Public Expenditure Working Group Implementation Note on:

PERFORMANCE BUDGETING AND MANAGEMENT
Comparative Analysis of 16 Developing and Developed Countries

Prepared by: Luis Schwarz and William Dorotinsky
Public Sector Group - PRMPS
World Bank

May 2005
Table of Content

Boxes..................................................................................................................................................... 2
Introduction........................................................................................................................................... 3
Scope................................................................................................................................................. 4
1. Performance Budgeting and Management Building Blocks............................................................. 5
   1.1 Issues........................................................................................................................................... 5
2.1 Building Blocks .......................................................................................................................... 5
   A. Performance Budgeting Building Blocks .................................................................................... 5
   B. Performance Management Building Blocks ................................................................................ 7
2. Main Lessons Learnt from the Comparative Analysis ................................................................... 10
   2.2 Lessons Learnt .......................................................................................................................... 10
   Developing Countries ..................................................................................................................... 10
   Developed Countries ...................................................................................................................... 16
3. Sequencing of Performance Budgeting and Management Reforms ...............................................17
   3.1 At the Central Government Level............................................................................................. 17
   3.2 At the Agency Level ................................................................................................................. 19
4. Conclusions..................................................................................................................................... 22
5. Recommendations........................................................................................................................... 23
   Getting the Basics Right ................................................................................................................. 23
Bibliography ....................................................................................................................................... 34

Boxes
Box 1 - Existing Budget Practices in Developing Countries.............................................................. 11
Box 2 – The More Common Reasons Affecting the Budgeting Practices in Developing Countries. 12
Box 3 - Developing Countries Main Budget Reforms Objectives .....................................................14
Box 4 - Requirements to Improve Public Expenditure Management towards Performance Budgeting
and Management................................................................................................................................. 24

Tables
Table 1 - Application of Performance Budgeting and Management Building Blocks to the Countries
Experience........................................................................................................................................... 27
Table 2- Group 1 - Comparative Analysis of Budget Systems Characteristics................................. 29
Table 3- Group 2 - Comparative Analysis of Budget Systems Characteristics................................. 30
Table 4- Group 3 - Comparative Analysis of Budget Systems Characteristics................................. 31
Table 5- Lessons Learnt Map ............................................................................................................. 32

Figures
PERFORMANCE BUDGETING AND MANAGEMENT

Comparative Analysis of 16 Developing and Developed Countries

Introduction

Performance management has raised much interest among the public financial management community and government officials during the last fifteen years. Nevertheless, little has been achieved in the field, and previous analysis has failed to establish the real benefits of performance management in improving the efficiency and effectiveness of public revenues and expenditures systems. At the same time, there is a proliferation of terminology used to describe performance management initiatives.

The expected results of any performance management reform are to facilitate the implementation of performance-based incentives based on strategic financial planning. In general, the objective of performance management is considered as measurable improvements in outputs and outcomes. Conversely, it has a much broader meaning than performance measures and includes the need to manage public financial information through strategic planning; the verification of performance information through performance-auditing, internal and external; and the political willingness to introduce organizational reforms and process reengineering.

Consequently, it requires the improvement of a government decision-making process, and not merely a measuring for results system. The agenda, in most countries who implemented a public financial management reform to introduce performance management justified organizational, procedural, legal, and even human resources changes. These reforms aim for expenditure discipline, limit or avoid misappropriation of public funds.

This comparative analysis of sixteen countries includes six low income countries, five middle and high income developing countries, and five OECD developed countries. It is presented using different building blocks that characterize performance budgeting and management, and the main lessons learnt in a comparative basis along the last decades. Nevertheless, this analysis does not intend to provide recipes to implement budget reforms since each country has economic, socio-cultural, historical, and political characteristics, which makes them unique and influence in different manners the public financial management reforms.

Several questions are tried to be answered to lead the reader through the analysis, in a permanent quest for answers to a very complex and vast subject such as budget performance. The main questions the study will answer are:

What are the main lessons learnt?
What are the characteristics of the budget process in each of the countries studied?
What did performance budgeting and management reforms intended to accomplish?
What are the main measures to improve performance budgeting and management?
What is the sequencing to be used to implement performance budgeting and management reforms?
What are the achievements of performance budgeting and management?
What are the limitations of performance budgeting and management?
What are the main measures required to improve performance budgeting and management?

Moreover, the methodology is based on an objective, holistic and systematic comparative tool. The approach includes a matrix that compares information from selected countries including the objectives of performance management reforms, the scope and strategies. In addition, it refers to the legal framework used by governments to pursue the reforms, which are the promoters and implementing agencies who championed them, the methodologies used including the instruments for M&E, the capacity building used in previous performance management or the ones required for future initiatives.

Scope

The study is based on analytical research of information available, and do not include direct field work in the countries. The information was analyzed with country economists responsible for public sector and governance, including other sectoral and country Bank staff. Their inputs, recommendations and suggestions were included in this final version. The study is focused only on the central government, but the analysis also covers sub-national or municipal information for performance budgeting and management, in the countries where the information is available to the public and was possible to have access to other related studies. The importance of sub-national budget reforms for performance management will required a separate and specific study.

The case studies are related to budget reforms performed, and includes the analysis of documents such as: Country Assistance Strategy (CAS), Public Expenditure Reports (PER), Country Financial Accountability Assessments (CFAA), Fiscal Transparency ROSC, PREM Notes, WBI technical assistance, in addition to surveys and questionnaires, research documents prepared by the Bank, the IMF, the OECD, the ODI and other international and bilateral cooperation agencies, universities, NGOs, Internet information, e-government, GDLN experiences, and interviews.
1. Performance Budgeting and Management Building Blocks

1.1 Issues

The performance budgeting and management principles are presented through the construction of building blocks to facilitate a comparative study between different countries, and the origin and effects these principles have on budget reform processes. These building blocks are the core elements of the lessons learnt on public financial management reforms carried out by each of the countries under analysis. They do not pretend to be an exhaustive list of building blocks but are certainly the most important and necessary ones to be considered while preparing a substantive budget and public financial reform.

