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PERFORMANCE INFORMED BUDGETING IN EUROPE: THE ENDS JUSTIFY THE MEANS, DON'T THEY?

Frans van Nispen and Johan Posseth

EUROPEAN UNIVERSITY INSTITUTE, FLORENCE
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FRANS VAN NISPEN and JOHAN POSSETH

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Abstract

The last few decades a revival of the performance budgeting generating a complete performance industry. Initiated by the Anglo-Saxon countries, notably New Zealand, the performance movement is widespread today. In this paper we focus on the efforts of the three European countries - Finland, the Netherlands and Spain - to link inputs to outputs and/or the results by looking at three questions:

" What is the rationale for budgetary reform?

" What is the orientation of budgetary reform: outputs or results?

" Is budgetary reform successful?

Fiscal stress is a key driver in all cases, but not the only reason for budgetary reform. Other factors such as the Maastricht criteria for qualification and participation in the EMU have served as a trigger for budgetary reform. The approach differs from country to country, but they are all focused on the performance informed budgeting. Besides, the latest developments point in the direction of a more down to earth attitude to the expectations of budgetary reform. The success of budgetary reform hinges on the quality of performance information that is assumed a necessary but not sufficient condition for the use of performance information. All complain about the quality of performance information. Moreover, they all struggle with the link of the inputs to the outputs or results that makes us conclude, addressing the question that we raised in the subtitle of our paper, that the ends do not justify - neither moral nor empirical - the means as well as resources.

Keywords

Budgetary reform, Performance budgeting, New Public Management, European Union

'In the actions of all men, and especially of princes, where there is no court of appeal, one judges by the results' [Niccolò Machiavelli as quoted in Bull 1999: 58].

1. Introduction*

The last few decades featured a revival of performance budgeting inducing a whole performance industry. Initiated by the Anglo-Saxon countries, notably New Zealand and to a lesser degree Australia, Canada and the United States, the performance movement is widespread, nowadays. Within the field of public finance, this has resulted in renewed interest in performance budgeting that, in short, refers to the allocation of resources on the basis of performance reporting [ex ante and ex post] in terms of output and outcome. Given the universal agreement on the value of performance budgeting, the exchange of best practices and the promulgation of standards in international forums, we would expect convergence towards full implementation of result-oriented budgeting. Comparative studies, however, point at many differences in terms of scope, uniformity and success of the reforms [Sterck & Scheers, 2007, Scheers, e.a., 2002, OECD, 1997]. A possible explanation for this cross-national variance is the characteristic of the political administrative system. Literature suggests that a country's reform capacity depends on its institutional characteristics, such as the strength of the executive leadership, the degree of centralization and the political-administrative culture [Pollit & Bouckaert, 2004; Knill, 1999]. Differences can also be the result of different motivations for reform, e.g. cost-cutting, transparency and/or accountability. These factors might explain why some countries emphasize outputs and performance agreements, while others opt for a more outcome-oriented approach.

In this paper we elaborate on the relation between the rationale for budgetary reform, its manifestations and success. Key questions are:

- What is the rationale for budgetary reform?
- What is the orientation of budgetary reform: outputs or outcomes?
- Is budgetary reform successful?

In the late 80s New Zealand started to experiment with performance budgeting which makes it interesting to explore the lessons has been learned by other countries. In this paper we focus on three European countries that have reported a coverage of the budget [programs] of at least 75 percent, but have chosen different approaches in terms of performance orientation of the budget (outputs, outcome)[1]. In alphabetic order we will pay attention to the efforts of Finland, the Netherlands and Spain to link inputs to outputs and/or outcomes. A cross-national comparison may provide a better insight in successes and failures.

The paper is structured as follows. First, the design of the study is outlined, followed by a short overview of the current performance movement. In the next section we discuss different approaches to budgeting, to be able to map the budgetary practice. We then describe the state of affairs performance budgeting for a selected group of OECD-member states, before we switch to the cases. The paper is completed with a cross-national comparison.

* Frans van Nispen is currently on leave at the Robert Schuman Centre for Advanced Studies from the Erasmus University of Rotterdam. Johan Posseth is PhD-student at the Department of Public Administration of the Erasmus University of Rotterdam, The Netherlands. He is working on a dissertation about performance budgeting.

1 The percentage of 75 percent of the budget program refers to the OECD/World Bank survey.

2. Design of the Study

The design of the study is follows. Taking the GLOBE-study on culture in 62 countries as a point of departure, we assume that [the introduction of] performance budgeting is positively related with performance orientation in society[2]. Using data collected by the OECD/World Bank budget practices and procedures database we will first map the state of the art and select countries that are ranked high on performance budgeting.[3] From these countries we will make a further selection based on the level of performance orientation [differentiating in value scores]. It is assumed that cultural characteristics influence management practice. For example Hofstede suggests that some [combinations of] cultural dimensions are an indicator for management styles, e.g. 'high levels of power distance are likely to be associated with process-oriented rather than results-oriented organizational cultures', and so on and so forth [Hofstede, Peterson: 2001: 405-406].

Next, we switch to the *availability* of performance information, using data from the OECD/WB database of 2003. A couple of qualifications should be made from the very start. First, performance information is not limited to performance targets or performance indicators, but may for instance also refer to the findings of evaluation studies [outside the budget]. The latter are beyond the scope of this paper, but may play their role in the budget cycle. Second, performance targets and performance indicators may be generated for both outcomes and outputs [Curristine 2005[b]:131][4], reflecting different foci of performance information. Outcome indicators primarily refer to goal-attainment and effectiveness, whereas output indicators more geared to [the improvement of] efficiency.

Third, a distinction should be made between the budget and the budget cycle. All kind of performance information from whatever source may be used in the budget cycle, but that does not necessarily mean that they are displayed in the budget that is sent to the cabinet or parliament. The reason is twofold. First, performance targets may be set as part of the policy cycle rather than the budget cycle. They may serve the same purpose, but are kept separately, indicating that setting performance targets belongs to the domain of the spending departments. Second, performance information from other sources such as the findings of evaluation studies follows its own route.

Finally, we look at the purpose of performance information, i.e. for allocation of resources and/or for efficiency. Unfortunately there is no hard evidence to what degree performance information is used for which purposes and, therefore, we have to do with the answers of respondents of the OECD/WB-survey. The outcome of the survey reflects, as such, stated rather than revealed behavior. Besides, the respondents were not completely unbiased. Lip-service may have had its effect.

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2 In fact the study has come to the conclusion that exactly the opposite is true. The relationship between norm and reality turns out to be negative, though weak. It might be attributed to the human tendency to overestimate what they have not and, conversely, to underestimate what they have [House 2004:249-251]. In this paper we stick to the original hypothesis because the alternative hypothesis runs against the situation in New Zealand where it, as known, all began.

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4 Targets refer to specific results, often precisely measured [e.g. time, cost, number, etc., which can usually be accomplished in a shorter time period than goals, and which are often an intermediate step in achieving a broader goal.

