



PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT  
PUBLIC MANAGEMENT COMMITTEE

Working Party of Senior Budget Officials

## **HAND-OUT**

# **INTRODUCTION TO 2011 OECD PERFORMANCE BUDGETING SURVEY**

7<sup>th</sup> Annual Meeting on  
PERFORMANCE & RESULTS

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(English Text Only)

## INTRODUCTION TO 2011 OECD PERFORMANCE BUDGETING SURVEY

### I. Introduction

1. This note provides a brief background and rationale for the upcoming *OECD 2011 Performance Budgeting Survey* (see annex A) and proposes a new, more comprehensive, conceptual framework for addressing key research questions regarding the use (and uses) of performance information in the budgeting process.

### II. Background and Rationale

2. The *OECD Budget Practices and Procedures Survey* is carried out by the Secretariat approximately every four years. The first survey was executed in 2003, and a revised, more comprehensive questionnaire distributed in 2007. The questionnaire covers budget practices and procedures throughout the **entire budgeting process** - from budget formulation, to approval, execution and auditing. **Country coverage has been wide** - with both OECD member and non-member countries taking part - and data collection efforts **collaborative**: the Inter-American Development Bank has piloted the survey with Latin American countries, and the London School of Economics has reviewed and provided feedback on the survey instrument and examined the consistency of results. Country-specific data are made publically available online, in the *International Budget Practices and Procedures Database*<sup>1</sup> and have formed the basis for evidence-based analysis and recommendations on such issues as: **fiscal sustainability, performance-oriented budgeting and budget transparency** (among others).

3. Work on the next iteration of the survey instrument is currently underway. With the intention of improving data quality and providing more in-depth evaluation of the issues covered, the Secretariat will implement the Survey in **separate waves** throughout the course of 2011 and 2012. Raw data collected via several, shorter- yet more targeted- questionnaires will be used to update the **online database**, and to construct **composite indictors** on specific budgeting topics. Furthermore, results are expected to feature heavily in the forthcoming *Government at a Glance 2013* (planned for release in the autumn of that year), and will be explored more in-depth in upcoming volumes of the *OECD Journal on Budgeting and Country Budget Reviews*.

4. **Country coverage** will initially be limited to OECD members and partner countries but can be extended with assistance/involvement of other international organisations including the World Bank, Inter-American Development Bank, and the Collaborative Africa Budget Reform Initiative (CABRI).

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<sup>1</sup> [http://www.oecd.org/document/61/0,3746,en\\_2649\\_34119\\_2494461\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/61/0,3746,en_2649_34119_2494461_1_1_1_1,00.html)

5. The **2011 OECD Performance Budgeting Survey** will be the first of the questionnaires to be distributed to OECD countries, tentatively planned for the autumn/winter of 2011, with data cleaning and verification taking place in the winter and spring of 2012. The use of performance information in the budgeting process and, particularly, the role of such information in decisions regarding the allocation or re-allocation of resources, is particularly timely in the current political and economic context. Indeed, as the majority of OECD countries embark on ambitious austerity measures, pressure to improve government efficiency and control costs is high. The OECD's recent *'Restoring Public Finances'* report, for instance, reported that the majority of OECD member countries have (short-term) fiscal deficit targets in place, ranging from planned reductions of over 10 percentage points of GDP in Greece, to targets of about 7-8 percentage points of economic output in countries such as the United States, Ireland, United Kingdom, Portugal and Spain.<sup>2</sup> Furthermore, countries will largely rely on spending cuts to meet these targets (on average in the OECD about 60% of total consolidation efforts are expected to come from reductions in government expenditures). Information on the specific activities of Ministries/Departments, the effectiveness and efficiency of their policies and programmes, as well as how these contribute to higher-level strategic goals of Government will be critical inputs in informing difficult decisions about what and where to cut.

6. Not to be overlooked, however, is also the role of performance information in promoting greater government accountability throughout the budget process, and increasing the legitimacy of budgetary decisions. Citizens in OECD countries are enduring the consequences of the Great Recession, with the price of stimulus spending and bailouts to the financial sector being borne by taxpayers who have also been asked to bear the brunt of fiscal cuts in the form of reductions to their social entitlements and cuts to public services. Stronger calls for greater openness and transparency in policy-making are being heard, in some OECD countries, these calls have even taken the form of social unrest. As such, performance information plays a role in informing the policy-debate surrounding the budget, and providing managers and politicians with evidence with which to communicate their policy choices.

7. Finally, there is a complex interplay between the use of performance information in OECD countries for budgeting and for management purposes. Countries have observed that collecting performance information through the budget process can lead to gaming of the indicators developed, the data provided, and the expenditure areas covered. At the same time, however, as the most important policy document, the budget presents an opportunity to ensure that strategic goals, and therefore performance expectations, rest within budgetary means, and that performance information and targets presented through the budget process can be used to help align performance expectations and understanding of central budget authorities, line ministries and agencies.

### **III. Objectives of 2011 OECD Performance Budgeting Survey**

7. While the 2007 survey focused on the types and uses of performance information in the budgeting process, the 2011 questionnaire goes further still - assessing also the perceptions that CBAs and Line Ministries have over the quality of performance information and what sectors tend to utilise

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<sup>2</sup> Consolidation plans as announced by December 2010. Intended reductions by the year 2013.

performance information more often in budgeting. Additionally, an important distinction between the 2011 questionnaire is that it goes to greater efforts to ensure a principle of neutrality (see also following section on guiding principles) towards performance budgeting. That is, both the framework and questionnaire are not based on the assumption that “more performance information is better” nor that closer linkages between performance management and budgeting are always best. The 2011 questionnaire will also go into greater depth regarding the challenges faced by countries in implementing performance budgeting effectively. The principal research questions underlying the questionnaire are therefore:

1. “To what extent are OECD governments (e.g. CBAs, Line Ministries, Agencies) utilising different kinds of performance information and tools in the budgeting process?”; and “How specifically is performance information most commonly used in the budgeting process? For what purposes? (e.g. for allocation/re-allocation, strategic planning, management, increasing allocative efficiency, etc.)”;
  2. “What kinds of performance information and/or performance measurement instruments may be best suited for different purposes?”;
  3. “What kinds of incentive structures are created when linking performance to budgeting? What can be the advantages and disadvantages of such systems?”.
8. To sum, the **specific objectives** of the Performance Budgeting Survey will be as follows:
- To attain from OECD member and partner countries updated data on the types of performance information and instruments employed throughout the budgeting process (e.g. formulation, execution and audit), and appraise the extent to which such information is utilised specifically in decisions regarding the allocation and/or reallocation of resources.
  - To assess Central Budget Authorities’ perceptions on key attributes of the performance information and instruments generated by Ministries/Departments, and how well such information/tools are working in achieving key performance budgeting goals. Attributes to be examined may include (among others):
    - Quality of performance information generated by Ministries/Departments (e.g. accuracy, relevance, timeliness, etc.);
    - Clarity in the presentation of performance information;
    - Comprehensiveness of information provided;
    - Alignment of performance information provided with strategic objectives (particularly also whole-of government or horizontal objectives which span across organisations);
    - ....etc.
  - To gauge the extent to which CBAs and Line Ministries may observe unintended consequences to the linkage of performance information to budgeting decisions, and look for trends or circumstances under which these consequences may be more likely to occur.

- Lastly, the survey instrument will assist the Secretariat in identifying good performance budgeting practices in OECD countries, as well as common challenges and emerging trends in the field (e.g. possible decentralisation/centralisation of performance budgeting functions and responsibilities, new ICT tools and innovative practices in performance budgeting, etc.)