2.1 Building Blocks

A. Performance Budgeting Building Blocks

a. Strategic Planning

Budgeting needs to be integrated with planning and management at all levels. Linking planned performance with budget requests and financial reports is an essential step in building a culture of performance management. Such an alignment infuses performance concerns into budgetary deliberations, prompting agencies to reassess their performance goals and strategies and to more clearly understand the cost of performance. Budget reforms should be closely coordinated and congruent with public administration management reforms. In low-income developing countries, the reforms should be also congruent with poverty reduction strategy initiatives.

b. Resource Allocation

Greater policy focus and prioritization in resource allocation, program planning and management, are necessary because bids for resources and their allocations have to be justified in terms of national and sectoral strategies. Better coherence between achievement aspirations and resources available, and greater realism in target setting, achieved, over time, contributes to render account of performance. In low-income developing countries, planning should take in consideration resource constrains. Managers should be able to identify what is to be delivered to meet those requirements in a price-based performance management environment, in contrast to earlier cost-driven, inputs focused arrangements.

c. Outcomes, Outputs and Targets

Provides a framework for better managing complexity. Aligns departmental outputs more expressly with the outcomes government specifies. Moving to a focus on outcomes involves a shift in thinking as much as in measurement. This requires managers at all levels to bear in mind that they are engaged in activities and producing outputs not for their own sake but in order to achieve outcomes in line with the mission of the program. Managers have a clearer idea of what is expected of them,
because there are clear articulated outcomes. A focus on outcomes is very important, but it is also very difficult.

Countries find it hard to see how one can connect what programs and managers do with distant and complex outcomes. For the above, outcomes receive only minimal attention.

d. Public Financial Management Arrangements and Capacity Building

Integrated financial management systems (IFMS) are required for performance management because it permits the close analysis of costs, rendering efficiency measurement and monitoring. Sector approach programs have contributed to achieve greater coherence, but they are unsustainable in the absence of fundamental reforms on public financial management systems at the central government. The IFMS encourage and contributes at the same time financial accountability and greater devolution of managerial responsibility and discretion for performance-improving solutions. Reform is about building capacity to prepare human resources to implement the changes that the new procedures and processes require. Inaccurate or misleading data are useless — or worse — for decision-making, and can even distort program activities.

e. Programs Cost Determination

Changes in inputs and results are program-based and there is a need to know the cost of the results to be achieved. Cost and performance information need to be integrated in the decision making process. There should be clarity of tasks and purposes based on a strategic plan to enable decisions to be made using program cost centers. It is important because it helps to establish the context in which performance and cost information is considered. Accurate measures of cost need be developed to make it possible to connect resources to results to know how much it costs to deliver an output. In practice, it had been very difficult to track how much it costs to delivery an output, largely because problems to allocate indirect costs.

f. Performance Measures, Quality Effectiveness and Efficiency

Managers can be assessed against agreed performance indicators derived directly from the specific outcomes and outputs for which they are accountable. Managers have greater flexibility in the disposition of the resources (inputs) used to deliver the outputs agreed with government. More effective diagnosis and treatment could be applied to cases of underperformance due to more systematic monitoring and evaluation of results. It also contributes to improve the quality of decision-making within agencies. In addition, the use of performance measures or indicators is a basic component of results-based management. It only can be predicated on the assumption that programs can and do produce meaningful, accurate, reliable and valid data about performance. Yet there is extensive evidence indicating a real danger of misrepresentation and misuse of performance measures.

g. Legal Framework

In general, there is a comprehensive legal framework in most of the countries but there is lack of compliance. In some countries there are legal restrictions for the legislative to
modify the budget proposed by governments, while in others there are not. There are no single criteria on this respect. Only in a few countries there is a legal requirement to present performance information, specifically for programs.

h. Accountability and Transparency

Performance budgeting based on outcomes, outputs and targets provides a management and accountability system based on indicators of effectiveness and performance. There should be a valid measure of costing for inputs and outputs, to make public sector organizations to be accountable for their outcomes. Thus, accountability is a paramount virtue in governance. Nevertheless, reform per se is not sufficient to ensure greater accountability; it is necessary to strengthen the institutions of governance and management. It is necessary to enhance the transparency of management decisions and activities.

B. Performance Management Building Blocks

a. Performance Results and Reports

In order to transform the traditional budget process to become more informed by performance, government authorities should: first, have to consider the availability of appropriate information on strategic direction, results, and costs, in order to make budgeting more results focused; and second, the actual use of information has to be applied to the decision making process at each stage of the budgeting cycle. One of the major factors that have led to public management reform is a concern that too often, government is preoccupied with process and with following rules, and that it is not clear what benefits are actually arising from public service expenditures and activities. Creation of a results-oriented culture throughout government is essential for actual implementation of a results-oriented approach that emphasizes the outcomes of public expenditures. The aim (of a results focus) is to change the culture of public administration from one that is rules focused to one focusing on the results that matter to citizens.

b. Program Evaluation Verification and Monitoring

Monitor and evaluation is generalized for the administration as a whole and is based on performance and results. It follows merely a qualitative approach where agencies and auditors or evaluators decide what the effects of budgetary activities have been. The weakest link in the performance management chain lies in the comparative evaluation of the information produced and its representation for the benefit of decision makers. In general the process is one of measurement without management follow-up. The weakness of performance management is mostly a consequence of weak domestic pressure for results accountability – from service users, auditors, parliament and civil society, and even from ministers. More effective diagnosis and treatment of cases of underperformance were achieved due to more systematic monitoring and evaluation of results. Monitoring and evaluation activities have been increasing at exponential rates, while management and budgeting to results are tied.
c. Political Commitment and Strategic Decision Making