3. The Revival of Performance Budgeting

The major drawback of a line-item budget is that it does not provide guidance as a policy or decision-making tool. In addition, it may result in misallocation and inefficiency, because it does not permit management enough flexibility to address changing situations and often must 'use it or lose it' at the end of the year [Alberta Government, 1998:3]. In order to avoid these flaws, the Hoover Committee recommended to replace the line-item budget by a performance budget, based upon functions, activities and projects [Hoover, 1950:8], later [1960s] institutionalized by Planning, Programming Budgeting System [PPBS]. As widely reported, PPBS did not bring what was expected and new waves of budgetary reform unfolded, such as management by objectives and zero-based budgeting. It was, however, [roughly] until the mid eighties that the idea of performance based budgeting regained strong attention. Spurred by economic pressure and increasing demands from citizens to improve public performance, the new budgetary doctrine advocates 'a conversion from a budgeting system that focuses on inputs to a system that focuses on results' [Joyce 2003:10; NPR 1993]. Therefore, in many countries, budgetary reform was part of a broader reform package of [new] public management.

The first initiatives to replace the traditional line item budget by a result oriented budget date from the late 80s when New Zealand, being confronted with economic recession and increasing pressures to spending cuts, decided to drastically reform its government model [Boston, e.a., 1996; Schick, 1996]. In retrospect New Zealand has been gone through three cycles [Posseth 2009]. The first brought a new budget format, but also output dominance. The second featured a shift from outputs towards outcomes by the formulation of strategic results areas [SRAs] and key result areas [KRAs]. The latest reforms are geared to 'managing for outcomes while accounting for outputs' [Norman, 2006]. Though this is an important step forward, two major challenges – technical and institutional – are still ahead. The first step is formulating appropriate links from outcomes to outputs. Despite the difficulties in *measuring* outcomes, the second step is probably even more difficult to take. New Zealand's 'fetish with outputs' [Schick, 2001: 13] is an attitude that can not be modified overnight.

In this paper we focus on the efforts in the Eurozone. What did they learn from the New Zealand experience? How are they doing in comparison with New Zealand? Despite the common grounds and rationale the reforms vary considerably in shape and trajectory. Taking the traditional line item budget as point of reference, Bouckaert & Pollit distinguish four stages in budgetary reform. Accrual budgeting, the latest trend in budgetary reform, may be seen as the final step in the trajectory of performance budgeting [Bouckaert & Pollitt, 2004:70]:

1. The provision of performance information;
2. The adaptation of the budget format and addition of other documents;
3. The adaptation of the budget procedures and timetable;
4. The adaptation of the method of charging from cash-based to accrual based accounting[5].

According to this typology, reforms differentiate on the format, the process and the type of accounting. This last step, the switch to accrual based accounting, is beyond the scope of this paper which is geared to the availability and utilization of performance information.

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5 The capital budget, setting apart investments, may have the same effect as accrual budgeting. One may question if the relative share of investments in the budgets does not justify a completely new accounting system as it is less appropriate for programs geared to consumption.

The practice of performance budgeting can also be characterized by the utilization of performance information for the allocation of resources. A distinction could be made between two definitions of public budgeting:

> ‘Broadly defined, a performance budget is any budget that presents information on what agencies have done or expect to do with the money provided to them. Strictly defined, a performance budget is only a budget that explicitly links each increment in resources to an increment in outputs or other results. The broad concept views [performance, FvN/JP] budgeting in presentational terms, the strict version views it in terms of allocation’ [Schick 2003:101].

In this paper we stick to the strict interpretation of public budgeting, though we share Allen Schick’s observation that many governments satisfy the broad definition and only a few the strict definition. The broad definition may also be called performance *based* or performance *informed* budgeting that exists in a context of the more traditional input oriented efforts to allocate resources [Joyce, 2003:15; Hilton & Joyce, 2003:403]: a budget providing information about both inputs and results.

Figure 1: The Contrast between Line-Item Budgeting and Performance-Informed Budgeting

Traditional Budgeting	Performance Informed Budgeting
Inputs as ends in themselves	Relationship between inputs and outputs and/or outcomes
Changes in inputs at the margin	Changes in inputs and results for the entire program
Budgeting divorced from planning and management	Budgeting integrated with planning and management
Budgeted resources	Program costs

Source: Joyce, 2003:15 [adapted].

In order to be able to obtain ‘the most effects for the least costs’ a budgetary process should create, as Roy Meyers has argued correctly, ‘opportunities for comparing ratios of costs and effects: for one program from year to year, for all programs addressing one purpose, and across programs that address different purposes. Such comparisons are the sine qua non of a budgetary allocation process’ [Meyers 1996:178-179. The utilization of performance information may differ, however, depending on the level of budgeting. According to Behn:

> ‘Performance measurement can help public officials to make budget allocations. At the macro level, however, the apportionment of tax monies is a political decision made by political officials … Thus, political priorities – not agency performance – drive macro budgetary choices’ [Behn, 2003:590].

At the micro level [management], performance measurement may be used for the improvement of efficiency, dividing outcomes by inputs [allocative efficiency] or outputs by inputs [technical efficiency].

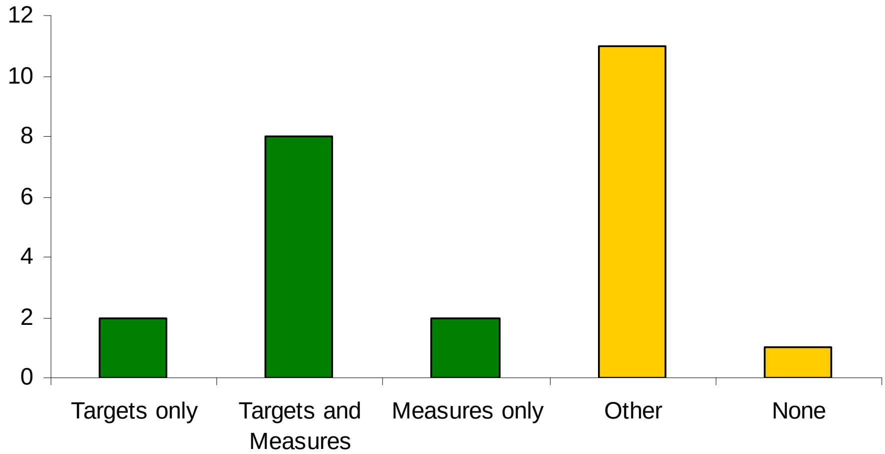
Given the initial focus on efficiency in many countries, we expect a combination of micro- and macro-level manifestations in budgeting at the central level. To find out about the focus, we will differentiate between output and outcome indicators. Outcome indicators primarily refer to goal-attainment and effectiveness, whereas output indicators more geared to [the improvement of] efficiency.

4. The State of Affairs

The availability of performance information is considerably limited by the conditions that should be met to serve as an indicator or a proxy, foremost that the outcomes or outputs should be homogeneous and homogeneous products are rare in the public sector [Van der Kar 1981:106-112; Bestebreur & Klaassen 2003:21]. A conservative estimate indicates that only a small portion of a budget consists of homogeneous products. Strangely enough, the across-the-board generation of information about results suggests that the whole budget can be shaped like a performance budget. In addition, the performance information should be reliable and valid. Unfortunately, the quality of the data is not part of the survey. We should, therefore, be careful with taking figures on the coverage rate of performance information.

An overview of the state of affairs is provided by the OECD/WB database of 2003. A closer look at the update of the OECD/WB database of 2006/07 reveals that 8 out of 15 countries report a combination of performance targets and performance measures. In addition, countries point to bench-marking and evaluation reports when asked for performance information.

Figure 2: The Availability of Performance Information in the EU-15



Source: OECD/WB Database 2005 [Q. 71]

The link of inputs [expenditures] to outputs or outcomes is still unclear, but varies from less than 10 percent [Austria, Denmark] to more the 90 percent [France, Sweden]. A more refined analysis is needed to find what happens if a performance target is not met as programs are subject of what In 't Veld has called the 'law of policy accumulation' [Roeland in 't Veld 1998:154-156][6].