#### **IV. Conceptual Framework**

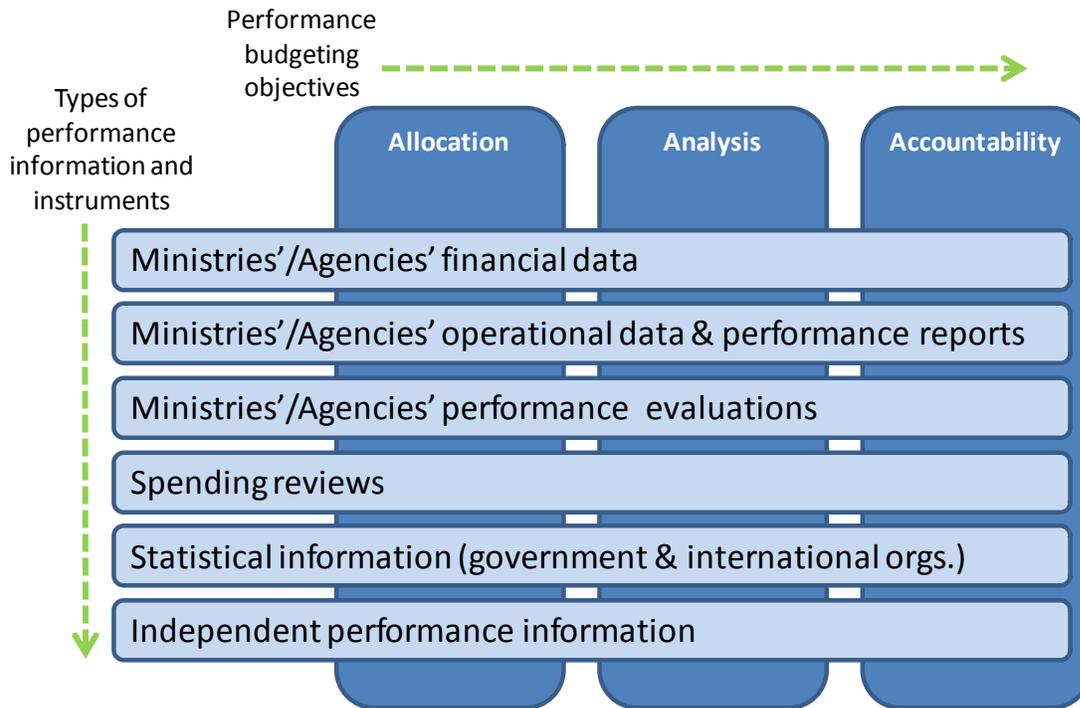
##### ***The Scope: Level of government***

9. To facilitate the comparability of results across OECD countries, the scope of the questionnaire and primary unit of analysis must be predefined to ensure that the issues addressed are relevant to the majority of responding countries. Therefore, the survey will assess the types of performance information and instruments generated and used **at the central level of government**, specifically, by Ministries/Departments/Agencies. Questions therefore will be directed to respondents located in CBAs, as they are best placed to provide a “bird’s eye view” of performance budgeting practices in the central level. It also follows that questions regarding performance budgeting objectives refer specifically to the budget formulation, execution and auditing of the **national/federal budget**. The allocation of budget resources *within* Ministries’/Departments’ (e.g. allocation of their own budget portfolios to their respective agencies/offices) is considered beyond the scope of the questionnaire, although this is an issue that could be posed for discussion to the Network for future study. Indeed, further study may be warranted if the initial survey finds that performance budgeting functions are increasingly decentralised.

##### ***The framework***

10. In addressing the aforementioned research questions and objectives, it is necessary to develop a conceptual framework to define the scope of the questionnaire in terms of: (i) the kinds of performance information and tools to be analysed; and (ii) the objectives of performance budgeting against which to evaluate performance-budgeting practices. In doing so, the 2011 survey seeks to help countries further distinguish between different types of performance information in terms of their accuracy and usefulness, but also in terms of using all available performance information so as to streamline and simplify, where possible, the sometimes arduous performance management process itself. This section provides a brief description of the “working framework” developed, reflecting also some of the main working hypotheses to be tested by the questionnaire.

Figure 1. *Performance budgeting framework for questionnaire*



11. **Dimension 1. Types of performance budgeting information:** In order to uniformly assess the use and quality of performance information used in budgeting, a standard typology or classification is needed which is relevant across OECD countries. The framework adopts a classification of six kinds of performance information and performance measurement instruments, which were devised following a desk-based inventory/benchmark of member countries. These types of information can be generated by both governmental and non-governmental actors. Statistical information and independently provided performance data, for instance, may be one of many inputs into the budgeting decision-making process while spending reviews are commissioned explicitly by governments with the purpose of determining future allocations.

13. The **financial data** produced by Ministries/Departments and found in monthly, quarterly or annual financial accounts, are a useful source of performance data for CBAs which could potentially be under-used in the budgeting process. For instance, such data is commonly used for auditing, providing insights into the 'inner workings' of an organisation or simply ensuring compliance with budget directives. But this information may often be neglected as a prime source of input data by which to help measure efficiency and cost-effectiveness. For example, the amount revenues/transfers received, resources spent, or capital purchased in a given year can be paired with the outputs and outcomes achieved to gain a better indication of yearly performance. Improved use of this information can be both a function of improving financial literacy of government staff, as well as improving internal coordination and access of government data.

14. Ministries'/Agencies' **performance reports** (which can include "annual reports" with **operational data**, or be referred to as "business cases", "performance plans" or "strategic plans" in some OECD countries) also contain important information for the budgeting process. Contrary to Ministries' financial data, performance reports more explicitly purport to measure performance, and they are an important vehicle for ministries and agencies to define and justify **performance targets**, and/or compare the performance results of previous years against current targets. Such information 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. For accountability purposes, they also offer important operational data which provides insights into the activities of an organisation (*e.g.* "what do you do?"). This said, performance reports may not always play a large role in determining budgetary decisions as, since they are often used more as a communications/accountability tool for stakeholders, rather than as an objective assessment of performance.

15. **Ministries'/Agencies' performance evaluations** (whether of a specific programme or policy) are conducted by government, and also directly measure performance. They offer "results" oriented data on outputs, outcomes and may provide measures of efficiency or cost-effectiveness. Evaluations may also offer more nuanced information useful in budgeting decisions, such as external factors affecting performance, organisational/capacity constraints, etc. For example, an evaluation may not only reveal/report a poorly-performing organisation, programmes and/or policies which do not demonstrate value for money, but also perhaps demonstrate that an increase of funds (not a reduction) is warranted to improve performance and ensure objectives are achieved. The main distinctions between performance reports and evaluations are that evaluations are self-contained (*e.g.* more easily delineated to a specific organisation, policy or programme) and usually conducted in a more objective manner. Performance reports, on the other hand, are communications tools and therefore tend to be biased - they are generated by the organisation itself as part of the process of justifying its budget proposal and strategy. They are also evolving documents, as performance targets change (either as they are met, or in relation to changing policies and resources).

16. Of all the types of performance information used in budgeting, **spending reviews** are the most directly tied to the budgetary decision-making process. Spending reviews are distinct sources of information in that they are both commissioned and led by the government, with the *explicit* purpose of identifying possible expenditure cuts and making recommendations regarding the re-allocation of resources, for consideration as part of the budget process. While they may indeed consider performance in terms of effectiveness and efficiency, they can go further still - looking also at how public sector organisations, policies and programmes are aligned with (and contributing to) the government's strategic objectives. In this context, performance information plays a crucial role in ascertaining whether public sector activities reflect government priorities and achieve strategic objectives. (For further information see: Discussion Paper on "Typology and Implementation of Spending Reviews" (November, 2011, GOV/PGC/SBO (2011)/9).

17. **Statistical information** is produced by both government and non-government actors and is a widely available source of data for public managers, politicians and the general public. It is important

that such information be included in the framework because it is readily available and does not impose additional collection burden on CBAs, Ministries and Agencies. However, because of the standardisation/harmonisation process necessary to ensure statistical information is comparable across sectors/time, such information is not always sufficiently timely for use in budgetary decision making. It may be worthwhile, therefore, for countries to explore possibilities for improving the definition, collection, timeliness and systematic use of statistical information as a source of performance data for the budgeting process.

18. **Independent, or external, performance information** on a government policy, programme or organisation can be generated by either arm's length institutions (e.g. such as Supreme Audit Institutions), non-governmental organisations (e.g. think tanks, civil society organisations, academics, or international organisations), or the private sector. External evaluations may be similar to Ministries'/Agencies' performance evaluations in terms of objectives/scope or even content, with the exception that the government is not involved in conducting such reviews, and - although it may provide input or cooperate with the evaluation - the government has no influence over what the outcomes/results of the evaluations will be, or what recommendations from improvement may be proposed. Independent evaluations are a useful source of performance information because they are available at no or very little cost to the government.

