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**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE**

Cancels & replaces the same document of 12 March 2004

Working Party of Senior Budget Officials

**PERFORMANCE INFORMATION IN THE BUDGET PROCESS
First meeting of the SBO Network on Performance and Results**

AGENDA

1-2 April 2004

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PERFORMANCE INFORMATION IN THE BUDGET PROCESS

Thursday 1 April 2004

9:30 – 9:45 **Opening remarks**

9:45 – 10:15 **Session 1: Introductory Session: Overview of Performance and Results**

In this session the Secretariat will discuss the trends in performance-based approaches to budgeting in OECD member countries and provide an overview of the issues and challenges in implementing these approaches.

10:15-11:30 **Session 2: The challenges of measuring performance**

This session will examine the challenges encountered by OECD member countries in developing performance measures. Governments carry out a diversity of activities. Performance measures are more easily applied to certain types of functions and programmes than others. This session will discuss countries' experiences of which areas performance measures/indicators have proven more easily applicable and if and how countries have developed measures for less easily measurable functions.

Presentations By

Mr. Simon Henderson, National Audit Office, United Kingdom

Mr. Tuomas Poysti, Ministry of Finance, Finland

11:30 – 12:00 *Coffee break*

12:00 – 13:00 **Session 3: Assessing Outcomes**

This session addresses the difficulties of assessing outcomes of government policies and programmes; it includes a discussion on countries' experiences and challenges in applying outcome assessment and evaluations in the budget process.

Presentation By

Mr. Raphael Debets, Ministry of Finance, the Netherlands

13:00 – 14:30 **Lunch**

14:30 – 16:00 **Session 4: The Use of Performance Targets**

This session will examine the advantages and disadvantages of setting targets and different countries' approaches to using targets in the budget process, and it will address the issue of aligning targets in influencing organisational and individual performance.

Presentations By

Mr. Alex Hill, HM Treasury, United Kingdom

Mr. Mads Lyndrup, Ministry of Finance, Denmark

16:00 – 16:30 *Coffee break*

16:30 – 18:00 **Session 5: Incentives for Improving Performance - the carrot or the stick?**

This session will examine different country approaches to using performance information in the budget process as an incentive to improve performance. It will address the desirability and challenges of linking targets to expenditure.

Presentations By

Ms. Justine Farr Rodriguez, U.S. Office of Management and Budget, United States

Mr. Mario Marcel, Ministry of Finance, Chile

18:00 – 20:00 *Cocktail (All participants are kindly invited)*

Friday 2 April 2004

9:30 – 11:00 **Session 6: Assuring the quality of performance information**

A key issue influencing the use of performance information in decision-making is the quality of the information. This session will examine if and how different countries have attempted to assure the quality of performance information and what is the role played by audit institutions in evaluating performance information.

Presentations By

Dr. John Mayne, Canada

Mr. Martin Dees, National Audit Office, the Netherlands

11:00 – 11:30 *Coffee break*

11:30 – 12:30 **Session 7: The Use of Performance Information by Parliamentarians**

This session will examine parliamentarians' use or non-use of performance information as well as what factors influence whether they use this information in decision-making.

Presentation By

Ms. Denis Fantone, General Accounting Office, United States

12:30 – 13:00 **Discussion of future OECD work in this area**

13:00 **Concluding remarks by the Secretariat**

BACKGROUND NOTE

Over the past two decades several OECD member countries have introduced reforms with the aim of establishing performance-based management and/or budgeting. These reforms sought to shift the emphasis of management and budgeting from inputs towards results measured in the form of outputs and/or outcomes. The provision of performance results is not an end in itself; rather its overall objective is to support better decision-making leading to improved performance and/or accountability and ultimately improved outcomes for society. While the content, pace, and method of implementation of these reforms varied across countries and over time, what they share in common is a renewed focus on measurable results.

The OECD Secretariat has developed a programme of work which will conduct a comparative analysis of these reforms in OECD member countries in order to gain a better understanding of these developments in respect to budgeting, management, and oversight processes and to assess the potential and the limitations of these reforms.

Objectives of programme

The programme aims to facilitate exchange of experiences between member countries through meetings. It will produce papers and reports that will provide practical guidance to countries on the opportunities and limitations of performance-based approaches to budgeting and management.

This programme will focus on:

- analysing the implementation challenges and problems encountered by countries;
- exploring how different countries have surmounted these challenges;
- analysing the different methods for using performance information, including both performance indicators and evaluations, in decision-making processes in budgeting and management and identifying the most successful;
- developing evaluation policies and processes;
- exploring the different approaches to directly linking funds appropriated to performance and understanding when and in what areas it is appropriate to adopt this approach to budgeting;
- examining the roles and the relationships between different institutional actors in these reforms (legislature, Ministry of Finance, departments and agencies)
- assessing the limitations and potential of this approach to budgeting and management;
- developing a classification/typology of performance budgeting and management.

First Meeting of Network: Performance Information in the Budget Process

This first meeting examines the different approaches taken by OECD member countries to the development and use of performance information, including performance indicators/measures and evaluation, in the budget process.

Objectives of the meeting

The expert meeting has two main objectives:

- to present an overview of the different approaches to performance information in the budget process used by OECD member countries;
- to discuss the challenges and issues encountered by countries in using this information in the budget decision making and to discuss the different methods adopted by countries to address these challenges.

Challenges include: the difficulties in designing and developing performance measures for different government activities; why and how to assess outcomes and the problems with doing so; advantages and disadvantages of using targets; how to provide incentives to improve performance through the budget process; and how to ensure the quality of performance information. Broader challenges to be addressed include the desirability and practicality of integrating outcomes/outputs into the budget process and how to create a results-oriented culture.