One country – Belgium – reports that performance information has no impact on decision-making, but for managing programs and two countries – France and Greece – report no utilization of performance information at all. A couple of countries report that performance information is used for the allocation of resources between ministries, programs and/or projects [see annex], but the results of the survey indicate that performance information is mainly used for other purposes, such as justifying decisions, pushing changes or cutting expenditures[7].

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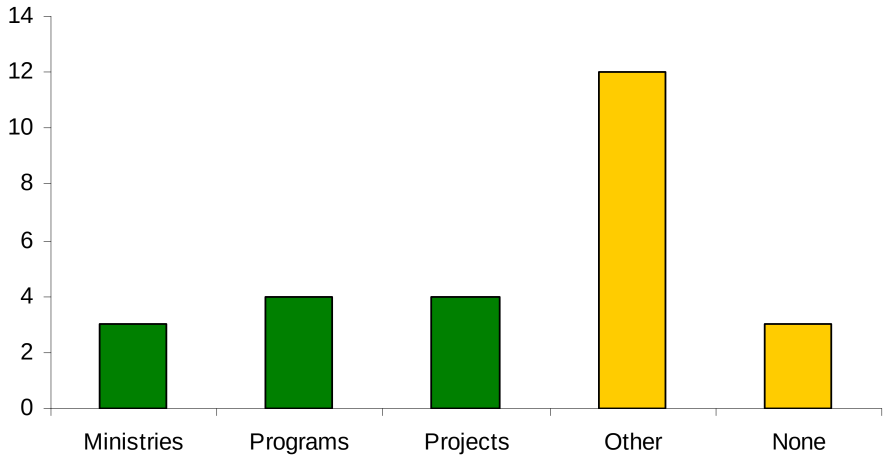
6 Policy makers tend to respond to success and failure in a similar way, i.e. more of the same.

7 No distinction has been made between utilization by the central budget authority or the line ministry.

Figure 3: The Utilization of Performance Information for the Allocation of Resources in the EU-15



Source: OECD/WB Database 2005 [Q 84]

A preview of our cases reveals that Finland and the Netherlands provide information about both targets and measures, whereas Spain only reports information about measures. The information is mainly used for other reasons than the allocation of resources, for instance as argumentation for programs changes and/or spending cuts, with the exception of the Netherlands where the information is used for allocation between projects

Figure 4: The Availability and Utilization of Performance Information in Finland, the Netherlands and Spain

Country	Information		Utilization			
	Targets	Measures	Ministry	Program	Project	Other
Finland	X	X				X
Netherlands	X	X			X	X
Spain		X				

Source: OECD/WB Database 2005 [Q 71 and Q 84]

A couple of caveats should be made from the very start. Performance information needs credibility, and here as much depends on the source as on the methods [Pollitt 2006: 51]. The data from the OECD/WB-survey are not always consistent and, therefore not always reliable. The case of Denmark is illustrative. On the one hand is reported that no performance targets are set inside or outside the budget [process]; on the other hand outcomes are used in the budget process Besides, they are the OECD/WB-survey of 2005 is still not complete. Only preliminary data are available[8] plus pre-view of [a part of] the findings by OECD-employees [OECD 2005; Curristine 2005a; Curristine 2005b][9].

In addition, the data constitute stated rather than revealed behavior as they are collected by means of a questionnaire. The respondents are taken from the civil service, but we don't know their names, not to say their position[10]. We have got the impression that the data are slightly biased due to wishful thinking and/or lip-service. A couple of the EU-15 claims that all programs are covered by performance targets, but there is no prove that the performance information is used for the allocation of resources or the efficiency of these programs [even though the claim to the contrary]. A check on the data is needed to draw conclusions.

Finally, the formulation of the questions is relatively open, leaving room for interpretation even though the questionnaire is supported by a glossary. In order to deal with these and other flaws and to validate the data we have added information from other sources. On top of that we have done a 'quick and dirty' survey ourselves, basically focusing on the European countries that belonged to the European Union before the enlargement [EU-15]. We hope by doing so that the quality of the data constitute a solid foundation for the analysis of the efforts to establish a system of performance budgeting.

5. Finland: from Outputs to Outcomes?

The Rationale for Budgetary Reform: Integrating Performance and Financial Management

Like in New Zealand the Finnish reforms were spurred by unfavorable economic circumstances [in fact the deepest recession in Finland's history, Joustie, 2006: 4]. Societal changes demanded different and better services, but this could not be realized by increasing public expenditure.[11] Therefore, in the end of the eighties, public and financial management reforms were initiated. Being inspired and influenced by initiatives abroad it was decided that the main reform approach should be converting public services into public enterprises and to introduce performance management. The following aspects characterize the reforms [Ministry of Finance, 2006: 18]:

1. The transfer of 'chargeable service production' to market conditions, to achieve better customer-orientation and economic efficiency[12];

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8 The outcome of survey of 2005 does not match the questionnaire that has been published on the OECD-website, leaving room for interpretation.

9 The data are probably not completely compatible as the OECD/WB adapted the questionnaire.

10 The government of the OECD member states has nominated a coordinator in charge of compiling the answers to all the questions. The survey has been reviewed internationally by experts in the fields of budgeting and public management, and has been tested by several countries.

11 'Researchers were increasingly critical about the quality, quantity and accessibility of public services, and administrative studies showed that citizens were to an ever greater extent dissatisfied with the quality of the services and the bureaucracy involved in their production.' [Ministry of Finance, 2006: 17]. After attention in the media, the political parties soon took up the reform ideas as well, with the result that '[i]n the Government Programme administrative reform was given prominence like never before in post-war Finnish politics.' [Ministry of Finance, 2006: 17].

12 This resulted in a huge reduction of the personnel in central government, 'from a peak of over 215,000 in 1988 to just over 124,000 in 2004. The majority, nearly 90%, of this reduction of 91,000 [42%] was caused by converting government agencies and institutions into public enterprises, companies and local authority agencies. The remaining 10% resulted from actual rationalization and personnel cuts.' [Ministry of Finance, 2006: 20].

2. Political decision-making focused on strategic management instead of operational issues [in practice: an extensive delegation an decentralization of day-to-day decision-making][13];
3. The delegation of authority previously held by central government to the autonomous municipalities: government grants to municipalities being paid as a lump sum, with few limitations for the local authorities on the allocation of the grant[14];
4. The content and procedures of decision-making involving finances were amended so as to focus on the setting of performance targets instead of detailed input allocations.

Initially the reforms were dominated by budgetary reforms. Lump-sum budget appropriation [covering all operating expenditure] was introduced to give agencies greater autonomy. This evoked 'management by contract', to balance the operational freedom and secure planning and control and accountability, and performance budgeting, to adapt the budget format to the new financial steering role.[15] In 1990, a first pilot of performance budgeting was started among a couple of agencies. In the same year, the Finnish government decided that both ministries, agencies and institutions subordinate to them should introduce performance management in the 1995 budget at the latest [Ministry of Finance, 2006: 19].