19. While these groups are not mutually exclusive - some performance reports or evaluations may contain data on an organisation's financial accounts or operations; some spending reviews may include the results of organisational/programme/policy evaluations - for purposes of the questionnaire, these distinctions help to identify why performance information is produced and therefore provide insight into the design and use of performance instruments, without excluding the possibility that the resulting performance information can always be collected as an input into budget formulation after it has been produced.

20. **Dimension 2. Performance-budgeting objectives:** by what standards/criteria should the OECD and member countries evaluate the value of the performance information in the budgeting process? Answering this question requires first that the key objectives of performance budgeting be identified. As described above, the framework identifies various kinds of performance information and instruments utilised in the budgeting process. It also recognises that such information is used for a wide variety of purposes. In the strictest sense of 'performance budgeting', performance information informs/guides decision-making regarding the **allocation and reallocation of resources** (pillar 1 of the framework). This includes not only formulaic budgeting (e.g. where resource allocation is mechanically linked to organisational outputs or outcomes, or the achievement performance targets) but also non-formulaic budgeting where performance information is used explicitly to *inform* allocation decisions. In the performance budgeting process, performance information is also used in **analysis** (pillar 2) for either management purposes or as inputs to policy-making. As such, performance information is used for planning and strategy setting, as well as budget formulation (such as determining baselines); setting performance targets and monitoring whether they are met; or flagging high performance or poor performing programmes for further evaluation.

21. Lastly, an important aim of providing performance information is to increase **accountability** throughout the budget process (pillar 3). For such purposes, performance information is not only needed for auditing (e.g. ensuring that funds are allocated in the way, and for the purposes, intended), but additionally for ensuring **managerial and political accountability**. Indeed, senior officials/managers must be held accountable for the effectiveness of the organisations/policies/programmes under their responsibility. Additionally, politicians and leaders are accountable to the public how their tax dollars are used, and for what purposes. The legitimacy of budgetary decisions rests partly then on the public's ability to know how their funds are being used.

22. In designing the framework, it was important to the Secretariat that the following principles be adopted:

- **Inclusivity:** It was also important that the scope of the framework acknowledges and includes the inputs and contributions of non-governmental stakeholders in to the performance budgeting process. As such, performance information generated by both government and non-government actors will be assessed (e.g. by looking for instance at the use of statistics, and work by academics, think tanks and consultancies in performance budgeting) Likewise, the framework is not only interested in how this performance information is used by CBAs and other government stakeholders, but (particularly under the auspices of the accountability pillar) also how performance information is used by the public and arms-length institutions.
- **Neutrality.** It is important that the framework recognise from the start that no single, or “best”, model of performance budgeting exists, and one key assumption guiding the framework therefore is that different kinds of performance information are generated with different purposes in mind. Certainly, member countries produce a wide and varied amount of performance information, and adopt different implementation approaches, with some countries using a more standardised top-down approach directed and led by CBAs, and others delegating greater responsibilities to the Ministerial/Departmental level. The goal of the survey is not to arrive at a value judgement about which kinds of performance information or approaches are best in the budgeting process, nor to recommend how or the extent to which they should be used. The objective of the survey is rather quite the opposite- to exploit the rich variety of practices and experiences in OECD countries to arrive at conclusions of which kinds of performance information can be most useful for different budgeting objectives, and identify good practices to share amongst practitioners. Through such a lens, the focus of the survey shifts to one of maximising and improving existing performance budgeting practices. For instance, comparisons between countries for example could reveal potential gaps in terms of: (ii) what available performance is then subsequently utilized for performance budgeting purposes (an “up-take” gap); and finally (iii) gaps in terms of how performance information could be more fully exploited for different ends. Also important is that the Secretariat does not adopt the axiom that “more is better” with regards to the generation of performance information and the use of performance information in budgeting. Indeed, “information overload” is often cited as a key barrier to effective performance budgeting, as are the

potentially adverse incentives that can be created with the linkages between financing and performance management are strong. Respondents therefore are encouraged to answer in line with what they have observed “on the ground” in their respective countries in order to provide relevant findings and areas for future work in this field.

- **“Solution-oriented”**. Assuming a position of neutrality also allows the survey to be more solution-oriented, focusing rather on common challenges faced by all countries in implementing performance budgeting approaches. These could include such barriers as lack of capacity and resources in Ministries and agencies; coordination and/or information gaps between agencies, ministries, and CBAs; a lack of administrative data and/or poor data quality; difficulties in creating a “culture of performance” in organisations, etc. Identifying and rating the principal barriers to successful performance budgeting in different OECD countries can promote a dialogue/exchange of potential solutions amongst member countries.

## V. Methodology

23. A draft questionnaire will be provided for comments at the upcoming meeting of the Network on Performance and Results at OECD Headquarters in Paris, **November 9<sup>th</sup> and 10<sup>th</sup>**. Furthermore, prior to rolling out the questionnaire to respondents, a select group of member countries will be asked to pilot the instrument (which will be administered online). The consultation and piloting exercises are aimed at helping to ensure that (i) the issues addressed by questionnaire are timely and of interest to member countries; (ii) the scope of questions and the kinds of answer choices posed are applicable to a critical mass of countries; (iii) questions and answer choices are worded clearly; (iii) key terms are clearly defined, and definitions accepted; (iv) any possible technical issues with online instrument are corrected early on.

24. After suggestions and comments from the Network and piloting countries have been incorporated, a final questionnaire will be distributed via email to help respondents plan their responses and coordinate answers with colleagues.

25. Final responses however must be submitted via the **online questionnaire**. The Secretariat will provide delegates with a web link to the survey, as well as the corresponding username and password needed to access it. The online survey tool allows respondents to start and stop the questionnaire at their convenience (answers will be saved), and to share the responsibility of responding with other officials/experts. Further technical instructions will also be provided by email.

26. Members of the Network on Performance and Results are asked to kindly **nominate** a respondent(s) and to notify the Secretariat, **co-ordinate with respondents** to finalise answers, and **liaise** between the OECD and respondents in case further clarification or verification of answers is needed.

## VI. Structure of Questionnaire (provisional):

27. The questionnaire is organised into the following six sections.

1. Respondents' Information
2. Institutional Context and Recent Trends in Performance Budgeting
3. Types of Performance Information utilised in Budgeting and Implementation of Performance Budgeting Practices
4. Use of Performance Targets in Budgeting
5. Use of Performance Evaluations and Spending Reviews in Budgeting
6. Common Challenges to Performance Budgeting

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Performance Budgeting: A Users’ Guide (*OECD Policy Brief*, March 2008).

Performance Budgeting in OECD Countries (2007, OECD Publishing).

Performance Information in the Budget Process: Results of 2005 Questionnaire (*OECD Journal on Budgeting*, Volume 5, Number 2, 2006).

# Annex A: Draft 2011 Performance Budgeting Questionnaire

## OECD WORKING PARTY OF SENIOR BUDGET OFFICIALS NETWORK ON PERFORMANCE AND RESULTS

**Survey Objectives:** To attain from OECD member and partner countries updated data on the types of performance information and instruments employed throughout the budgeting process, and to ascertain how specifically this information is being used in budgetary decision-making. The questionnaire also asks respondents to map out key stakeholders involved in generating and utilising performance information in budget negotiations, as well as describe some of the main challenges faced in implanting performance budgeting procedures (e.g. poor quality data, unintended consequences or impact on performance measurement and management, etc.)

**Background:** The *OECD Budget Practices and Procedures Survey* is carried out by the Secretariat approximately every four years- with the first survey executed in 2003 and a revised, more comprehensive questionnaire distributed in 2007. Surveys have covered practices and procedures throughout the entire budgeting process- from formulation, to approval, execution and auditing, as well as cross-cutting, topical issues such as budget transparency, fiscal sustainability and performance-budgeting. Country coverage has been wide- with both OECD member and non-member countries taking part. The ***Performance Budgeting Survey***, tentatively planned for the autumn/winter of 2011, is the first of the several planned questionnaires on budgeting in OECD member and partner countries.

