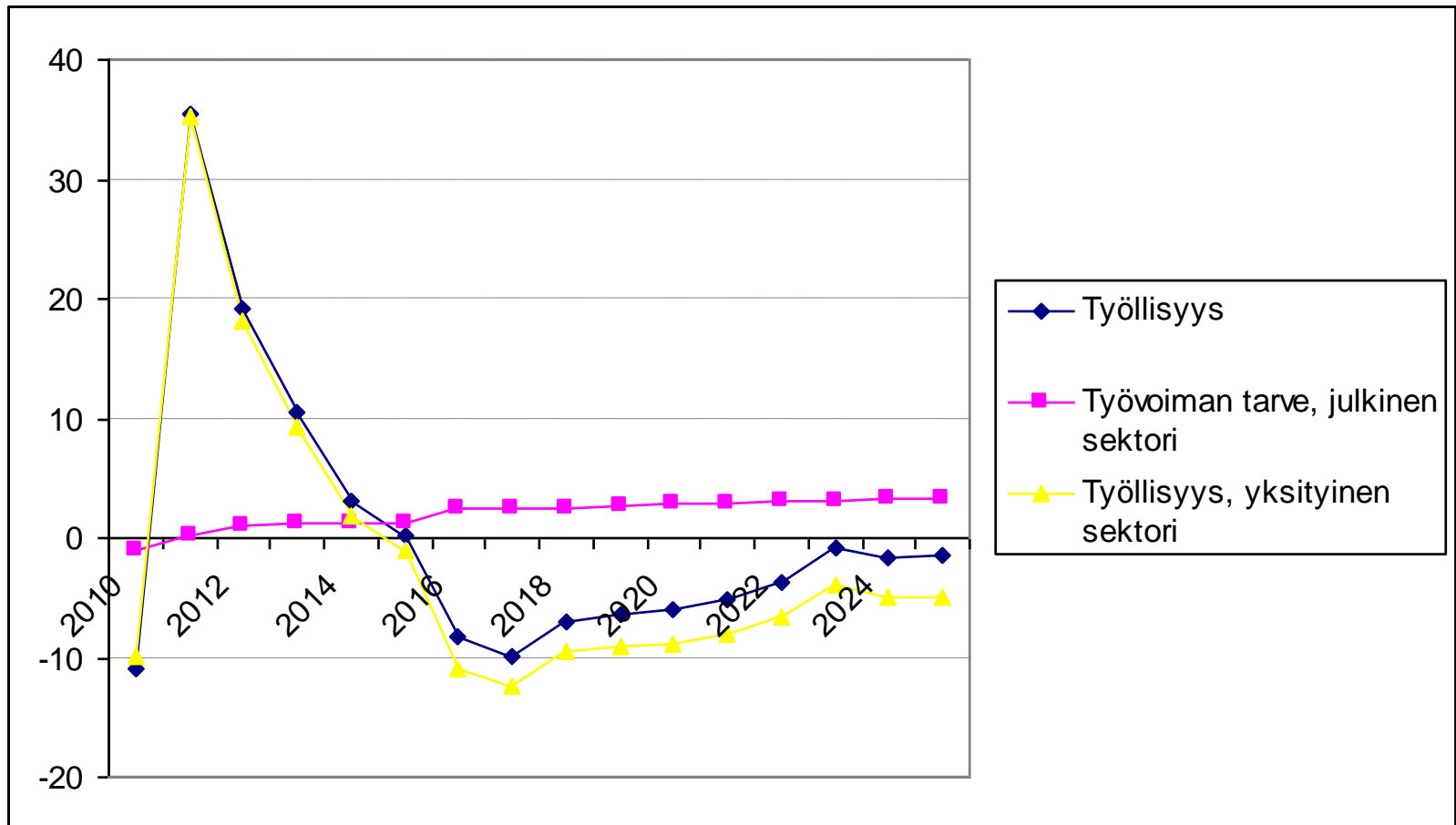


Current Status

- The Productivity Programme (2005-2015)
 - to raise productivity, in a way that is planned, measured and verified
 - covers the central government administration
 - aimed at adjusting the number of personnel via increased productivity while the number of retiring government personnel is high
 - the savings created by increased efficiency and productivity divided between the government and the ministry that achieves them