Conditions that favor the implantation of a results culture and results-oriented practices include political leadership, and unified central direction of performance budgeting and management initiatives. The dispersion of responsibility between various central authorities leads to loss of direction and momentum and in the application of performance assessment information to allocation decisions. There should be a unified central driving force to lay down the procedures and practices to be followed by spending ministries and agencies, to dictate timetables and to offer rewards or apply penalties as an incentive to compliance. Results-orientation in a patronage environment requires strong political consensus, it cannot be implemented as a donor “project”. Leadership can take various forms, including: top-level support for a results-focused approach, capacity building, and effective communications. As well, proponents of results-focused management and budgeting need to lead by example.

d. Financial and Performance Audit

Audit and control are based on results achievements and performance management. It also pursues to ensure compliance with laws, management practices, and in addition program performance. Public sector reform programs need to be transparent and accountable, having permanent civil society and parliamentary control and scrutiny. Results-orientation should initially focus on ensuring that basic systems of oversight are put in place and the sanctions for non-compliance are applied. Government agencies need to be accountable, transparent and responsive to customers.

e. Communication and Coordination

Stronger motivation on the part of line managers and service providers is possible to be achieved if there is the appropriate level of consultation about target setting, clearer communication of objectives and targets to be met, and the obligation on service providers to report results. Generally, the more integration that exists among components of a managing for results system, achieved most often within the budgetary process, the better a government organization’s score. Successful managing for results systems are developed by interrelating all of a government organization’s important activities (planning, budgeting, reporting, decision-making, etc.) via a shared, coherent goal: achieving results for the customers. Performance management, including program evaluations, can have the greatest impact on final outcomes and results only when it is accepted and utilized voluntarily by line ministries themselves.

f. Incentives Measures

Government officials should have the incentive to collect and use performance information, as an input in the various stages of budget decision making process. Looking at the whole budget process enables to recognize that there are important questions to be asked regarding the availability and use of performance information that will facilitate the decision making process. The formal introduction of results-based tools for performance management is relatively easy. However, reform initiatives need to introduce formal and informal changes, supported by incentives together with real enforcement and sanction mechanisms systems. Civil service reforms focusing on personal and institutional performance are necessary for the introduction of performance management. These
reforms need to have political support, and use implicit and explicit incentives to promote these practices link with performance budgeting in a coordinated manner.

Figure 1 – Cycle and Building Blocks
2. Main Lessons Learnt from the Comparative Analysis

2.1 Issues

In recent years, there has been an easing of the detailed line-item control, with a shift from external to internal control and more focus on performance and results. This situation is complicated further by the fact that public administration and public financial management reforms in developing countries are happening, also in response to pressure from donors in the international aid community to meet certain standards.

*Performance budgeting and management principles* are a key element of this new approach. They are presented using the building blocks to facilitate a comparative study between different countries and to show the effects these principles have on budget reform processes. These building blocks are the core elements of the lessons learnt on public financial management reforms carried out by each of the countries under analysis. They do not pretend to be an exhaustive list of building blocks to be considered while preparing a substantive budget and public financial reform. Performance building blocks are divided only for analysis purposes into two main categories, performance budgeting and performance management, but in substance they are two sides of the same coin. The lessons learnt are presented in table 5 (page 26), for all the countries analyzed.

Performance budgeting building blocks includes: strategic planning, resource allocation, outcomes, outputs and targets, public financial management arrangements and capacity building, programs cost determination, performance measures, quality effectiveness and efficiency, legal framework, and accountability and transparency.

Performance management building blocks are: performance results and reports, program evaluation verification and monitoring, political commitment and strategic decision making, financial and performance audit, communication and coordination, and incentives measures.

2.2 Lessons Learnt

Developing Countries

*The main lessons learnt for developing countries* show that budgeting has been strongly characterized by the lack of systematic planning over any fixed time frames. This is due mostly to their lack of resources and more especially due to the uncertainties that surround the availability of such resources. There are several problems associated with budgeting in developing countries. While some of them are unique to specific countries, most developing countries may tend to portray such problems in one way or another. Unlike developed countries, most developing countries face severe resource constraints and these tend to directly dictate the budgeting practices. It is also extremely difficult for the governments in these countries to carry out any form of strategic planning. It is equally difficult for these governments to carry out strategic planning spanning anything more
than a few months at best. Table 1, 2 and 3 (pages 20 to 24), shows very descriptively the main characteristics of performance budgeting and management in developing countries that can be used as a comparative analysis between countries and group of countries.

**Box 1 - Existing Budget Practices in Developing Countries**

<table>
<thead>
<tr>
<th>Incremental budgeting</th>
<th>Ad-hoc budget requests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month to month budgets</td>
<td>Ad-hoc supplementary budgets</td>
</tr>
<tr>
<td>Yearly budgets but monthly disbursements</td>
<td>Excessive spending at year end</td>
</tr>
<tr>
<td>Budget padding by agencies</td>
<td>Conservative expenditures during beginning of the year</td>
</tr>
<tr>
<td>Programs and activities continue almost in perpetuity</td>
<td>Budget sessions resemble a bargaining table</td>
</tr>
<tr>
<td>Financial compliance focus</td>
<td>Unrealistic and unreliable budget targets</td>
</tr>
<tr>
<td>Input driven budgeting</td>
<td>Revenue driven expenditures</td>
</tr>
<tr>
<td>Line-item controls or objects-of-expenditure budget control</td>
<td>Cash-driven expenditures</td>
</tr>
</tbody>
</table>

Thus, for the implementation of a strategic reform agenda, it is certainly critical for a developing country to ensure that there is a clear and well thought-out path of development and associated changes in the country. Management and other reform initiatives may prove to be a failure, less than successful, or at best very expensive, if a country ignores the need to ensure the pre-requisite of a proper base and framework to build on. An integrated performance management system should address all three major types of public sector accountability. Financial accountability - compliance with financial rules and regulations - is often the focus of legislators, program managers, and auditors.

