

In the current economic environment in particular, OECD member countries are under pressure to improve government efficiency and effectiveness while controlling expenditures. While all OECD member countries are developing information to assess their government's performance, there is a wide variation in the type of information produced and the extent of coverage. Formal performance information refers to both performance measures (outputs and/or outcomes) and evaluations. Objective performance information can contribute to better decisions on resource use and programme management. For example, performance information can help to identify programmes that are working and those that are not, enabling managers to improve poor-performing programmes. However, it is important to note that implementing a performance budgeting system requires good quality data.

The index examines the degree to which central governments in OECD member countries have established systems for the development and use of performance information in the budget process. Countries that receive a high score have created a comprehensive, government-wide framework for developing performance information (evaluations and performance measures), integrating performance information into budget and accountability processes, using it in decision making, and monitoring and reporting on results. However, this does not measure how successfully any given system operates in practice. Success is better evaluated by examining whether the reforms are achieving their stated objectives and this cannot be captured in this index.

The approaches to developing and using performance information in the budget process vary across OECD member countries and there is no one single model. For example, in most countries that use performance information in budgeting, there is a loose or indirect link between performance information and funding. These countries use performance measures and evaluations along with information on fiscal policy and policy priorities to inform, but not determine, budget allocations. In over 75% of countries, failure to achieve a performance target does not result in the elimination of a programme. Most OECD member countries use performance information in budget discussions.

Methodology and definitions

The indicators draw upon country responses to questions in the OECD International Budget Practices and Procedures database collected via a survey during the first half of 2007, and refer to the central level of government. Survey respondents were senior budget officials in OECD member countries. Responses represent the countries' own assessments of current practices and procedures.

This composite index contains 14 variables that cover information on the type of performance information developed, processes for setting goals, processes for monitoring and reporting on results, and whether (and how) performance information is used in budget negotiations and decision making by the central budget authority, line ministries and politicians. Annex C contains a description of the methodology used to construct this index, including the specific weights assigned to each variable. The index ranges between 0 (no performance budgeting system) and 1 (a comprehensive performance budgeting system). The variables comprising the indexes and their relative importance are based on expert judgements. They are presented with the purpose of furthering discussion, and consequently may evolve over time.

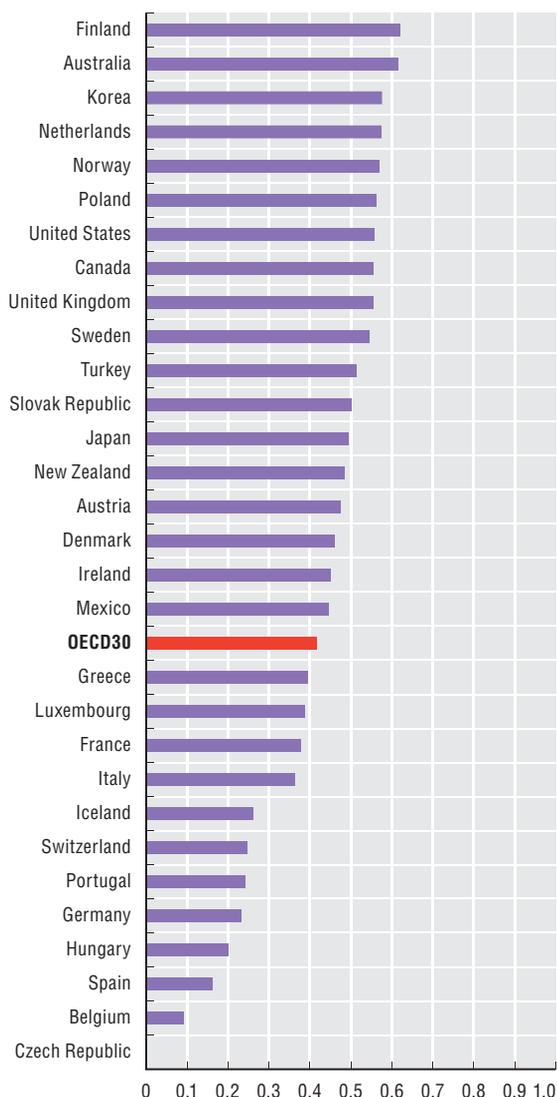
Further reading

- Curristine, T. (2005), "Performance Information in the Budget Process: Results of the OECD 2005 Questionnaire", *OECD Journal on Budgeting*, Vol. 5, No. 2, OECD, Paris, pp. 87-132.
- OECD (2008), "Performance Budgeting: A Users' Guide", *OECD Policy Brief*, OECD, Paris.
- OECD (Forthcoming), *Budgeting Practices and Procedures in OECD Countries*, OECD, Paris.

Notes

- 20.1: Data for Poland and Turkey are for 2008. In addition, data for Turkey refer to pilot cases.
- 20.2: Based on Q.83 "Is performance information used as part of the budget discussions/negotiations between the central budget authority and line/spending ministries?"

20.1 Use of a performance budgeting system at the central level of government (2007)



20.2 Use of performance information in budget discussions between the central budget authority and ministries (2007)

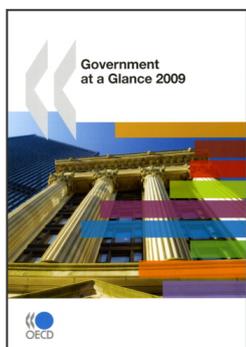
Country	Types of performance information	
	Evaluation reports	Performance against targets
Australia	●	●
Austria	●	●
Belgium	○	○
Canada	●	●
Czech Republic	○	○
Denmark	●	●
Finland	●	●
France	●	●
Germany	●	○
Greece	●	○
Hungary	○	○
Iceland	●	○
Ireland	●	●
Italy	○	○
Japan	●	●
Korea	●	●
Luxembourg	●	●
Mexico	○	●
Netherlands	●	●
New Zealand	●	●
Norway	●	●
Poland	○	○
Portugal	○	○
Slovak Republic	●	●
Spain	●	○
Sweden	●	●
Switzerland	●	●
Turkey	●	●
United Kingdom	●	●
United States	●	●
Total	23	20

● Yes.
○ No.

Note: This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.

Source: OECD (2007), OECD International Budget Practices and Procedures Database, www.oecd.org/gov/budget/database.

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