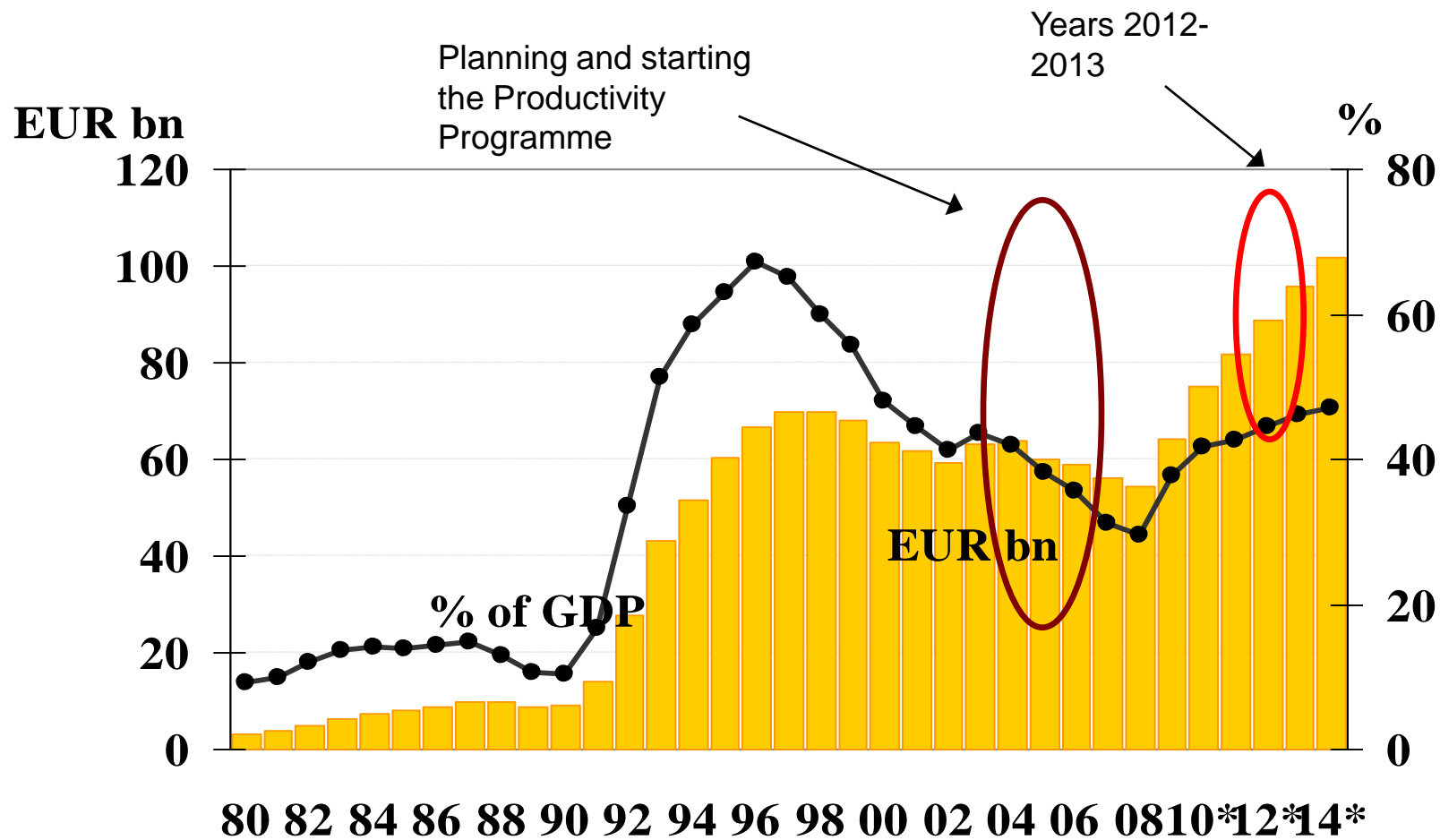
- The Programme for Effectiveness and Productivity (Government Programme June 2011)
 - the existing central government productivity programme will be replaced with a new programme for effectiveness and productivity
 - measures that will increase productivity
 - enhanced job satisfaction
 - improved service quality for clients
 - the societal effectiveness of the work being carried out
 - existing efficiency targets are maintained in terms of their overall economic impact

Scenario: the change in employment and public sector workforce need; rate of employment rises to 71,5 per cent, 1 000 person





Fiscal Context: Central Government Debt and Debt Ratio



Central government budget balance, 2010-2015 EUR bln



	2010	2011	2012	2013	2014	2015
Revenue*	39,1	43,1	45,3	47,0	49,2	50,9
Expenditure	49,9	51,3	52,4	54,0	55,1	57,0
Budget balance	-10,8	-8,2	-7,1	-7,0	-5,9	-6,1
Central government financial balance acc. national accounts, % of GDP **	-5,5	-3,8	-3,3	-3,2	-2,7	-2,8
Central government debt, EUR bn	75	82	89	96	102	108
Central government debt, % of GDP	42	43	44	46	47	48

* Excludes the use of accumulated surplus

** State Pension Fund is no longer part of central government in national accounts



Context continued

- Reform in the early 1990s
 - several agencies replaced by government companies and business enterprises
 - increased operational and economic independence for the municipalities
 - the scope of the central government activities significantly reduced

- Productivity Programme in the early 2000
 - focus on improving processes and preparing for the growing numbers of retiring personnel
 - significant re-evaluations of activities have taken place on some sectors
 - initiated by the sector in question
 - wish to avoid the labelling as “ideological”



Lessons Learned

- Carrying out the Productivity Programme has led ministries and agencies to develop and adopt new courses of action
 - without limits in terms of money and person-years developing the ways ministries and agencies work would have been
 - slower
 - less significant
 - vacated resources would have been reallocated inside the organisation

- The way of thinking in ministries and agencies has changed
 - promoting productivity and efficiency now have a stronger role also in planning and developing – therefore other solutions than increasing resources are contemplated and proposed earlier on in the process
 - working practices
 - processes
 - defining the core functions



Lessons learned continued

- Main challenges:
 - prioritising – what the government should or should not do (or finance)
 - realistic effects of public management reforms such as ICT, process re-engineering etc. on productivity and work contribution needed – estimates err on both directions
 - management of change – for example increasing the use of ICT doesn't automatically lead to results without changes the ways of working and often individual job descriptions