This survey adopts a **broad definition of performance budgeting**. Indeed, in the strictest sense, 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). This survey, however, uses a broader definition of performance budgeting which refers to it as 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).

**Action:** Please note that this document is only intended for reference, to help you plan your responses and coordinate with colleagues. Final responses must be submitted via the **online questionnaire**. The use of the online instrument will help improve data quality and comparability.

Via email, the Secretariat will provide delegates to the Network on Performance and Results with a web link to the survey, as well as the corresponding username and password needed to access it. The online survey tool allows respondents to start and stop the questionnaire at their convenience (answers will be saved), and to share the responsibility of responding with other officials/experts. Further technical instructions will also be provided by email.

Network delegates are asked to kindly nominate a respondent(s), coordinate with the respondent(s) to finalise answers, and liaise between the OECD and the respondent(s) after final submission should any further clarification or verification be needed.

**Deadline:** To be determined.

**Help:** For further assistance, information or advice in completing this questionnaire please contact Edwin Lau ([Edwin.lau@oecd.org](mailto:Edwin.lau@oecd.org)) and/or Natalia Nolan Flecha ([Natalia.nolanflecha@oecd.org](mailto:Natalia.nolanflecha@oecd.org)). If a respondent encounters questions which they find very difficult or resource-intensive to answer, they should also contact the Secretariat for assistance.

**Follow-up steps:** Responses collected via this questionnaire will be used to update data from the 2007 OECD Budget Practices and Procedures Survey, and will be uploaded onto the public, online database.<sup>3</sup> Because some questions from 2007 may have been adapted in the 2011 version, some newly collected data may need to be modified (e.g. averaged or combined to formulate a proxy) in order to allow for comparison of results over time. All such instances will be annotated.

Additionally, results will be featured in the forthcoming *Government at a Glance 2013* (planned for release in the autumn of that year), where data will be presented in the form of a *performance budgeting composite indicator*. Underlying data and methodology will also be made publically available.<sup>4</sup>

Finally, survey responses and key findings will be featured in upcoming editions of the *OECD Journal on Budgeting*.<sup>5</sup>

Prior to publication in *Government at a Glance*, all data and methodologies will be reviewed and validated by members of the Working Party of Senior Budget Officials (through the Performance and Results Network) and Public Governance Committee.

### **Important Guidelines for completing the questionnaire:**

#### Respondents of questionnaire:

As previously mentioned, delegates to the Network on Performance and Results are asked to nominate a respondent or group of respondents. **These should be firstly from the Central Budget Authority (CBA) and specifically, from a Division/Unit responsible for performance budgeting practices at the central level of government, where applicable.** If responsibilities for the collection and review of performance information for budgeting purposes are shared by different Divisions/Units within or outside of the CBA, stakeholders from all units should be involved in responding to the questionnaire.

#### Scope of questionnaire:

##### *Level of government*

With very few exceptions (which are clearly indicated), respondents are asked to provide information or data on the policies and practices in place in **central/national/federal government** (these terms are considered synonymous and are hereafter referred to as central government). While this limits the scope of the responses and will not capture the activities of sub-national governments (which account for a large proportion of expenditures within many countries), it ensures that the data are comparable across all responding countries.

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<sup>3</sup> International Budget Practices and Procedures Database: [http://www.oecd.org/document/61/0,3746,en\\_2649\\_34119\\_2494461\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/61/0,3746,en_2649_34119_2494461_1_1_1_1,00.html)

<sup>4</sup> Government at a Glance: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance)

<sup>5</sup> OECD Journal on Budgeting: [http://www.oecd.org/document/0,3746,en\\_2649\\_34119\\_2074062\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/0,3746,en_2649_34119_2074062_1_1_1_1,00.html)

### *Types of performance information*

Respondents (e.g. Central Budget Authorities) will be requested to answer questions in reference to the performance information and tools generated and used at two levels of central government:

- **Line Ministries:** (usually represented in Cabinet and/or report directly to Prime Minister/President).
- **Executive Agencies:** organisational units under Line Ministries (who report usually to Minister, although in some cases may report directly to Prime Minister/President/Cabinet.)

Such distinctions are important since respondents will be asked to make judgements about the quality of the performance information produced at different levels of central government, and to be able to distinguish between: (i) the use of performance information in the allocation of resources across Line Ministries; and (ii) the distribution of Line Ministries' own budget portfolios (to Executive Agencies). It is important therefore that respondents read each question carefully. If respondents are unable to answer given extensive variability between Line Ministries and or Agencies, they should indicate this in the comment space provided.

### Definitions of key terms

When completing this questionnaire, kindly review and actively refer to the ***Glossary of Key Terms*** found in Annex A of this document. In the majority of instances, OECD definitions have been applied as published in *Performance Budgeting in OECD Countries* (2007).

It is possible that the terminology applied in this questionnaire may not exactly match- or may not be applicable- to the particular context in your country. In such cases, please use the comments section (or other space provided) to specify the terminology used in your country and clarify your choice of response. This additional clarification will enhance comparability and data quality.

For further descriptions on the expenditure categories of the Classification of the Functions of Government (COFOG) please refer to Annex B.

### Data availability

Several questions in the questionnaire will ask countries to provide quantitative data. If this data is not available, if it is being provided for a time period other than what is asked in the question, or if there are important caveats that should be known, please be sure to note these in the comments section provided.

## Structure of Questionnaire

The questionnaire is organised into the following six sections.

1. Respondents' Information
2. Institutional Context and Recent Trends in Performance Budgeting
3. Types of Performance Information utilised in Budgeting and Implementation of Performance Budgeting Practices
4. Use of Performance Targets in Budgeting
5. Use of Performance Evaluations and Spending Reviews in Budgeting
6. Common Challenges to Performance Budgeting

## SECTION 1 – RESPONDENT(S)' CONTACT INFORMATION

*Should it be necessary, Questions 1-7 are required in order to allow the Secretariat to clarify responses directly with subject matter experts. Additionally, delegates of the Public Governance Committee (PGC) may require access to respondents' contact information with regards to data included in Government at a Glance 2013.*

Q1. *Sur Name(s):*

Q2. *First Name(s):*

Q3. *Respondent's institution (Name and web link of Central Budget Authority, Line Ministry/Department or Executive Agency under Line Ministry/Department):*

Q4. *Position/title:*

Q5. *Email address (summary of responses will be sent automatically to this address upon completion):*

Q6. *Telephone:*

Q7. *If any, please provide names and email addresses of additional respondents not entered above:*

\*\*\*\*\**End of Section 1, please continue*\*\*\*\*\*

## SECTION 2 – INSTITUTIONAL CONTEXT AND RECENT TRENDS IN PERFORMANCE BUDGETING

Information collected in Section 2 will help improve the comparability of data across member and partner countries. Such information may also be used in the analysis and verification of responses from other parts of the questionnaire.

Q8. Please provide web link to official national/federal budget for the FY2011:

Q9a. Where is the function of the Central Budget Authority (CBA) located in your government? *Select one.*

<input type="checkbox"/>	a. Ministry of Finance
<input type="checkbox"/>	b. President's Office
<input type="checkbox"/>	c. Prime Minister's Office
<input type="checkbox"/>	d. Independent agency, please specify:
<input type="checkbox"/>	e. Other central government institution, please specify:
<input type="checkbox"/>	f. CBA is split between two or more Ministries/Agencies (e.g. such as between Ministry of Finance and Treasury). Please specify organisations:

Q9b. (If yes in Q9a to a-e), Please provide the formal name of the Central Budget Authority (CBA) organisation in your country along with a corresponding web link:

Q9c. (If yes in Q9a to f), please provide web links to organisations that perform this function:

Q10. Please provide the number of staff employed at the CBA **in 2011**. If CBA function is split in central government, please estimate the number of employees dedicated to the budget function, or select the option "I don't know."