**Additionally, budget preparation in developing countries tends to over-estimate revenues and overstate capital expenditures.** During the year, there is an acute shortage of resources to cover budgeted expenditures. There is a systematic over-budgeting of recurrent and capital expenditures, both at central and local levels. These ceilings, however, are not linked to an evaluation of the success of programs in prior years, and do not reflect Government strategic planning. The budget is not binding and it allows informal management for reallocations and lacks transparency. There are inadequate central controls and no systematic monitoring of physical and financial execution. However, this does not mean that they do not plan their annual budgets – it just means that very often the approved annual budgets are not followed strictly. The development budgets of these countries are particularly vague. However, such resources constraints do not necessarily mean that developing countries cannot carry out strategic multi-year planning or budgeting as discussed later.

**In several developing countries, the strategic role of the budget is limited by the absence of multi-annual budget (MTEF)**. In terms of the government levels included in the MTEF, most countries focus exclusively on the central level. This is largely due to the centralized nature of public administration in this subset of Sub-Saharan African countries, which limits the applicability of

---


2 For more on the MTEF concept see World Bank (1998a), Asian Development Bank (1999), and Dean (1997).
MTEFs to the regional and local levels. Whether the MTEF should encompass sub-national levels, would depend on whether the appropriate level of administrative capacity exists or not. It would seem that in many African countries decentralized MTEFs would not be a feasible option at this point, except for Uganda, Ghana and Tanzania.

There are institutional factors vitiating the effectiveness of results-based budgeting. The dichotomy between budgeting and planning have resulted in institutional rivalry, creating a failure to link policy making, planning and budgeting affecting the budgeting outcomes. There is no effective link between the operational managers as service providers and the budget holders who tend to be at the head office and the regional levels. Resources flows are unpredictable. Budgets are still largely formulated on incremental basis as plans tend to be rolled over.

Box 2 –
The More Common Reasons Affecting the Budgeting Practices in Developing Countries

<table>
<thead>
<tr>
<th>Poor Management Issues</th>
<th>Poor Management Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of adequate resources</td>
<td>Lack of clear understanding of the performance budgeting principles</td>
</tr>
<tr>
<td>Lack of resources certainty</td>
<td>Lack of integration with other initiatives</td>
</tr>
<tr>
<td>Lack of a strategic long-term plan</td>
<td>Integrated performance management framework</td>
</tr>
<tr>
<td>Gap between objectives and outcomes</td>
<td>Poor or inadequate institutional infrastructure</td>
</tr>
<tr>
<td>Weak links between resource use, outputs and outcomes</td>
<td>Inadequate technical knowledge and skills on budgeting approaches and techniques</td>
</tr>
<tr>
<td>Poor linkages between performance measurement and policy making</td>
<td>Lack of sufficient human resource capacity</td>
</tr>
<tr>
<td>Neglect of evaluation and its utility for policy making</td>
<td>Lack of appropriate modern management techniques and technology</td>
</tr>
<tr>
<td>High levels of budget transfers</td>
<td>Lack of political stability</td>
</tr>
<tr>
<td>Frequent supplementary budgets</td>
<td>Inability to strategically integrate the full potential of existing resources</td>
</tr>
<tr>
<td>Lack of a complementary economic and investment climate</td>
<td></td>
</tr>
<tr>
<td>Lack of commitment and leadership from the leadership and top management</td>
<td></td>
</tr>
</tbody>
</table>
As a consequence of all the above, there is the need of proper experimentation and sufficient trial periods to assess and evaluate the outcome in pilot tests. It is often better to pilot test a new system in a select number of agencies before extending it across the board to all other agencies. For this purpose, building and developing sustainable capacities is a long endeavor, whether that involves educating individuals, establishing viable organizations or fomenting major societal changes. Nevertheless, countries tend to operate on a short-term horizon, encouraged in this direction by regular democratic elections or other political and financial imperatives.

The implementation of budget reforms shows that there are more common issues than differences characterizing low income developing countries. A common characteristic of these countries is that the ministry of finance is the champion and leader of the performance budgeting and management reforms, promoted in general with the support of the donor community. Moreover, there is limited
effectiveness and efficiency found as a result of the centralized implementation of these reforms, due also to the lack or incomplete public financial information, the top-down approach that affects user’s participation in the preparation and discussion of the budget process. Moreover, there is low accountability and transparency culture, with no performance evaluation systems in place, and no performance auditing, carried out by independent entities.

Commonly, performance information is not included in the budget document, and there is no devolved authority for budget implementation in the lower, sectoral or departmental levels. The quality of data is poor, in general, with the exception of Uganda, who has good quality data. Additionally, all countries required important investments in capacity building to improve institutional arrangements, human resources capacity by means of training and technical assistance, civil service reforms, financial management information systems and better coordination and communication systems.

**Box 3 - Developing Countries Main Budget Reforms Objectives**

<table>
<thead>
<tr>
<th>Reforms introduced in developing countries intended to:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Bring about greater certainty to the budgeting process</td>
<td>• Bring about greater linkages between the policy framework and resource use in operating agencies</td>
</tr>
<tr>
<td>• Improve the interface between the budgeting process and the overall national development efforts through better allocation of resources</td>
<td>• Bring about a culture of performance measurement among all agencies</td>
</tr>
<tr>
<td>• Bring about increased financial discipline among both the controlling agencies as well as the operating agencies in terms of fiscal control and accountability</td>
<td>• Assist policy makers at all levels to make better-informed decisions</td>
</tr>
<tr>
<td>• Bring about greater aggregate control for both central and operating agencies</td>
<td>• Improve coherence between achievement aspirations and resources available, and greater realism in target setting, achieved, over time, through experience of difficulties and the obligation to render account of performance,</td>
</tr>
<tr>
<td>• Improve policy focus and prioritization in resource allocation, program planning and management, because bids for resources and their allocations have to be justified in terms of national and sectoral strategies</td>
<td>• Reduce the incidence of supplementary budgets and ad-hoc budgetary expenditures and to improve strategic planning</td>
</tr>
<tr>
<td>• More effective diagnosis and treatment of cases of underperformance due to more systematic monitoring and evaluation of results</td>
<td>• Promote stronger motivation on the part of line managers and service providers, thanks to consultation about target setting, clearer communication of objectives and targets to be met, and the obligation on service providers to report results</td>
</tr>
</tbody>
</table>

In addition, these countries apply a full cash system for budget accounting; their budget orientation is based on the use of partial sectoral outputs, except for Bolivia which uses input-based budget. On the other hand, in Bolivia, we found they use operational performance agreements with some spending agencies but the principle is similar to MTEF. Bolivia also uses annual budgeting with marginal inputs from long term planning.