The First Wave: Lump-sum Performance Budgeting

From the very beginning the budget was assigned a pivotal role in Finnish performance management. Performance information is included in the budget to justify the proposed appropriations. A closer look at the explanation memorandum learns that the budget indeed contains a 'significant number of performance information' for each ministry, agency and program [Blöndal, e.a., 2002: 127]. The first couple of years working with the new budgetary structure revealed serious start-up problems. Initially performance was predominantly expressed in the 'three Es': effectiveness, efficiency and economy. Budget documents and financial reports gave predominantly information about the 'individual outputs and indicators on agency productivity' and paid little attention to outcomes [Pöysti, 2006: 6]. Besides, linkages between appropriations and outputs and outcomes were poor. Output and outcome data were 'costed' in only a few cases and the areas for which appropriations are dependent on results are negligible [Blöndal, e.a., 2002: 146].[16]

Another problem was the quality of performance information. Ministries and agencies, the suppliers of the performance data, had major problems in setting targets and formulating

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13 'The supreme management authorities of central government agencies, the Board or Director General as chief executive, enjoy a very wide management authority also in the area of financial management and control. Agencies receive a lump-sum budget to cover all aspects of their operating expenditure, including service purchases, salaries of the personnel etc. and the Chief Executive make decisions on the detailed level of staffing concerning their agency.' [Pöysti, 2006: 1].

14 'The grants paid out to municipalities from the central government budget were revised, and the sector-specific division […] was abolished. Instead, the government grants to municipalities are now paid as a lump-sum [with] very few limitations on how local authorities may choose to spend this' [Ministry of Finance, 2006: 18].

15 'Management by contract' is institutionalized by performance agreements between an agency and the responsible ministry. 'Ministries establish performance targets to agencies in their domain of responsibility and ministries give also a public statement of the annual financial accounts and performance report of the agencies to which performance targets have been established.' [Pöysti, 2006: 4]. 'Although the agreement embodies no legal consequences, it does embody practical consequences related to the content of this cooperation. The fact that a performance agreement is not legally binding has not been considered a problem in performance management in practice.' [Ministry of Finance, 2006: 43]. 'It is generally accepted that performance targets do not need to cover the entire range of operations; instead, the performance agreement can focus on the most important points and the results of the budget year.' [Ministry of Finance, 2006: 46]

16 Although the information is presented in the same documents, no attempt has been made at actually linking appropriations and targets. Equally, results information and financial accounts are not integrated – although both types of information are presented in the same documents [Blöndal, et al., 2002: 149].

indicators [OECD, 1997: 61].[17] Furthermore, the Finnish politicians had to get used to lump-sum budgeting and once the economy had recovered, the feeling 'that essential parts of parliamentary budgetary power has faded away' manifested strongly [Pöysti, 2006: 7]. In fact, '[p]oliticians would particularly have liked to see a return to the debating of the myriad individual appropriations in the central government budget' [Joustie, 2006: 4-5].[18]

The shortcomings of performance information had a major impact on the functioning of performance budgeting. First of all it discouraged politicians to use the information. In this regard, Blöndal e.a. [2002] reported that:

- Parliament does not have a voice in the development of or take ownership of the performance goals [p. 134];
- Parliament does not change targets displayed in the budget document, nor question results information in the budget [p. 146];
- Performance information is not used actively when determining the level and distribution of appropriations [pp. 149-150].

Secondly, it fragments 'accountability for outcomes' of ministers in front of the Parliament [Pöysti, 2006: 6]. Without proper output data and clear linkages between output and outcome, autonomization is not well balanced by ministerial control.

The Second Wave: The Performance Prism

Despite the difficulties, the reforms gradually evolved and it was no sooner than 2001 that Parliament established a working group to better align the [administrative] financial steering mechanisms with decision-making on budget and legislation. Together with the proposals of the central government final accounts working group and a Ministry of Finance working group on public management [both presented in 2003], the foundation for second generation performance budgeting, were there. The key concept of the new budgetary framework is called 'performance prism'.

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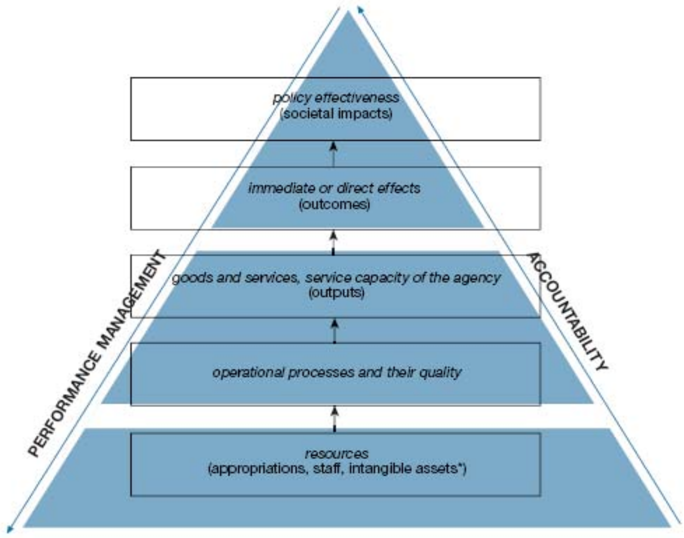
[17] Other deficiencies are: the 'highly technical information on performance agreements'; the variance in quality of the reporting between ministries; the lack of attention for qualitative reviews and other data that would be useful to parliamentarians; the timing of the data [Blöndal, e.a., 2002: 134];

[18] 'Parliamentary control used to be highly detailed. The level of detail was often down to, for example, the level of deciding upon individual university professorships.' [Blöndal, e.a., 2002: 133].

Figure 6: Conceptual Model of the Budgetary Reform, i.e. the 'Performance Prism'.



Source: Ministry of Finance, 2006: 34

Within this framework the basic criteria for performance have been redefined. Central is the hierarchy of targets, with a distinction between policy effectiveness [outcomes], and operational performance ['which the management of a government agency or institution can influence directly']. Criteria of operational performance are: operational efficiency; outputs and quality management; and management and development of human resources.[19] The idea behind this 'performance prism' is that the new structure in outcome and operational performance targets will better facilitate performance management than the former largely agency-specific structure [Ministry of Finance, 2006: 36].

To strengthen the strategic focus and to improve program management and horizontal coordination, the government introduced the Strategy Document of the Government [Ministry of Finance, 2004: 12]. This annual plan supports the implementation of the Government Program by monitoring the policy priorities[20].

Another important measure of the new reforms is the new statutory obligation for giving a 'true and fair' view in the Government's performance reporting [Ministry of Finance, 2006: 23].[21]

With the new reforms, the Finnish government meets a great deal of the articulated objections to the former budgeting system: there is a more dominant position for outcomes, there are better safeguards for accountability and with the statutory obligation for giving a 'true and fair' of performance function the importance of good and relevant data is stronger

[19] The basic concepts of performance used to evaluate and report on public-sector operations thus involve four basic criteria: policy effectiveness; operational efficiency; outputs and quality management; and management of human resources [Ministry of Finance, 2006, 8].

[20] The strategy document is an annual report in which outcome targets are presented regarding policy programs and other issues important for the government as well as estimates of the effectiveness and efficiency of measures and of the use of resources. The targets of the document and the allocation of resources are pursued in connection with the central government spending limits procedure and the budgetary procedure [Ministry of Finance, 2004: 26].