Full time ("Head-count", number of persons)	
Part time ("Head-count", number of persons)	
Other (consultants, workers whose contracts are not under the government's General Employment Framework, etc.)	
<b>Total</b>	
Unknown (only select this option in the case that CBA function is split in central government and estimation is not possible)	

Comments (e.g. read Guidelines, to be used for clarification or if data is for different year):

Q11. Within the CBA itself, is there a separate entity (e.g. a unit/division) specifically responsible for performance budgeting practices for the central level of government? *Select one.*

<input type="checkbox"/>	a. Yes, there is a unit, which is responsible for developing and overseeing performance budgeting <b>procedures</b> (e.g. defining procedures, developing guides, providing training, providing support, etc.), and <b>compiling</b> submissions from Line Ministries and Agencies. Please specify name of unit:
<input type="checkbox"/>	b. Yes, there is a unit, which is responsible for <b>analysing</b> performance information received from central government and/or providing countervailing information to that which is provided by Line Ministries and Agencies. Please specify name of unit:
<input type="checkbox"/>	c. Yes, a unit exists which performs the functions described in both a and b above. Please provide name of unit:
<input type="checkbox"/>	d. Other, please specify:
<input type="checkbox"/>	e. No single unit exists, please specify how these responsibilities (if at all) are divided within or outside of the CBA:

Q12. (If yes in Q11 to a-d), please provide the number of staff employed by this unit/division dedicated to this function:

Full time (Head-count, number of persons)	
Part time (Head-count, number of persons)	
Other (consultants, workers whose contracts are not under the government's General Employment Framework, etc.)	
<b>Total</b>	
Unknown	

Comments (optional):

13a. Does the **CBA** have in place a standard performance budgeting framework which is applied uniformly across central government organisations? (e.g. common reporting mechanisms, guidelines, common templates for providing performance information, etc.). *Select all that apply.*

<input type="checkbox"/>	a. Yes, and it applies to all central government Line Ministries <b>and</b> Agencies
<input type="checkbox"/>	b. Yes, but it applies <b>only</b> to Line Ministries
<input type="checkbox"/>	c. Yes, a framework exists but it is <b>optional</b> for Line Ministries and Agencies to abide by it.
<input type="checkbox"/>	d. No, Line Ministries/Agencies have their own performance budgeting frameworks

Comments (optional):

Q13b. (If yes in Q13a to a-c), what are the key elements of this standard framework? (*Select all that apply*).

<input type="checkbox"/>	a. General guidelines and definitions for the performance budgeting process
<input type="checkbox"/>	b. Standard template(s) for reporting performance information back to the CBA
<input type="checkbox"/>	c. Standard performance rating system
<input type="checkbox"/>	d. Standard set of performance indicators and/or targets (to accompany Ministries'/Agencies' own indicators)
<input type="checkbox"/>	e. Standard ICT tool/application for entering and reporting performance information to the CBA
<input type="checkbox"/>	f. Other, please specify:

Q13c (optional). (If yes in Q13a to a-c), please provide corresponding web links below and/or email supplemental information to [Natalia.nolanflecha@oecd.org](mailto:Natalia.nolanflecha@oecd.org).

14. Since January 1, 2008 have there been any significant reforms to legislation and/or formal policy guidelines explicitly governing performance budgeting practices and procedures at the central level of government (e.g. for example, delegation of performance budgeting responsibilities to other areas of central government, change in the amount of performance information required, etc.) If yes, please provide name(s) of reforms, and briefly describe the rationale for reform(s) and the consequences/outcomes. If insufficient space below, please also send supplementary information to [Natalia.nolanflecha@oecd.org](mailto:Natalia.nolanflecha@oecd.org).

\*\*\*\*\**End of Section 2, please continue*\*\*\*\*\*

**SECTION 3 – TYPES OF PERFORMANCE INFORMATION UTILISED IN BUDGETING AND IMPLEMENTATION OF PERFORMANCE BUDGETING PRACTICES**

Section 3 asks respondents to report the kinds of performance information most commonly used throughout the budgeting process, as well as provide **educated estimates** on the extent to which this information is used by different actors. Because questions relate to the use of performance information in budgeting by **both CBAs and Line Ministries**, respondents are asked to read questions carefully and refer to the Guidelines for further clarification if necessary. Furthermore, respondents are asked to identify the primary stakeholders involved in performance budgeting in their central government, while indicating their main roles and responsibilities.

Q15. Please indicate which institutions in your government play important roles in each of the following functions regarding the generation and use of performance information **for use in the budgeting process**. For each row, select all institutions/actors that apply.

	Chief Executive or elected governing body (e.g. Prime Minister, President or Cabinet)	Legislature or Legislative body	CBA	Line Ministries	Agencies (usually under Line Ministry)	Supreme Audit Institution	Private consultants	Other, please specify:	N.A. (e.g. not produced or function not practised)
a. Setting performance targets									
b. Establishing a standard performance budgeting framework or drafting guidelines									
c. Generating performance information									
d. Conducting evaluations									
e. Developing and maintaining ICT system for managing or supporting data and process needs for performance budgeting									
f. Allocation and/or reallocation of funds based explicitly on performance information <b>(excluding Spending Reviews)</b>									
g. Other, please specify:									

Q16. Generally speaking, how often do the **Central Budget Authority (CBA)** and **Line Ministries** utilise the following kinds of performance information *in their budget negotiations*? *Select one answer per row.*

<b>Kinds of performance information and instruments</b>	<b>Never</b> 1	<b>Rarely</b> 2	<b>Occasionally</b> 3	<b>Usually</b> 4	<b>Always</b> 5	<b>Not applicable</b> (e.g. information not generated)	<b>Additional comment</b> (optional):
a. Line Ministries'/ Agencies' <b>financial data</b>							
b. Line Ministries'/ Agencies' <b>operational data and performance reports</b> (e.g. annual reports, "business plans", "organisational strategies", etc.)							
c. Line Ministries'/Agencies' <b>performance evaluations</b> (evaluations of policies or programmes, commissioned and/or conducted by government)							
d. <b>Spending Reviews</b> (evaluation conducted with explicit purpose of identifying savings or funds for re-allocation)							
e. <b>Independent performance information</b> (of organisations, programmes or policies, <b>not</b> commissioned or conducted by government)							
f. <b>Statistical information</b> (harmonised/standardised data which allow for comparisons over time or across sectors/organisations, official data produced by governmental or international organisations)							

Q17. Please provide the names of 2-3 Line Ministries in your government who are consistently leaders in terms of providing relevant, accurate and useful performance information during budget negotiations.

Q18. Generally speaking, how often do **Line Ministries and Agencies** utilise the following kinds of performance information *in their budget negotiations*? *Select one per row.*

<b>Kinds of performance information and tools</b>	<b>Never</b> 1	<b>Rarely</b> 2	<b>Occasionally</b> 3	<b>Usually</b> 4	<b>Always</b> 5	<b>Not applicable</b> (e.g. no internal negotiations take place for budget portfolios of Ministries)	<b>Varies extensively across Ministries, cannot generalise.</b>
a. Line Ministries'/ Agencies' <b>financial data</b>							
b. Line Ministries'/ Agencies' <b>operational data and performance reports</b> (e.g. annual reports, "business plans", "organisational strategies", etc.)							
c. Line Ministries'/Agencies' <b>performance evaluations</b> (evaluations of policies or programmes, commissioned and/or conducted by government)							
d. <b>Spending Reviews</b> (evaluation conducted with explicit purpose of identifying savings or funds for re-allocation)							
e. <b>Independent performance information</b> (of organisations, programmes or policies, <b>not</b> commissioned or conducted by government)							
f. <b>Statistical information</b> (harmonised/standardised data which allow for comparisons over time or across sectors/organisations, official data produced by governmental or international organisations)							

Q19. Are there examples in where the distribution of budgeted funds (e.g. monthly or quarterly) is conditional upon meeting performance targets throughout the course of the budget year? If so, please describe how this practice has worked.

