

WORKING DEFINITIONS

There is much confusion as to the meaning of different words connected to result focussed management and budgeting. Outcomes, outputs, inputs, performance, results, innovation and learning are all rather imprecise and often confused when translated from one language to another.

Below is a list of working definitions intended to help communication on results focussed management and budgeting. For comments or suggestions for improvement please contact jens.kristensen@oecd.org

Outcomes: the effects on society of outputs from governmental entities

Outcomes – whether intended or unintended – are not usually completely controllable by governments. The degree of control depends on the influence of extraneous factors on the goal in question, the effectiveness of implementation and the quality of the policies for reaching the goal.

Intended Outcomes/Outcome Goals: What effect government *intends* its outputs to have on society

In this definition government intentions are conceived as the explicitly and publicly stated purposes of government activities. Government intentions can for example be formulated in laws, policies or official directives.

As such, activities in entities delivering on public policies may be based on Outcome Goals, but often they will not.

Outcome Evaluation: an evaluation of the outcome of a governmental activity compared to its intended outcome.

Often, outcomes cannot be measured directly because of complexity, time lags and influences not under governmental control. Outcome evaluation, therefore, must typically take account of a variety of indicators. Often outcome evaluation will not be possible.

Evaluation: a systematic analytical assessment addressing important aspects of a program or policy and its value, and seeking reliability and usability of findings.¹

Evaluation is carried out to improve decision making by providing better information. The purpose is not to replace judgements or politics in decision making but to make them more informed taking into account past experiences.

Evaluation is therefore an important element in public sector learning, as defined below.

1. See OECD, PUMA/PAC(99)1, Improving Evaluation Practices, Paris 1999.

Outcome risk: the risk that the intended outcomes will not be achieved, and the risk that unintended and undesired outcomes will result.

Often outcomes are not only attributable to government action. Weather, war and economics slowdowns can influence outcomes and have unintended consequences. Outcome risks are the risks that such external influences will negatively or positively affect outcomes.

Outputs: the goods or services (usually the latter) which government agencies provide for citizens.

The concept of outputs is not confined to tangible goods and social services delivered directly to citizens. The concept also include more intangible flows of influences on the surroundings from agencies, institutions and other entities delivering on public policies.

Outputs are potentially largely controllable by government agencies and measurable either quantitatively or qualitatively. Thus outputs can be used for performance management more easily than outcomes.

Inputs: the resources used by government to produce outputs.

Inputs include the labor (the range of skills, expertise and knowledge of employees), capital assets (including land and buildings, motor vehicles and computer networks), financial assets, and intangible assets (such as intellectual property) which are used in delivering outputs.²

Costs: money spent or expenses incurred to finance the input.

Learning: the acts through which an entity uses its past experience or the experiences of others to adjust goals and processes.

In practice, learning in regard to outcome focused management will imply using the results of outcome evaluation in the decision-making – whether the decisions concern policies, processes or organizational design.

The main question is *if* and *how* outcome evaluation has any affect on decisions. Are organizations able to learn and adapt in the face of institutional rigidities.

Performance

The proficiency of an agency or authority in acquiring resources economically and using those resources efficiently (input-output) and effectively (output-outcome) in achieving performance targets.

Performance Information

Evidence about performance that is collected and used systematically. Performance information may be quantitative (numerical) or qualitative (descriptive). The usefulness of performance information is enhanced by applying standards and other types of comparison (for example, with past performance, other

2. See OECD, PUMA/SBO(2000)7, The OECD Outputs Manual, Paris 2000.

lines of business, or level of need before the intervention) which allow judgements to be made about the extent to which interventions are achieving desired outcomes.

Performance information collected for monitoring purposes often generates questions that are investigated in more depth in an evaluation.

Performance Management

A system, integrated with corporate management, of performance information, evaluation, performance monitoring, assessment and performance reporting.

Performance goal

A target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate. Performance goals can be either outcome or output goals.

Performance indicator

A particular value or characteristic used to measure output or outcome.

Performance measurement

Performance measurement is the activity related to measurement of inputs, outputs and outcomes.

Accountability

Accountability is a function of a relationship between two parties whereby one party confers a power on the other subject to a condition that the party receiving the power must account as specified for its possession and use.

Innovation

Innovation is the *application* of creative new ideas - the implementation of inventions. Creativity is the generating of new ideas of novel approaches and inventions.³

3. See Treasury Board of Canada Secretariat, Risk, Innovation and Values - Examining the Tensions, 1999.