[21] The purpose of the 'true and fair view' condition is that the presentation and content of performance information should make it possible to compare outcome targets and operational performance targets in the budget with the actual results as reported in the annual accounts [Ministry of Finance, 2006: 36].

emphasized. It is yet too early, though, to properly estimate the impact of the 'performance prism'. Taking recent inspections of the State Audit Office as an indicator for the status of performance budgeting in Finland in the near future, we have to be careful to be too optimistic. After ten years of experience, ministries and agencies still have major difficulties in formulating targets and indicators. In its inspection reports the State Audit Office repeatedly noted troubles, such as [Ministry of Finance, 2006: 22][22]:

- Major shortcomings with regards to economy targets and cost targets: 'Only 16% of the agencies had had economy targets or cost targets approved. Productivity targets had been approved for only 9% of the agencies';
- Concerning service capacity targets, the State Audit Office stated that: 'For the setting of targets it still seems that the situation regarding the various components of performance management is the worse the more tangible the component. Similarly, the situation is the worse the more the targets and reporting require indicators and measurability.'

Contrary, taking the assessment and assurance of the Government Controller-General as a reference point, the first experiences with the new framework seem to be quite promising.[23] This refers to the annual accounts, however. For the budget no such data is available yet as the new structure and criteria have currently only been applied to two pilot projects. Other policy domains will not follow earlier than 2008-2009 [Pöysti, 2006: 10].

To achieve the objectives of the reform, to conclude, still some major improvements have to be made. A critical point is the use of performance data at the level of the government and parliament. Both the volume of the information as the focus, to encourage politicians to use the information in decision-making. Fewer, better and more relevant targets and indicators are key to take a step forward to performance *based* budgeting [Pöysti, 2006].[24]

6. The Dutch Case: From Outcomes to Outputs?[25]

The Rationale for Budgetary Reform: Improving Transparency

Like New Zealand, the Netherlands faced strong economic recession in the eighties and like NZ, part of the solution, according to the politicians, was privatization and agencification to restore the economy. Shortly, privatization should curbed public expenses by transferring government tasks to the market; the logic for agencification was efficiency. For agencies, steering and control arrangements were introduced to safeguard ministerial grip and accountability [Van Thiel, 2003]. In 1994, under the lead of the Ministry of Finance, a refinement to the agency model was made to move the financial management of agencies into the direction of 'output-oriented management' [De Vries & Yesilkagit, 2003: 158]. In the

[22] The State Audit Office is the parliament's audit office, moved from the Ministry of Finance to be an independent office of the Parliament on 1 January 2001, in a constitutional reform. 'The change was a parliamentary initiative. The move stemmed from a realization that the Parliament needed better performance and financial information if they were to make an effective contribution to the results-oriented budget process created in the early 1990s' [OECD, 2002: 135].

[23] According to the Government Controller-General, the Central Government Final Accounts Report for 2004 gives a true and fair view of the focuses of the central government economy and operations as a whole, and a reasonably true and fair view of the main trends in policy effectiveness [Ministry of Finance, 2006: 23]. Overall, the assessment is quite positive over the objectives achieved [Pöysti, 2006: 9].

[24] Relevance refers to the information needs of politicians. To use performance data for strategic decision-making more focus on the effectiveness of governmental policy [policy outcomes] and a better linkage of outcomes to outputs and resources is necessary [Pöysti, 2006].

[25] The Dutch case is partly based upon Posseth & Van Nispen [2006].

following years, steps were made to establish a result-orientation at a central level[26]. The driving force for performance based budgeting came from another direction, however. In 1997, in an evaluation of its working, the Government Spending Committee [*Commissie voor de Rijksuitgaven]* concluded that given the timing of the departmental accounts, it was unable to properly perform parliamentary scrutiny [De Vries & Yesilkagit, 2003: 159]. Therefore, the commission proposed to accelerate and improve the quality of the departmental financial accounts. The report accelerated debates and further proposals on both performance reporting and budgeting, culminating in 1999 in a proposal from the Minister of Finance to drastically revise budgeting and accounting at the central level [Ministry of Finance, 1999][27].

The First Wave: Policy Based Budgeting

The new budgetary framework was labeled VBTB ['From Policy Budget to Policy Accountability'][28]. The basic assumption of VBTB is that linking objectives, performance and resources enables politicians to make better *ex ante* decisions on the allocation of resources and improves accountability *ex post*. Primarily geared towards clarity and transparency VBTB changed the budget format from a line-item budget in a result-oriented budget. Though promoting effectiveness and efficiency was not explicitly mentioned as a rationale for the VBTB, it was simply the logical next step after the success in the field of the legitimacy and management of government spending [TwK 26 573, p. 8].

The budget now centers on the three, so-called 'W-questions'[29]:

1. What do we want to achieve?
2. What steps will we take to achieve it?
3. What should it cost?

The first 'W' question differentiates between generic objectives and specific goals. The first refers to the indeed impact on or consequences for the community [final effect]; the second are [manageable and quantifiable] intermediary effects, that give an indication of the final effect [Van Nispen & Posseth, 2006: 8]. Departments are required to provide performance information at the level of the generic objectives and specific goals. If 'it is entirely impossible to quantify and measure the effects aimed at […] efforts will have to fall back on quantifying and measuring wherever possible the products to be supplied or the activities to be performed' [TwK 1998-1999: 13].

A mid-term review coordinated by the minister of Finance [2004] concluded that the access to and the insight in the budget has been clearly improved. The number of articles has been reduced substantially from approximately 800 budget items to 150 policy articles. Flexibility has been greatly increased, as a minister is now able to shift money from one budget item to another. However, one may question the impact on the *ex ante* and *ex post* control by parliament, as there has been an increase in the level of aggregation of the information that is provided in the budget. There is a trade-off between aggregation and transparency. Information that was in the budget before is now more or less 'hidden' in the in-

[26] E.g. in 1997 the Minister of Finance sent a policy note ['From Spending to Costs'] to Parliament in which the introduction of a result-oriented steering model was proposed [De Vries & Yesilkagit, 2003: 158].

[27] For a more detailed description of the reform trajectory, see De Vries & Yesilkagit [2003].

[28] The acronym stands for Van Beleidsbegroting tot Beleidsverantwoording [From Policy Budget to Accounting for Policy].

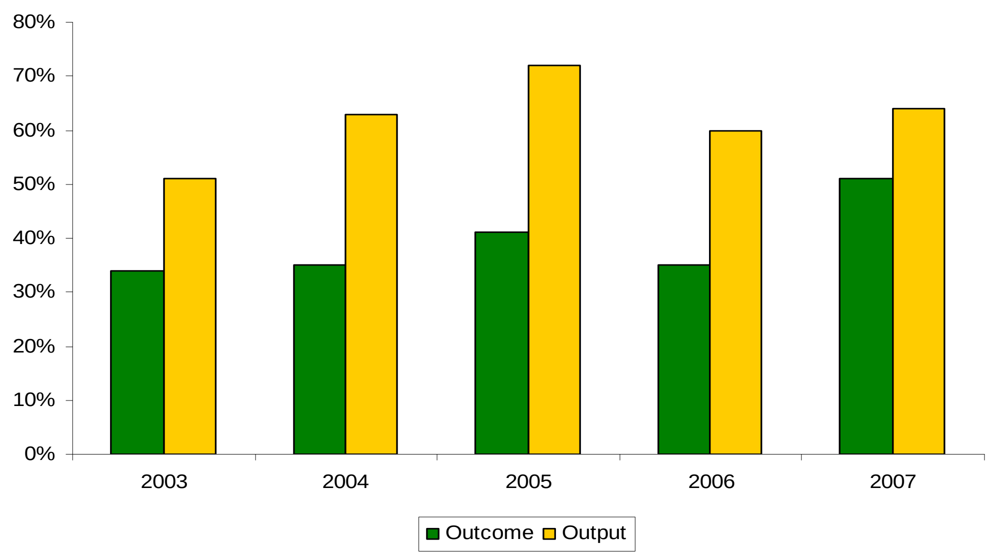
[29] The same question are raised afterwards as part of the accounting to parliament, the so-called 'H-questions: Have we achieved what we intended?; 'Have we done what we should have done in achieving it?'; 'Did that cost what we had expected?'.

depth appendix to the budget or only available upon request. The power of the purse is at stake here, as the Court of Audit has argued correctly [TwK 29 949, No. 4].