Q20. Thinking about the kinds of performance information described in questions 16 and 18, please estimate what percentage of the total performance information **provided by Line Ministries/Agencies to the CBA as part of their budget submissions** falls into the following categories? *Select one choice per row. (Please note these indicators are not mutually exclusive. Thematic indicators can also be results measures for instance.) See Glossary in Annex A for definitions if necessary.*

Kinds of performance measures/indicators used by CBAs	0-20% of PI	21-40% of PI	41-60% of PI	61-80% of PI	81-100% of PI	Provide example(s) of indicator (optional)
a. <b>Input measures</b> (revenue and input measures on the units of labour, capital and service- or the costs of such units- used in the production and delivery of public goods and services)						
b. <b>Output measures</b> (volume measures of non-market goods and services produced/delivered)						
c. <b>Outcome measures</b> (impacts/consequences of government outputs)						
d. <b>Performance “Ratings”</b> (performance ratings given by CBA or Ministries to Agencies)						
e. Efficiency measures (cost/output)						
<b>Thematic measures</b>						
f. Gender-sensitive measures (e.g. indicators for gender mainstreaming)						
g. Sustainability measures (e.g. ‘green’ indicators)						
h. Innovation measures (e.g. indicators on promoting and conducting innovative practices)						
i. Satisfaction/trust measures						
j. Inequality/inequity measures						
k. Other, please specify:						

Q21. Please indicate how each of the following sectors of central government generally utilise performance information **in their budget negotiations with the CBA**. *For each row, select all that apply. If necessary, see Annex B for further description of the below COGOF categories.*

COFOG categories of government expenditures	i. Setting allocations for Line Ministries/Agencies	ii. Setting allocations for programmes	iii. Reducing spending	iv. Eliminating programmes	v. Increasing spending	vi. Proposing new areas of spending (e.g. new programmes)	vii. Developing mngt reform proposals	viii. Strategic planning/prioritisation of programmes and policies for coming years	ix. Other, please specify:	x. Not used
General public services										
Defence										

Public order and safety										
Economic affairs										
Environmental protection										
Housing and Community amenities										
Health										
Recreation, culture and religion										
Education										
Social protection										
Public corporations (including utilities)										
Other, please specify:										

Q22. If yes to Q21 i-v (e.g. allocation-setting), please provide two examples of when this was the case, providing also the performance targets and/or measures which triggered/determined the allocation decisions. (If insufficient space below, please provide this information via email to [Natalia.nolanflecha@oecd.org](mailto:Natalia.nolanflecha@oecd.org), indicating the question number).

Q23. Generally speaking, how often do **CBAs, Line Ministries and Agencies** utilise **non-commissioned** policy research and evaluations from the following non-governmental sources for budgeting purposes?

Sources of non-governmental performance information	Never 1	Rarely 2	Occasionally 3	Usually 4	Always 5	Additional comment (optional):
Think Tanks						
Consultancies						
Civil society organisations						
Universities/academia						
Other, please specify:						

\*\*\*\*\*End of Section 3, please continue\*\*\*\*\*

**SECTION 4 – USE OF PERFORMANCE TARGETS IN BUDGETING**

The following set of questions will relate specifically to performance targets—a specific category of performance information by which a measurable performance objective is set (ex ante) for a specified period of time. Please see Glossary for more detailed definition of performance targets and some examples.

Q24. When setting performance targets, against what benchmark(s) are they generally set against? Select all that apply.

<input type="checkbox"/>	a. Relative to the programme’s past performance
<input type="checkbox"/>	b. Relative to the performance of a similar programme
<input type="checkbox"/>	c. Relative to international benchmarks of similar programmes
<input type="checkbox"/>	d. According to the performance objectives of the programme
<input type="checkbox"/>	e. Other, please specify:
<input type="checkbox"/>	f. None
<input type="checkbox"/>	g. Not applicable, performance targets not set/used.

Q25. Generally speaking, what percentage of these performance targets are aligned/linked to higher level strategies? Select one column per row.

	0-20% of PTs	21-40% of PTs	41-60% of PTs	61-80% of PTs	81-100% of PTs	Unknown
a. A <b>high-level strategy</b> spanning 5-10 yrs which sets out key national priorities, targets, objectives for government action. This includes also high-level <b>sectoral strategies</b> (e.g. water, transport, education, etc.)						
b. A <b>Coalition Agreement</b> or “ <b>Government Manifesto</b> ” spanning typically 4-5 yrs (e.g. the tenure of the government)						
c. A <b>national reform programme</b> and/or <b>national development plan</b> - typically spanning 4-5 yrs- which outlines the specific policies and measures that will be developed nationally (e.g. modernization programme, Information Society programme, etc.)						
d. A <b>Ministerial/Departmental Mission or Vision Statement</b> , outlining how they will achieve other national/high-level strategies (typically span 2-4 years)						
e. <b>Social Partnership Agreement</b> aimed at establishing and developing a dialogue with social partners.						
f. Other, please specify:						

Q26. If performance targets are not met/met **by Line Ministries/Agencies**, how likely is it that any of the following consequences are triggered?

	Never 1	Rarely 2	Occasionally 3	Usually 4	Always 5	Comment, if any:
<b>Targets not met</b>						
a. No consequences						
b. Programme eliminated						
c. More intense monitoring of organisation and/or programme in the future						
d. Budget freezes						
e. Budget decreases						
f. Budget increases						
g. Pay cut for head of programme/organisation (either to performance-variable pay or bonus)						
h. Negative consequences for performance evaluations of individuals responsible for programme/organisation						
i. Organisational or programme's poor performance made public						
j. More staff assigned to programme/organisation						
k. More training provided to staff assigned to programme/organisation						
l. Programme transferred to other Ministry/Department or Agency						
m. New leadership brought in to manage/oversee programme/organisation						
n. Other, specify:						
<b>Targets are met</b>						
o. No consequences						
p. Budget increase (beyond what would have been a regular increase despite of performance)						
q. Remaining budget allowed to be carried over to next fiscal year						
r. Line Ministry/Department allowed to transfer any remaining budget to other programme/organisation						
s. Organisational and/or programme's positive results made public						
t. Requirements for reporting back on performance are lessened/reduced						
u. Senior Civil servants receive pay raise to performance variable portion of pay or bonus						
v. Special recognition of senior civil						

servants responsible for organisation/programme/policy (e.g. award, certificate, etc.)						
w. Staff reduction/transfers						
x. Leadership moved to other programmes/organisations so as to “re-create” good performance						
y. Leadership/staff asked to train others and/or share their practices/lessons with other civil servants						
z. Other, please specify:						

Q27. What mechanisms (if any) are used **by CBAs and/or Line Ministries** to hold government organisations accountable for allocations set according to performance targets (e.g. contracts with the public, legislature, or CBA)?

Q28. Since January 1, 2008 have any of the following trends occurred regarding the generation and use of performance targets? *Select all that apply.*

<input type="checkbox"/>	a. In general, increased in number
<input type="checkbox"/>	b. In general, decreased in number
<input type="checkbox"/>	c. Increasingly being moved from core Budget document to appendices/supplemental information accompanying the Budget
<input type="checkbox"/>	d. Increasingly being moved from supplemental information accompanying the Budget into the core Budget document itself
<input type="checkbox"/>	e. Performance targets more flexible (e.g. allowing for a range of results, for instance)
<input type="checkbox"/>	f. Performance targets have become more precise (e.g. increasing precision with regards to measurement of the outcomes that are to be achieved)
<input type="checkbox"/>	g. Performance against targets is being tracked more regularly (e.g. rather than annually, quarterly for instance)
<input type="checkbox"/>	h. Performance against targets is being tracked less regularly (e.g. perhaps every few years rather than every year).
<input type="checkbox"/>	i. Performance targets being used more where data is available (e.g. education, health) and less in sectors where such information is more difficult to use (e.g. defence or foreign policy).
<input type="checkbox"/>	j. Other, please specify:

*Comment (optional):*

\*\*\*\*\*End of Section 4, please continue\*\*\*\*\*

## **SECTION 5 – PERFORMANCE EVALUATIONS AND SPENDING REVIEWS**

The following questions relate specifically to government performance evaluations and spending reviews. Performance evaluations are retrospective analyses of a policy, programme or organisation in order 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. This section refers exclusively to government performance evaluations (e.g. those either commissioned or conducted by government organisations). Spending reviews are a more specific kind of evaluation conducted with the intent of identifying savings and or funds for re-allocation, and which propose measures for achieving these savings. Please refer to Glossary for more detailed descriptions of the different kinds of Spending Reviews.