*The most relevant differences between the countries,* is that performance management is only partially incorporated into the budget decision process in Ghana, Tanzania and Uganda. Reforms are applied more at the national government levels, except for Tanzania and Uganda, where sub-national governments are required to implement performance management.
The analysis for middle and high income developing countries shows some common aspects that differentiate them from low income developing countries, but are still far from being comparable with developed countries in general. Among the few similar characteristics they share with low income countries it is necessary to mention the following: the use of full cash budget accounting systems; partial sectoral output or outcome budget orientation; a top-down approach; a limited or non-existent performance culture; insufficient effectiveness and efficiency; performance information is not generally included in the budget document; performance evaluation and performance auditing are not part of the regular public sector strategy; limitations in human resources existent capacity that make necessary to implement institutional capacity building programs; and they are more focused oriented in the national level rather than at sub-national or municipal levels of government.

However, there are also important differences that make middle and high income countries closer to the public financial management characteristics of developed countries. These differences are the following: they have good quality data; high top level support from the government; parliament interest in performance information; in the cases of Brazil, South Africa and Malaysia there are efforts to devolved authority for budget implementation to sectoral ministries, departments and agencies; all of the countries use a MTEF which may vary between 3 to 5 years; performance management is incorporated into the budget decision process in Malaysia and Singapore and only partially considered in Chile, Brazil and South Africa; and there is very good level of accountability and transparency.

Additionally, these countries show a better integration between inputs and results, with a greater focused on program-based results; a better budgeting integration with planning and management at all levels; greater policy focus and prioritization in resource allocation, program planning and management; better coherence and realism between achievement aspirations, resources availability and target setting; and a visible major focus on costs than resources in comparison with low income developing countries. Nevertheless, the reforms have not reached the desirable levels as developed countries with the exception of South Africa and Singapore who had made important improvements in most of these areas in the last decade. The rest of the countries have achieved important results but they are still partial and require further reforms, including more target setting to motivate on line managers and service providers, clearer communication of objectives and targets to be met, and the obligation to report results. Specifically, in these two areas Malaysia had improved as much as South Africa and Singapore.

In relation to performance management, it is notorious the achievements made thanks to the strong political support and the desire for more accountability these countries showed, based on their political leadership that favors results-oriented practices, and the domestic pressure for results accountability from stakeholders and shareholders pressured for results. Brazil and Chile required additional institutional and organizational reforms to improve their results framework and coherence through a more sector-oriented approach, including civil service reforms to support performance management reforms.

Regarding monitoring and evaluation, Brazil, Chile, South Africa and Malaysia have to improve the use of performance and results, include systematic results evaluation and lessons learning as part of a management for results process. Chile is the only case where it was found that an independent monitoring and evaluation process was carried out to ensure an impartial analysis.
An important characteristic of these countries is that they all have managed to have in place a good integrated financial management system to support performance management. Even though, these systems may be not completed integrated in practice, it shows the importance of having a reliable and consistent information system. On the contrary, neither of them has established an incentive system for government official to collect and use performance information.

**Performance budgeting** represents a new daily reality in these countries. Budget reforms are now coordinated and congruent with public administration management reforms, and results-oriented budgeting contributes to planning and management of service delivery. Cost calculation are present at least in South Africa, Malaysia and Singapore, where a valid measure of costing is used for inputs and outputs for outcomes accountability purposes. Additionally, cost and performance information are integrated in the decision making process.

**Developed Countries**

*Developed countries initiated their long transition to budget reforms* more than two decades ago and have achieved important results, but they are still looking to continue working on several areas, such as the use of the information to improve the decision making process; improve quality of information; improve coordination and communication between the central government and the ministries, departments or agencies; improve effectiveness and efficiency of the resources invested in the different programs; more involvement of parliament members to improve accountability and transparency. The characteristics of developed countries are presented in tables 1 and 4 (pages 21, 22 and 25). As well as with developing countries, these tables allows the reader to compare country characteristics and also between group of countries.

Nevertheless, their achievements are very impressive both in performance budgeting and performance management, with the exception of South Korea who has to undergo further reforms to be at the same level of the other developed countries. The quality of data is one of their most valuable assets; there is full recognition of the importance of full support and commitment from the top level authorities; performance is also an issue for sub-national and municipal authorities; performance information is included in the budget document; they decided to devolved authority for budget implementation to the other government levels such as ministries, departments and agencies with a high level decentralized budget; parliament is a key actor in this process, very interested in receiving and using performance information to improve the quality of decision making.

In addition, developed countries had moved totally or partially to modified cash based or modified accrual based, or full accrual based budget system, having South Korea to be the exception with a cash based system in place. Denmark, United Kingdom and Australia had experienced the full accrual based budget benefits for a MTEF approach, which has been a difficult process not always having the expected results that were foreseen. Formal and independent evaluation and performance auditing contributed to improve the reliability of the information with a direct impact on the decision making process.