Furthermore, it was argued that VBTB has stimulated people to give more thought to the intended results of policy, which is an incentive to greater efficiency. However, the relationship between objectives, instruments and resources is weak. A problem analysis and the role of the government in solving the problem are both absent. The reader is still often unable to form a good picture of what needs to be done in concrete terms, and what the government contribution has been or will be [TwK 29 949, No. 1]. However, one may argue that the current situation still constitutes a major step forward in comparison with the line-item budget that induced the development in the direction of performance budgeting.

Insight in the availability and quality of performance data can be gained from the annual inspections of the Court of Audit. In sum, about 35 percent of the outcomes and 60 percent of the outputs is covered by performance indicators. In addition, an explanation is given for the lack of performance indicators for 30 percent of the outcomes and 13 percent of outputs, leaving 9 percent of the outcomes and 23 percent of the outputs unexplained [FY 2007]. However, it should be noted that the Court of Audit adopted a rather strict interpretation of performance indicators[30]. In fact, the level of performance information might be higher. The findings suggest that the budget is more geared to outputs [or throughputs] rather than to outcomes.

Figure 5: Performance Indicators as Ratio of the Generic Objectives



Source: AR 2007

The score does not say much about the quality, i.e. the reliability and validity of the performance indicators. In fact, the percentage of performance indicators that is relevant or useful is probably substantially lower than assessed by the Court of Audit in its annual report. The budget data provided by the OECD/WB indicate that performance information is used for both the allocation of resources between programs and within programs. The same applies for the improvement of efficiency as expenditures are linked to outcomes or outputs [if any].

30 The objectives, for instance, are considered to conform only if the outcome is specified in an 'effect indicator' containing a target value that is measurable through a performance indicator and that is limited in time [AR, 2005a]. If one of these criteria is not met, then the overall score is negative, even though the score might be positive on the other two requirements. A similar method applies for outputs.

Unfortunately there is no prove that the VBTB has led to a better performance in terms of allocation or efficiency.

The Second Wave: Beyond Arithmetic?

Despite critical remarks from the midterm review and the Court of Audit, VBTB is only slightly changed, recently. One of the most important adjustments is the introduction of the 'comply or explain' clause. Five years after the introduction of VBTB, the government weakened its expectations with regard to performance indicators. The current line of reasoning is that performance measurement is not always 'useful and relevant' and, according to the Minister Finance, politicians should be aware of 'arithmetic-fetish': 'More important than measurable general objectives is a convincing explanation about the way in which specific goals and instruments deployed contribute to the general objective' [TwK 29 949, No. 1, p. 38]. This new point of view was translated into the budgetary rules of 2005 by the criteria 'useful and relevant' for performance measurement. At the request of Parliament [motion Douma et al. TwK 29 949, No. 11], fearing a hollowing out of 'performance' in the budget, the new adage is restrained by a 'comply or explain' clause: the condition that a department should inform Parliament about those budget items for which it does not make sense, or it is not relevant in its opinion, to formulate performance indicators.

Surprisingly, in 2006, some changes in the budgetary rules were made that represent a revaluation of performance information. Within performance data a distinction is made between 'meetbare gegevens' [literally: 'measurable data'] and performance indicators on the one hand and 'kengetallen' on the other hand. The first group is in fact a continuation of the initial performance indicators. The only difference is that for outcome objectives, it is called 'meetbare gegevens' and for output objectives it is called performance indicators.[31] Whereas for both categories the criteria 'useful and relevant' apply, 'kengetallen' are the more facultative, intended to stimulate departments to include performance information about the general policy context.

The two recent changes to VBTB are illustrative of the Dutch government's hesitation about the scope and focus of performance based budgeting. After a period of high expectations in the beginning, since the midterm review the ambitions seem to be more down to earth. Given the critical remarks of the review a more radical revision of VBTB might have been expected. Nevertheless, the decision to only make minor adjustments certainly has benefits. First of all, both the Ministry of Finance and the Court of Auditors invested a lot of time to support the ministries with the transformation from input budgeting to VBTB. A major revision will again require a lot of time and it is unlikely that the spending departments will be enthusiastic about any new budgetary project. Besides, gradually, the VBTB-conformity improves [see figure x]. From that point of view, the better option for the new Minister of Finance might indeed be to count his blessings and be careful with changing the budgetary rules[32].

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[31] Apparently the Ministry of Finance wanted to make a slight difference [perhaps to stimulate departments to improve the coverage rate of performance data for outcome objectives].

[32] The Ministry of Finance is now working on some changes to the annual report [in particular the timing of the parliamentary debates on the account]. Up to now no changes to the ex ante process are announced, but some changes might come ahead, since the current Minister of Finance, Bos, is known for his objections to VBTB in its current form.

7. Spain

The Rationale for Budgetary Reform

Public administration in Spain has a hierarchical and legalistic tradition with its focus on detailed regulations, procedures and compliance. The legalistic tradition was further reinforced by 'revenue budgeting' which is geared to control of the level and objects of spending, rather than on the results of spending. Consequently, not much attention was paid to the improvement of efficiency and effectiveness by civil servants being responsible for the preparation and execution of the budget (Ruiz-Huerta et al., 2007: 312).

Looking backwards at the last thirty years, four overlapping phases can be distinguished in budgetary reform [Ballart & Zapico 2009: 2] though the first only brought technical improvements such as the introduction of cost-benefit analysis, mainly in the areas of public works and infrastructure [1976-1984]. The second prepared the ground for performance budgeting by reclassification of the budget into a program budget [1984-1994]. The impact was modest and attention faded away in favor of the application and qualification for the EMU and the commitment to the medium-term budgetary objective of positions close to balance or in surplus (zero deficit) [1994-2006]. The fiscal pressure in combination with the fiscal rules adopted at the Maastricht summit has been a crucial driving force behind the budgetary reforms that introduced performance budgeting [Robinson 2007: 118]. The modification of the General Budget Law in 2003 marks the revival of performance budgeting.

The First Wave: Program Budgeting

The first wave of budgetary reforms introduced program budgeting that was considered as a step in the direction of the establishment of a relationship between funding decisions and results, effectiveness or impact [Ballart & Zapico 2009: 4]. It also created '… so-called *program indicator sheets* which were to include in concise and clear form … the objectives, indicators, and measures proposed to reduce spending or spending increases as needed in order to carry out the program anticipated at its level [as well as] the regulations in force affecting the program, with reference to the conditions derived from the same as to the rigidity of and changes in spending' [Ruiz-Huerta et al. 2007: 314]. It is nowadays widely accepted that the new budget format has induced a better classification and more information about performance [Zapico Goñi 2004: 16]. However, the non-financial information provided in the budget turned out to be not useful neither to the *Ministerio de Economía y Hacienda* [MEH], the Spanish ministry of Economy and Finance, nor the spending managers [Ballart & Zapico 2009: 7]. Consequently, the interest in program budgeting has faded away. In addition, political attention and support turned to the application and qualification for the EMU and the Maastricht criteria [Ballart & Zapico 2009: 4].