*Performance evaluations (commissioned and/or conducted by government)*

Q29a. Please indicate which of the following elements are included in regulations and/or formal policy guidelines *explicitly* governing performance evaluations commissioned or conducted by your government. *Select all that apply.*

<input type="checkbox"/>	a. Terms of Reference must be published prior to start of evaluations
<input type="checkbox"/>	b. Advisory committee must be formed
<input type="checkbox"/>	c. External stakeholders must be involved in conducting the evaluation(s)
<input type="checkbox"/>	d. Results must be made publically available
<input type="checkbox"/>	e. Consultation on results required
<input type="checkbox"/>	f. Other, please specify:
<input type="checkbox"/>	g. Not applicable (e.g. there are no regulations/policy guidelines governing performance evaluations)

Comments (optional):

Q29b. (If yes to a-f in Q29a) Please provide web link(s) to policy guidelines/regulations regarding the conduct of performance evaluations in your country:

Q29c. (If yes to a-f in Q29a) What percentage of performance evaluations commissioned and/or conducted by your government would you estimate abide by such regulations/policy guidelines ***in practice?***

<input type="checkbox"/>	a. 100% of evaluations
<input type="checkbox"/>	b. 80-99%
<input type="checkbox"/>	c. 61-80% of evaluations
<input type="checkbox"/>	d. 41-60% of evaluations
<input type="checkbox"/>	e. 21-40% of evaluations
<input type="checkbox"/>	f. 1-20% of evaluations
<input type="checkbox"/>	g. None (0% of performance evaluations)

Q30. Please fill in the following table with regards to the performance evaluations commissioned and/or conducted by government between January 1, 2007 and December 1, 2011. Please indicate which sectors were covered by these performance evaluations. If necessary, see Annex B for further description of sectors.

	Number of government evaluations from January 1, 2007 to December 1, 2011. (select one column per row)						Sectors covered (select one column per row)									
	1-10	11-20	21-30	31-40	41-50	Over 50	Gen. Public services	Defence	Public order and safety	Econ Affairs	Environment	Housing	Health	Recreation, culture, religion	Education	Social protection
a. Evaluations of programmes/policies																
b. Evaluations of organisations																
c. Other, specify:																

### Spending Reviews

Q31. Does your government conduct spending reviews (e.g. evaluations conducted with the intent of identifying savings and or funds for re-allocation, and which propose measures for achieving these savings). See Glossary for description of the different kinds of spending reviews as well as the relevant Discussion Paper (OLIS Reference GOV/PGC/SBO/(2011)9).

<input type="checkbox"/>	a. Yes, continue to Question 32
<input type="checkbox"/>	b. No, skip to Section 6

Q32. Please fill in the following table with regards to the spending reviews commissioned and/or conducted between January 1, 2005 and December 1, 2011.

Number of Reviews from January 1, 2005 to December 1, 2011.	Total value of programmes/policies/organizations reviewed (in national currency)	Total expenditure reduction target achieved (in national currency)

Comments(optional):

Q33. Please provide names and web links to major spending reviews:

Q34a. Generally speaking, which kinds of government expenditures do spending reviews examine? *Select one.*

<input type="checkbox"/>	a. Transfers and/or entitlement expenditures governed by law
<input type="checkbox"/>	b. Expenditures governed by budget appropriations
<input type="checkbox"/>	c. Both types (a and b) of expenditures are examined

Q34b. Of these spending reviews, what levels of government are examined? *Select one.*

<input type="checkbox"/>	a. Central government only
<input type="checkbox"/>	b. Sub-national governments (e.g. regional/provincial, local)
<input type="checkbox"/>	c. Both levels of government are examined

Q34c. Of these, what is the scope of reviews and when are they generally conducted? *Select one column per row.*

Scope of reviews	When generally conducted?			
	Following an election	As part of annual budget process	As part of new government programme/reform	As part of retrenchment efforts
All government programmes examined				
A sub-set of government programmes examined				

Q35. Please indicate which government actors are primarily responsible for the following spending review procedures. *Select all that apply per row.*

Spending Review procedures	President/Prime Minister/Cabinet	CBA	Line Ministries	Commission, Committee	Other, please specify:
a. Methodology and steering					
b. Selection of review scope (where all programmes are not reviewed)					
c. Preparing of reports and proposals					

d. Supervision & review of reports					
e. Final decision-making					
f. Monitoring follow-up					

Q36. When, if at all, are non-governmental actors (e.g. NGOs, consultants, citizens, etc.) involved in the spending review process? *Select all that apply.*

<input type="checkbox"/>	a. Non-governmental actors are consulted ex-ante (before the review takes place) on objectives and/or procedures
<input type="checkbox"/>	b. Non-governmental actors are consulted during the review process to provide inputs for analysis
<input type="checkbox"/>	c. Non-governmental actors are consulted following the review on findings, recommendations and/or follow-up
<input type="checkbox"/>	d. Non-government actors are not consulted

Q37. What were the savings measures adopted by the last round of spending reviews? *Select all that apply.*

<input type="checkbox"/>	a. Operational efficiency measures (including horizontal measures that cross multiple programmes or organisations)
<input type="checkbox"/>	b. Adjustment of programme (e.g. change in policies, initiatives and/or moved to other organisation)
<input type="checkbox"/>	c. Reduction of service levels provided while maintaining the programme
<input type="checkbox"/>	d. Elimination of programme
<input type="checkbox"/>	e. Other, please specify:

Q38a. Between January 1, 2005 and December 1, 2011 how many programmes have been eliminated based on the results of Spending Reviews? What do these reductions amount to in national currency? *Respond in one column per row.*

	(If available, enter data here).	<b>Unknown.</b>
a. Total number of the eliminated programmes		
b. Total budget reductions due to Reviews (in national currency)		

Comments (e.g. read Guidelines, to be used for clarification or if data is for different time span)

Q38b. If the response to Q38a is unknown, please estimate about what percentage of savings proposals are ultimately realised following the spending review?

Q39. In your country, what have been the top success factors for ensuring the results/recommendations of spending reviews are realised? Select three success factors from the below possibilities, ranking them on a scale of 1-3, with 1 being the most important success factor.

Enter rank (1-3)	Potential success factors
<input type="checkbox"/>	a. Leadership and follow-up by Prime Minister/President
<input type="checkbox"/>	b. Leadership and follow-up by CBA
<input type="checkbox"/>	c. Leadership and follow-up by Ministers
<input type="checkbox"/>	d. Leadership and follow-up by Senior civil servants
<input type="checkbox"/>	e. Reporting to Legislature
<input type="checkbox"/>	f. Reporting to the Public
<input type="checkbox"/>	g. Ability of CBA to reduce Line Ministries'/Agencies' budget appropriations for coming years
<input type="checkbox"/>	g. Other, please specify:
<input type="checkbox"/>	h. None

\*\*\*\*\**End of Section 5, please continue*\*\*\*\*\*

**SECTION 6 – CHALLENGES AND TRENDS IN PERFORMANCE BUDGETING**

*This final section asks respondents to identify the major obstacles to effectively implementing performance budgeting practices and maximising desired impact. Respondents should also report observed trends since 2008 (e.g. changes in use, decentralisation of practices, etc.)*

Q40. Rate each of the following potential challenges to performance budgeting on a scale of 1 to 5, with 5 being a significant challenge and 1 not being a challenge at all.