South Korea, has some public financial management characteristics similar to developing countries. It uses full cash budgeting, input oriented with low accountability and transparency and no
evaluation or performance auditing arrangements. Additionally, performance management is not incorporated into the budget decision process, the country requires implementing additional institutional capacity building measures, and parliament is not one of the most enthusiastic promoters of performance information, which does not constitute a motivation for further improvement.

3. Sequencing of Performance Budgeting and Management Reforms

The success of management reform depends on: (a) the clarity of roles, responsibilities and accountability in the implementation of management reform; (b) the importance of matching decision capacity to responsibility; (c) the significance of ministerial commitment and clarity of expectations; (d) the structural innovations required at the central government level; (e) the need to analyze best practices and the not always successful attempts to introduce the reforms; (f) approaches to avoid in implementing performance management; (g) problems caused by confusion over ownership and improper assessment of organizational capability; and (h) the fact that actually doing strategic management in the public sector is hugely complicated.3

In order to help country officials, at the central government and the agency level, as well as the specialists responsible to support governments, this document presents a menu of alternative normative and procedural actions to be considered as guidelines. For this purpose, the guidelines are presented in a sequenced base-approach, using the different steps conceived for the implementation of performance budgeting and management reforms. This sequence has to be understood as a revolving process through which implementers of the reforms may choose to focus on global reforms or sectoral reforms on a trial basis to acquire experience. Once experience has been achieved in one sector the government or the agency may choose to continue the process on other sectors as well.

3.1 At the Central Government Level

STEP 1 Establish the Platform
• Define the objectives, the scope, the format, the methodology
• Find a “Champion or Leader” in the government to coordinate the process
• Achieve government support and general consensus - Foster an environment that supports and demands performance before introducing performance or outcome budgeting.
• Budget reform should be closely coordinated and congruent with public administration management reforms and poverty reduction strategy initiatives.
• Assess country institutional capacity

STEP 2 Get the Basics Right: Improve Institutional Capacity and Financial Management Systems
• Create a basic public financial information system, including a single chart of accounts
• Management by objectives (MBO), and performance budgeting – promote the connection between resources and results, consisting of establishing closer relationship between resources (inputs) and activities (outputs) or objectives (outcomes).

• Engage in strategic planning, objective setting, and performance measurement bringing performance information into the budget – to focus in results orientation.
• Ensure the adequacy of government cost-accounting and allocation systems. The lack of data on the costs of particular services made it exceedingly difficult to link resources and results.

STEP 3  Planning and Budget Process Reforms for Performance
• Performance contracts between department and agencies -
• Systematic measures of performance –
• Introduce incentives to link the use of performance management to budget guarantees based on multi-year agreements –

STEP 4  Performance Information, Incentives and Motivation for Efficiency and Effectiveness
• Achieve better outcome: Information for Performance Decision-Making
• Promote better motivation
• Create incentives to promote better and greater efficiency and effectiveness.
• Create mechanisms to ensure transparency and accountability.
• Identify and encourage “Best Practices”.
• A program assessment rating tool is a valuable tool for the central government.
• Establish a management agenda for “budget and performance integration” as an initiative, to further the use of performance information for budgeting.
• Respond to the demand from parliament and the public for information and results-accountability.
• Promote the devolution of management responsibilities to line managers at the department or ministry level.

STEP 5  Monitoring and Evaluation
• Implement performance evaluation mechanism - Ensure the existence of machinery for systematic results evaluation and lesson learning.
• Performance audits - Involve an examination of how tasks are carried out, including whether the necessary financial considerations are taken into account when administering the appropriated funds. Performance audits may focus on economy, efficiency, effectiveness and/or financial management.
• Evaluation system - Standard Grading System
• The budget may include baseline evaluations of agencies’ status against those standards. For example:
  • Integration of the budget request with the annual performance plan, including performance target outlined in the plan.
  • A requirement that programs with similar goals report common performance measures to the MoF.
  • Information indicating the unit cost of delivering various agency programs, reflecting the full cost of producing a result including overhead and indirect costs.
  • Consistency with guidelines for performance-based investments.
  • A program evaluation schedule, including the issues to be addressed and the methodology to be employed. More involvement of Congress by making more clear performance expectations and a more systematic use of performance information for oversight purposes

STEP 6 – Decision Making Process: Trigger Corrective Actions
• Integration of performance information into government decision process
• The government may set outcome targets for departments - Such targets should make it easier to convert intended effects on society into performance contracts for subordinate agencies
• Identify problem areas and modify service provision/operational practices (present in numerous examples)
• Identify root causes of problems and develop action plans to address them
• Trigger enforcement activities
3.2 At the Agency Level

STEP 1 Establish the Platform
- Define the objectives, the scope, the format, the methodology to be used at the agency
- Find a “Champion or Leader” in the agency to coordinate the process at the inside the agency and in relation with the central government. Foster an environment that supports and demands performance before introducing performance or outcome budgeting.
- Achieve government support and general consensus, specially with the Ministry of Finance
- Budget reform should be closely coordinated and congruent with public administration management reforms and poverty reduction strategy initiatives.
- Assess the agency institutional and financial management capacity

STEP 2 Get the Basics Right: Improve Institutional Capacity and Financial Management Systems
- Create a basic public financial information system, including a single chart of accounts - Operate a reliable accounting system before installing an integrated financial management system.
- Ensure the adequacy of agencies cost-accounting and allocation systems. The lack of data on the costs of particular services made it exceedingly difficult to link resources and results.
- Management by objectives (MBO), and performance budgeting – promote the connection between resources and results, consisting of establishing closer relationship between resources (inputs) and activities (outputs) or objectives (outcomes). The agency can try to implement this approach for performance purposes in parallel with other budget system required by the central government if this is the case.
- Engage in strategic planning, objective setting, and performance measurement bringing performance information into the budget – to focus in results orientation.
- Promote more emphasis on transforming organizations and less on measuring results

STEP 3 Planning and Budget Process Reforms for Performance
- Performance contracts at the inside of the agency - The Chief Executive Performance Contract (CEPC) is a one-year agreement between the permanent secretary in a department and the director general of a subordinate agency.
- The Public Service Agreements (PSAs) that underpin the targets set by spending departments represent the main innovation in public expenditure planning. A PSA is essentially an agreement between the Government and the public and it is the responsibility of the senior minister of the department to deliver the targets set in the agreement.
- Performance plan. Agency strategic plans show performance goals and indicators (quantitative, where possible) enabling the Congress and the public to gauge whether agencies have complied with the goals. Each agency submits a specific performance plan covering the major activities for which it is responsible.