The budgetary reform gave birth to the Comisiones de Análysis de Programas – Commissions for Program Analysis [PACs] – which are responsible for 'the analysis of the adequacy and validity in relation to their objectives; allocating resources within the budget ceilings for each department or program; and ensuring that proposed allocation are consistent with priorities set at the political level. It is also intended that PACs should review and take into consideration program results in the preceding year' [Ruiz-Huerta et al. 2007: 317-318][33]. In practice, the impact PACs has been mainly symbolic, due to both political and technical factors. The preparation of the budget is 'still carried out in a formalistic way, thereby

[33] The spending programs should be consistent with the priorities set by the Spending Policy Commission that is responsible for the initial allocation of budgetary resources in accordance with the government priorities and aggregate fiscal policy. It sets ceilings within which each spending department prepares its budget proposal [Ruiz-Huerta et al. 2007: 316].

reducing its relevance without it being even possible in general to establish a clear relationship between objectives, activities, and resources' [Ruiz-Huerta 2008:12].

In this context we would like to point at the 'imbalance' between the volume of information that the Minister of Finance requests of the line ministry, and its capacity to process and analyze that information [Robinson 2007: 119]. The information often arrives in a rather late stage and the capacity to deal with that information is low. Above all, most information is financial in nature, i.e. does not contain much non-financial information regarding performance [Ruiz-Huerta 2007: 318].The budget is still very much determined by the organizational structure of the government [Ballart & Zapico 2009: 9].

The Second Wave: Performance Budgeting?

The efforts to reshape the Spanish budget into a performance budget got a new impulse by the modification of the General Budget Law [Ley General Presupuetaria] in 2003, introducing budgeting by objectives and output-outcome control [Ballart & Zapico 2009: 7]. The new law established a new framework that seeks to establish a systematic linkage between the main objectives of the spending departments and the allocation of resources by the means of three innovations[34]:

1. Management by objectives: managers are required to specify a relevant set of objectives as part of their annual multiyear program
2. Monitoring: managers are required to prepare an annual report on the achievement of their objectives
3. Program evaluation: spending programs are systematically reviewed on goal-attainment

In addition, a critical assessment has been made of the quality of the information provided in the budget. The working party has come to the conclusion that the information was not specified enough to be relevant and useful for performance management. The list of flaws is long: the objectives are often ill-defined and not related to activities and resources. In addition, hardly any information is provided about outcomes or external impacts on society. At best information is provided about immediate outputs. Most information though is referring to activities and resources. Above all, information is based on what is available in terms of statistical data rather than goal-driven [Ruiz-Huerta 2007: 321][35]

In response to these flaws, more emphasis has been placed on strategic objectives to be broken down in operational objectives, facilitating the linkage with so called 'areas of activities'. Indicators make it possible to obtain information about the achievements in previous years and potential outcomes in the future. One may question though if these technical adaptations will be enough as the introduction of performance budgeting is not a completely neutral exercise. A non-participatory approach to budget reform may result in either a merely formal compliance, 'creative budgeting', or even rejection of performance budgeting' [Ruiz-Huerta 2007: 326].

What can be done? Following Ruiz-Huerta et al., continuous political support is needed. In addition attention should be paid to the cultural variables, such as the deeply rooted hierarchical and legalistic tradition. The adoption of new regulations, procedures and guidelines is not longer enough, though Montesinos claims that the legalistic tradition does not constitute a significant implementation barrier [Montesinos 2002: 345]. A more

[34] The same budgetary reform created a new agency, called Agencia Estatal de Evaluacion, in charge of the evaluation of spending programs. The agency is located in the Ministry of Public Administration

[35] In addition, programs are badly conceptualized and overly broad, lack a clear definition, do not refer to specific target group.

managerial attitude is required to make the implementation of performance budgeting a success.

8. Cross-National Comparison: Impressions, Observations and Statements

In this paper we looked at the revival of performance budgeting in the EU-15, taking the GLOBE-study on 62 countries as point of departure. At face value, the effect of culture on budgeting practice is limited: the country with the highest ranking [Finland] is not the better 'performance budgeteer', instead, the Dutch situation does not differ much from the other two countries. A possible explanation is that countries that score relatively high on performance orientation [Finland] have output-dominance, whereas countries with a relatively low score [the Netherlands] are more focused on outcomes. We should be careful drawing to fast conclusions, however, since the scores of the countries do not discriminate much [6.11 for Finland against 5.49 for the Netherlands at a 7 points scale].

In the opening section we raised three key questions:

- What is the rationale for budgetary reform?
- What is the orientation of budgetary reform: outputs or outcomes?
- Is budgetary reform successful?

We will turn now to these questions separately before drawing some lessons from the efforts of a selected number of European countries to replace the traditional line item budget by a performance or at least performance informed budget.

The first research question deals with the rationale for budgetary reform. Fiscal stress has been a major driver in all cases, but turns out to be not the only explanation. In the case of both Finland economic pressure has gone along with citizens' demands for better performance. The impetus in the Netherlands came from parliament, while the Maastricht criteria for the EMU constitute the trigger for the reform of the Spanish budget. As a consequence, the budget reforms in the first two cases were more aligned to new public management than the last two cases. This might also explain the focus in Finland which is mainly directed at outputs: performance budgeting is the counterweight for the increase in managerial autonomy to safeguard public accountability. In the other two countries – the Netherlands and Spain – public accountability is not at risk as this managerial autonomy is not translated into the central budget[36]. To put it differently, the starting point of the Dutch and Spanish budget is policy, respectively program [outcome], whereas the focal point of the Anglo-Saxon and Nordic budgets is performance [output].

The orientation regarding performance differs from country to country, but the performance movement is still going ahead. Perhaps the pace of the reforms is not as fast as initially, but still significant steps forward are taken. Two observations could be made. First, we found performance *informed* budgeting. In none of the cases the 'strict' definition of performance budgeting applies: increments in resources are not explicitly linked to increments in outputs or results[37]. Second, it is not a *single* movement, though they converge to the same point. A closer look at the cases may illustrate this point. The start of the Dutch efforts was in the outcomes, but due to the constraints they focus more and more on outputs. The opposite applies in the Finnish case, where we featured a development from outputs towards outcomes.

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[36] It should be noted though that the budgetary reform in the Netherlands is not restricted to the allocation of resources and the improvement of efficiency. The scope of the budgetary reform is geared also to the improvement of accountability.

[37] In individual cases, politicians may use performance information for decision about the allocation of resources, but this something different than performance budgeting [in the strict interpretation].

You may say that they meet each other somewhere in the middle. The latest developments indicate a more down to earth stance by the adoption of a ‘comply or explain’, respectively ‘true and fair’ clause.

The success of the budgetary reforms can be measured too by the extent that countries succeeded to implement performance budgeting at the central level, in short: to what extent does the budget [process] inform politicians about performance [‘broad definition’][38]. We focused particularly on the budget format, the availability and quality of performance information. All report a high degree of coverage of the budget which does not surprise as we selected on the basis of the availability of information. All complain, though, about the quality of performance information which is supposed to be a necessary, though not sufficient condition for the utilization of performance information for either allocation or efficiency.

[38] An additional question is if the budget explicitly link each increment in resources to an increment in outputs or results [‘strict’ definition of performance budgeting], but this is beyond the scope of this paper.