Potential challenges	Not a challenge 1	Not significant challenge, but exists 2	Somewhat of a challenge 3	Significant challenge 4	Very significant challenge 5
a. Lack of accurate and timely data to serve as input for performance measures					
b. Unclear policy/programme objectives make it difficult to set performance measures/targets					
c. Lack of leadership/commitment in promoting performance-based approach to budgeting					
d. Gaming- whereby selection of performance targets chosen deliberately in ways that bias results					
e. Unclear what role, if any, performance information presented in budget has played in allocation decisions					
f. Performance information provided not relevant for budgetary decision-making					
g. Focus on performance decreases once funds have been allocated					
h. Horizontal working and cooperation across central govt. organisations has decreased due to greater competition for funds or to show ownership over activities					
i. Performance measures do not provide information on efficiency or cost-effectiveness					
j. Lack of capacity/training for staff/civil servants with regards to performance measurement					
k. Lack of resources (time, staff, operating funds) to devote to performance evaluations					
l. Lack of culture of “performance”					
m. Lack of framework/guidance on performance-budgeting					
n. Information overload—too much information is presented and not always clear which are most adequate for decision-making					
o. Performance budgeting procedures too					

bureaucratic/lengthy/complicated					
p. Inconsistencies/duplication between PB practices and procedures of CBAs and Line Ministries/Agencies					

Q41. How have recent austerity measures impacted performance budgeting practices in your country?  
*Select all that apply.*

<input type="checkbox"/>	a. Not applicable (no austerity measures)
<input type="checkbox"/>	b. No impact
<input type="checkbox"/>	c. Performance measurement more of a priority
<input type="checkbox"/>	d. Performance measurement less of a priority
<input type="checkbox"/>	e. Stronger link between performance management and financing
<input type="checkbox"/>	f. Weaker link between performance management and financing
<input type="checkbox"/>	g. Other, please specify:

Q42. Are there any additional issues you would like to clarify/note that were not addressed in the questionnaire?

\*\*\*\*\**End of Questionnaire. Thank you for participating in this important exercise. You will receive an automatic confirmation upon completion via email, along with a summary of final responses for your records. You may log-in after completion to review and/or change any responses, however, please notify the OECD ([Natalia.Nolanflecha@oecd.org](mailto:Natalia.Nolanflecha@oecd.org)) if any changes are made.*\*\*\*\*\*

# Annex B:

## Glossary of Key Terms

### 2011 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.

#### ***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 Chief Executive (e.g. President/Prime Minister or Cabinet).

#### ***Allocation***

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

See also Budget and Performance Budgeting.

#### ***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.

### ***Civil service/civil servants/Senior civil servants***

Those branches of the public service that are not legislative, judicial, or military and in which employment is usually based on competitive examination. Civil service and public service are often used interchangeably. Civil servants are those employed generally under the General Employment Framework for government workers (e.g. a framework that sets forth the conditions of employment including salary ranges, benefits, holidays/leave, code of conduct, etc.). Senior civil servants are those employed specifically at the D1 and D2 levels (defined comparatively as public servants working immediately below the Minister or Secretary of State, such as Director Generals or the Head or Deputy Head at Agencies for instance).

### ***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).

### ***Gaming***

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

### ***Government Expenditure***

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

### ***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.

### ***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.

### ***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.

For purposes of the questionnaire, two kinds of performance evaluations are defined:

- **External performance evaluations:** performance evaluations which are not commissioned nor conducted by government organisations (for example, think tanks or civil society organisations). These kinds of evaluations however, do include, evaluations conducted by arms' length organisations such as Supreme Audit Institutions. External evaluations may also be conducted by international organisations.
- **Line Ministries' performance evaluations:** Performance evaluations commissioned and/or conducted by government organisations. These include performance evaluations conducted by private consultants who are supervised, guided, financed by the Government throughout the evaluation process.

See also statistical information, Line Ministries' Financial/Operational reports, Line Ministries' Performance Reports, non-governmental organisations and Supreme Audit Institutions.

### ***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 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 although these aspects are not the key focus of the report. 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).

### ***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. An example of a programme is the *Head Start* initiative for early childhood development and health in the United States. The programme addresses several (but related) policy goals such as improving education and health outcomes for children, and is constituted by several activities (e.g. early childhood enrolment in educational, improved nutrition, etc.).

### ***Reallocation***

Also referred to as Virement. 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.

### ***Spending Reviews***

Spending Reviews are a specific kind of government evaluation, and are commissioned ex ante with the specific objective to identify budgetary savings across government. However, they

require some specific characteristics in order to fulfil this role. Spending reviews can be used to reduce the deficit and/or to make fiscal space for higher priority programmes either through restructuring or cutting activities. The OECD Value for Money Project differentiates spending reviews from other types of evaluation through three main characteristics:

- 1) Spending reviews not only look at programme effectiveness and efficiency under current funding levels, but also examine the consequences for outputs and outcomes of alternative funding levels.
- 2) The responsibility for the spending review procedure is under the responsibility of either the Ministry of Finance or the Prime Minister's Office.
- 3) The follow-up of spending reviews is decided in the budget process.

These three criteria make an explicit link to budgetary decision-making, both in terms of analysis under alternative funding levels (e.g. spending review targets) and in terms of the budgetary process. In recognising that ministries will be reluctant to offer up cuts, there is emphasis on central leadership for both participation and consistency (or fairness). Spending reviews also differ in terms of their assessment criteria, and may also be *functional in nature* (e.g. focus on operational efficiency) and *strategic* (e.g. focus both on efficiency and on whether initiatives are aligned with high-level policy priorities).

For purposes of the questionnaire, both functional and strategic spending reviews are to be considered when responding to questions on this issue.

### ***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.

## Annex C: Classification of the Functions of Government (COFOG)

Developed by the OECD, 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. As the below table illustrates, 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- and second-level COFOG

First-level	Second-level
General public services	<ul style="list-style-type: none"> <li>• Executive and legislative organs, financial and fiscal affairs, external affairs</li> <li>• Foreign economic aid</li> <li>• General services</li> <li>• Basic research</li> <li>• R&amp;D general public services</li> <li>• General public services n.e.c.</li> <li>• Public debt transactions</li> <li>• Transfers of a general character between different levels of government</li> </ul>
Defence	<ul style="list-style-type: none"> <li>• Military defence</li> <li>• Civil defence</li> <li>• Foreign military aid</li> <li>• R&amp;D defence</li> <li>• Defence n.e.c.</li> </ul>
Public order and safety	<ul style="list-style-type: none"> <li>• Police services</li> <li>• Fire-protection services</li> <li>• Law courts</li> </ul>

	<ul style="list-style-type: none"> <li>• Prisons</li> <li>• R&amp;D public order and safety</li> <li>• Public order and safety n.e.c.</li> </ul>
Economic affairs	<ul style="list-style-type: none"> <li>• General economic, commercial and labour affairs</li> <li>• Agriculture, forestry, fishing and hunting</li> <li>• Fuel and energy</li> <li>• Mining, manufacturing and construction</li> <li>• Transport</li> <li>• Communication</li> <li>• Other industries</li> <li>• R&amp;D economic affairs</li> <li>• Economic affairs n.e.c.</li> </ul>
Environmental protection	<ul style="list-style-type: none"> <li>• Waste management</li> <li>• Waste water management</li> <li>• Pollution abatement</li> <li>• Protection of biodiversity and landscape</li> <li>• R&amp;D environmental protection</li> <li>• Environmental protection n.e.c.</li> </ul>
Housing and community amenities	<ul style="list-style-type: none"> <li>• Housing development</li> <li>• Community development</li> <li>• Water supply</li> <li>• Street lighting</li> <li>• R&amp;D housing and community amenities</li> <li>• Housing and community amenities n.e.c.</li> </ul>

Health	<ul style="list-style-type: none"> <li>• Medical products, appliances and equipment</li> <li>• Outpatient services</li> <li>• Hospital services</li> <li>• Public health services</li> <li>• R&amp;D health</li> <li>• Health n.e.c.</li> </ul>
Recreation, culture and religion	<ul style="list-style-type: none"> <li>• Recreational and sporting services</li> <li>• Cultural services</li> <li>• Broadcasting and publishing services</li> <li>• Religious and other community services</li> <li>• R&amp;D recreation, culture and religion</li> <li>• Recreation, culture and religion n.e.c.</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Pre-primary and primary education</li> <li>• Secondary education</li> <li>• Post-secondary non-tertiary education</li> <li>• Tertiary education</li> <li>• Education not definable by level</li> <li>• Subsidiary services to education</li> <li>• R&amp;D education</li> <li>• Education n.e.c.</li> </ul>
Social protection	<ul style="list-style-type: none"> <li>• Sickness and disability</li> </ul>

	<ul style="list-style-type: none"><li>• Old age</li><li>• Survivors</li><li>• Family and children</li><li>• Unemployment</li><li>• Housing</li><li>• Social exclusion n.e.c.</li><li>• R&amp;D social protection</li><li>• Social protection n.e.c</li></ul>
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n.e.c.: "not elsewhere classified."