Figure 7: The State of Affairs of Performance Budgeting

	Start[1]	**Rationale**	**First wave**	**Second wave**	**Recent changes**	**Coverage**[2]	**Quality**	**Linkage**	**Utilization**[3]
Finland	1990	Management	Outputs	Outcomes	'Performance prism' 'True and fair'	> 75%	Insufficient, but improving [outputs]	Outputs and outcomes; Appropriations and outputs/outcomes	Efficiency
Netherlands	1999	Budget	Policy budget	Outputs	'Comply or explain' 'Kengetallen'	> 75%	Insufficient but improving	Outputs and outcomes	Allocation
Spain	1990	Fiscal pressure Maastricht criteria	Program Budgeting	Budgeting by Objectives	'Areas of activities'	100%	Not specific enough	Inputs and throughputs	

1. Introduction new budget format.
2. The number of performance targets as ratio of the budget/programs.
3. Based on the availability of performance data and the focus of the budget format, not on actual use.

In sum, taking the cases together, it can be argued that all countries have made considerable progression with the Netherlands and Spain with a stronger policy orientation, better equipped for allocation [at the macro level], while Finland is stronger on efficiency [micro level]. All struggle with:

- 'technical' problems: formulating goals and indicators;
- linking outputs and outcomes;
- linking appropriations and outputs/outcomes.

All countries started new initiatives to compensate for the major deficiencies, but the effects of these changes are yet to be seen. First of all, the case of New Zealand learns that, while it is relatively easy to introduce the basics, it is quite difficult to completely change the way of budgeting. Next to that, because it is a time-consuming trajectory, it is yet too early to assess the impact of the recent modifications. On the other hand, we should not be too skeptical. There is reason to belief that, to some degree, the dialectics of progress apply and that countries take benefit from the experiences of reform pioneers.[39] If not by their own initiative, there is a good change that countries are stimulated by the international community, such as in the OECD, EU, or IMF networks. Note that the Spanish efforts have been stimulated by the Maastricht criteria for qualification for and participation in the Eurozone.

Finally, a couple of remarks could be made. First, we want to question the across-the-board approach of performance budgeting. The requirement of homogeneous products is often not met in the public sector. In fact, only a small portion of the budget consists of homogeneous products and, therefore, one should not expect full coverage of the budget by performance information. To put it differently, more differentiation in requirements and functions of performance budgeting would be appropriate. Second, the appropriation is still done on the basis of inputs in contrast with New Zealand where parliament authorizes outputs. Besides, the link of these inputs with outputs or even outcomes is rather weak which makes us conclude, addressing the question that we raised in the subtitle of our paper, that the ends do not justify – neither morally nor empirically – the means. Last, but not least the impact of performance budgeting is still unclear. Despite claims of the contrary, there is hardly any evidence that the allocation of resources has been improved due to the availability of performance information[40] which does not come much of a surprise as we lack a criterion to make a choice between extra spending for 'guns versus butter'. The balance sheet of performance budgeting though may be more positive as the utilization of information is often indirect and, therefore, less visible.

[39] Both Finland and the Netherlands indeed took notice of lessons learned in other [pioneering] countries, such as New Zealand and the United States.

[40] The same applies for effectiveness and efficiency, linking inputs [expenditures] to outcomes, respectively outputs.

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Appendix 1: Performance Orientation in the EU-15 [Values in Society]

A	B	C	D
Portugal 6.40	Finland 6.11	Greece 5.81	Netherlands 5.49
	Austria 6.10	Spain 5.80	
	Italy 6.07	Sweden 5.80	
	Germany* 6.05	France 5.65	
	Ireland 5.98	Denmark 5.61	
	New Zealand 5.90		
	England 5.90		

* Average of West and East Germany

Source: House 2004: 251 [Belgium and Luxembourg are not part of the study].

Appendix 2: OECD/WB Database 2003

	Availability					Formulation		Utilization		
EU-15	**5.4.a.2**	**5.4.a.2**	**5.4.a.3**	**5.4.a.3**	**5.4.a.4**	**5.4.b.2**	**5.4.b.3**	**5.4.c.2**	**5.4.c.3**	**5.4.c.7**
Aus.	No	No	No	No	Inside	Yes	Outside	No	No	Yes
Bel.	Yes	< 25%	Yes	< 25%	Inside	Yes	Combi	Yes	Yes	
Den.	Yes	> 75%	Yes	> 25%	Inside	No		Yes	Yes	Yes
Fin.	Yes	> 75%	Yes	> 75%	Inside	Yes	Inside	Yes	Yes	Yes
Fr.	Yes	> 50%	Yes	< 25%	Inside	Yes				
Ger.	Yes	< 25%	Yes	> 25%	Inside	Yes	Outside	Yes	Yes	Yes
Gr.	Yes	< 25%	Yes	< 25%	Inside	Yes	Inside	Yes	Yes	
Ier.	No	No	No	No	No	No		No	No	
It.	No	No	No	No	No	Yes	Inside	Yes	No	
Lux.										
Neth.	Yes	100%	Yes	> 75%	Inside	Yes	Inside	Yes	Yes	Yes
Port.	No	No	No	No	No	No	Other	Yes	Yes	Yes
Sp.	Yes	100%	Yes	100%	Inside	Yes	Inside	Yes	Yes	Yes
Sw.	Yes	100%	Yes	< 25%	Other	No	Outside	Yes	No	Yes
UK					Inside	Yes	Inside	No	Yes	Yes

Explanation

5.4.b.2: Ministries, outcomes and/or outputs [Category 1, A 1-2]
5.4.b.3: Inside versus outside [A 2-4]
5.4.c.7: Allocation [Category 1 and 2, A 1-5]

Appendix 3: OECD/WB Database 2005

	Availability [Q71]						Utilization [Q84]				
EU-15	**Target**	**Measure**	**Evaluation**	**Bench**	**Other**	**None**	**Ministries 84 b**	**Programs 84 c**	**Projects 84.d**	**Other 84 e-j**	**None 84.a**
Aus.	Yes		Yes							Yes	
Bel.						Yes				Yes	Yes
Den.	Yes	Yes	Yes	Yes			Yes	Yes		Yes	
Fin.	Yes	Yes	Yes	Yes	Yes					Yes	
Fr.	Yes	Yes									
Ger.	Yes	Yes	Yes	Yes				Yes	Yes	Yes	
Gr.	Yes										
Ire.	Yes	Yes	Yes							Yes	
It.		Yes	Yes				Yes	Yes		Yes	
Lux.			Yes							Yes	
Neth.	Yes	Yes	Yes	Yes					Yes	Yes	
Port.					Yes				Yes	Yes	
Sp.		Yes	Yes				Yes	Yes			
Sw.	Yes	Yes	Yes	Yes					Yes	Yes	
UK	Yes	Yes								Yes	
Total	**10**	**10**	**10**	**5**	**2**	**1**	**3**	**4**	**4**	**12**	**1**

Author contacts:

Frans K.M. van Nispen
Associate Professor of Public Administration
School of Social Sciences
Erasmus University of Rotterdam
P.O. Box 1738
3000 DR Rotterdam
The Netherlands

Phone: [+31] 10 – 408.2131/2526
Fax: [+31] 10 – 408.9099
E-mail: vannispen@fsw.eur.nl
Web: http://www.eur.nl/fsw/english

Johan J.A. Posseth
Berenschot Groep B.V.
Europalaan 40
Postbus 8039
3503 RA Utrecht
The Netherlands

Phone: [+31] 30 – 291.6847
Fax [+31] 30 – 291.6861
Email: j.posseth@berenschot.com
Web: www.berenschot.com