STEP 4 Performance Information. Incentives, and Motivation for Efficiency and Effectiveness
- Achieve better outcome: Information for performance decision-making. Adapt Widely applicable uses of outcome information.
- Promote better motivation.
- Create incentives to promote better and greater efficiency and effectiveness.
- Create mechanisms to ensure transparency and accountability.
- Introduce incentives to link the use of performance management accordingly to budget guarantees based on multi-year agreements with the central government – Develop employee performance agreements. Link performance and pay, creating an incentive to achieve set targets.
- Systematic measures of performance – Setting targets and controls.
- Identify and encourage “Best Practices” - Use the outcome data to help identify successful (“best”) practices within the agency or on the part of grantees or regulated facilities.
- Respond to the demand from parliament and the public for information and results-accountability.
- Promote the devolution of management responsibilities to line managers inside the agency. Civil service and financial management regulations should allow line managers little leeway to spend their budgets to best effect.
• Make outcome data more useful. Assess the extent to which each is applicable, in some version, to the outcome information collected for your program. Outcome data has to be used regularly for:
  • Allocating and reallocating resources
  • Redirecting program activities
  • Justifying requests for additional resources

• Break out (disaggregate) the outcome information received by important customer and service characteristics - The resulting information can be used to identify problematic areas and allocating resources to improve the outcomes for customer groups whose outcomes lag behind other groups.

• Request reasonably frequent outcome reports (at least quarterly, for example) - This permits program personnel to spot problems earlier, pursue special studies to identify the reasons for the shortfalls, and suggest improvements.

• Seek data that are timely - Timely feedback is likely to be more useful to programs and gives the program personnel a greater sense of being able to affect outcomes.

• Present outcome data in user-friendly forms - User-friendly presentations help managers identify good or poor performance, or spot variations in performance among different client groups or geographic regions.

• Include data from previous time periods (such as the last year or two) in outcome information reports - This enables managers to see trends in outcomes over time, which helps them identify where outcomes are declining and what action may be needed.

**STEP 5  Monitoring and Evaluation**

• Implement performance evaluation mechanism - Ensure the existence of machinery for systematic results evaluation and lesson learning.

• The budget may include baseline evaluations of the agency status against those standards. For example:
  • Integration of the budget request with the annual performance plan, including performance target outlined in the plan.
  • Information indicating the unit cost of delivering various agency programs, reflecting the full cost of producing a result including overhead and indirect costs.
  • Consistency with guidelines for performance-based investments.
  • A program evaluation schedule, including the issues to be addressed and the methodology to be employed. More involvement of congress by making more clear performance expectations and a more systematic use of performance information for oversight purposes

**STEP 6  Decision Making Process: Trigger Corrective Actions**

• Cooperate in the integration of performance information into government decision process
• The government may set outcome targets for departments - Such targets should make it easier to convert intended effects on society into performance contracts for subordinate agencies
• Identify problem areas and modify service provision/operational practices (present in numerous examples)
  • Identify root causes of problems and develop action plans to address them
  • Trigger enforcement activities
  • Identify grantee technical assistance and compliance assistance needs
  • Develop training or guidelines for regulated entities
  • Identify staff training needs and provide training
  • Reduce or de-fund poor performers (grantees or contractors)
  • Require grantees to provide corrective action plans
  • Evaluate the extent to which changes in practices and policies have led to improvements in outcomes
  • Identify the need for policy or legislative changes
  • Identify underserved “client” groups
Figure 2 - Sequencing Performance Reforms

**SEQUENCING PERFORMANCE REFORMS**

- **STEP 1** – ESTABLISH THE PLATFORM: OBJECTIVES, SCOPE, FORMAT, METHODOLOGY, ETC
- **STEP 2** – GET THE BASICS RIGHT: IMPROVE INSTITUTIONAL CAPACITY AND FINANCIAL MGMT SYSTEMS
- **STEP 3** – PLANNING AND BUDGET PROCESS FOR PERFORMANCE
- **STEP 4** – PERFORMANCE INFORMATION FOR EFFICIENCY AND EFFECTIVENESS
- **STEP 5** – MONITORING AND EVALUATION
- **STEP 6** – TRIGGER CORRECTIVE ACTIONS

**ACCOUNTABILITY**

**TRANSPARENCY**

**COMMUNICATION AND COORDINATION**

**PERFORMANCE AUDIT**

**HUMAN RESOURCES CAPACITY**

**PERFORMANCE INCENTIVES**

**PUBLIC FINANCIAL INFORMATION SYSTEMS (IT)**

**PERFORMANCE INCENTIVES**

**HUMAN RESOURCES CAPACITY**

**PERFORMANCE AUDIT**

**ACCOUNTABILITY**

**TRANSPARENCY**

**COMMUNICATION AND COORDINATION**

**PUBLIC FINANCIAL INFORMATION SYSTEMS (IT)**

**PERFORMANCE INCENTIVES**

**HUMAN RESOURCES CAPACITY**

**PERFORMANCE AUDIT**

**ACCOUNTABILITY**

**TRANSPARENCY**

**COMMUNICATION AND COORDINATION**

**PUBLIC FINANCIAL INFORMATION SYSTEMS (IT)**

**PERFORMANCE INCENTIVES**

**HUMAN RESOURCES CAPACITY**

**PERFORMANCE AUDIT**

**ACCOUNTABILITY**

**TRANSPARENCY**

**COMMUNICATION AND COORDINATION**

**PUBLIC FINANCIAL INFORMATION SYSTEMS (IT)**

**PERFORMANCE INCENTIVES**

**HUMAN RESOURCES CAPACITY**

**PERFORMANCE AUDIT**
4. Conclusions

The main conclusions emerging from the study in relation with developed countries show that:

Most developed countries include non-financial performance data in their budget documentation. Developed countries have generally made more progress in implementing performance management than performance budgeting. Only a few of the developed countries, link expenditure to all or most of their outputs targets, while almost half show that is not common for politicians to use performance results in decision-making, including the United States. Very few countries have formal mechanisms in place to reward or punish individuals or agencies for reaching or failing to achieve their targets. Almost half of the countries have no rewards or sanctions related to targets, and only a few present performance related to targets that are linked to pay.

Performance results are used to set program priorities and allocate resources within agencies and ministries in almost half of countries. Creating a performance management system does not in itself improve performance, although it does provide information that can improve decision making. What counts as performance depends on the perspective. Governments should not become fixated by any single instrument for improving performance. It takes coordinated use of a number of influences to change behavior. Governments should first diagnose their specific environment, before deciding the relative weight to give to interventions in leadership, strategic planning, performance management, and performance-based budgeting, or policy evaluation. Each has different strengths and limitations and cannot be done all at once.

Some initial hopes for performance management, budgeting and reporting have been too ambitious. These methods are clearly a strong device for priority setting across government, policy alignment and cost analysis. But there is currently limited evidence that measuring outputs and outcomes is effective as a mechanism for central financing and control. Performance budgeting in the strict sense is still in relative infancy, and has so far been stronger on process than proven results.

The main conclusions related to developing countries are:

Donor-supported sector-wide programs with a results-focused have played an important role to promote the adoption by central government of medium-term budget and expenditure frameworks. Sector–level experience of budgeting and managing for results, is however, precarious and ultimately unsustainable unless integrated into performance budgeting and management at the national level. In adopting results-oriented MTEFs and program budgets ministries of finance have capitalized on the prior SWAP-supported sector strategy work, borrowing targets and indicators from sector strategies where these exist, and using their example as a template for practice in other sectors. They have imposed a common framework and common procedures through which they can, and on some cases do, exercise a necessary leadership and directing role.
The PRSP process has not been an entry point for results-oriented budgeting and performance management in most of the countries in the sample. In Bolivia, Burkina Faso, and Ghana, PRSPs were drafted after, in some cases years after, the first steps in performance budgeting were taken. In Tanzania and Uganda, precursor poverty reduction strategies grew up in parallel with new budget practice, but drawing on pre-existent sector strategies. Even in Cambodia, a latecomer, results-oriented planning and management had made strides in the education and health sectors well in advance of preparations for the recent full PRSP.

Civil service reforms focusing on personal and institutional performance have been yet another angle of attack in the introduction of performance management into several of the case study countries.

Sound budget management, financial accountability, disciplined administration and the rule of law are important for performance management to achieve efficiency, effectiveness and accountability. Budget predictability and public service accountability and recognition of performance are particularly helpful.

The case studies reveal that it is no easier in poor developing countries than in OECD countries to identify tangible benefits from performance budgeting. ‘With-and-without’ statistical analysis using control groups, or cross-country or time-series regression analysis, is made virtually impossible by the nature of the phenomenon under study. The institutional and procedural changes associated with performance budgeting are fragmentary, and occur over prolonged periods.

5. Recommendations

The most important recommendations are summarized as follow:

Developing countries have to follow a basic but fundamental rule before embarking in substantial budget reforms that otherwise could compromise the success of the endeavor. This fundamental rule is to start ensuring that there is the necessary support from all levels of government, there is an adequate control environment in place, starting from external control and auditing, continuing with internal control, the basic information is available for decision making, even if it based on a simple cash accounting system, which should be reliable and timely, and use predictable budgets with realistic revenue and expenditure data based on real cost calculations.

Getting the Basics Right

Allen Schick^4 argues that it is necessary to build a state before you can modernize it and that it is necessary to formalize public administration before introducing informal practices.


In elaborating his argument for "Getting the Basics Right," Schick states:

- Foster an environment that supports and demands performance before introducing performance or outcome budgeting.
- Control inputs before seeking to control outputs.
- Account for cash before accounting for accruals.
- Establish external controls before introducing internal control.
- Establish internal control before introducing managerial accountability.
- Operate a reliable accounting system before installing an integrated financial management system.
- Budget for work to be done before budgeting for results to be achieved.
- Enforce formal contracts in the market sector before introducing performance contracts in the public sector.
- Have effective financial auditing before moving to performance auditing.
- Adopt and implement predictable budgets before insisting that managers efficiently use the resources entrusted to them.

A precondition for successful introduction of results-oriented practice at the national level is that there should be an unified central driving force – generally a ministry of finance – which lays down the procedures and practices to be followed by spending ministries and agencies, dictates timetables – in general in step with the annual budget calendar – and is in a position to offer rewards or apply penalties as an incentive to compliance.

Budget reform should be closely coordinated and congruent with public administration management reforms and poverty reduction strategy initiatives. Alongside central commitment there is a need for political commitment within the government to the achievement of results and the delivery of pro-poor services. This is all the more important because of the relative weakness of voices in parliament and civil society demanding accountability and results.

There should be a champion in the government to function as the central driver of the process who should be in charge, at the apex level, not only of planning and budgeting for results, but also of monitoring, evaluation and results management.

Box 4 - Requirements to Improve Public Expenditure Management towards Performance Budgeting and Management

---

5 PUBLIC EXPENDITURE MANAGEMENT HANDBOOK. Malcolm Holmes, PRMPS. 1998 The International Bank for Reconstruction and Development/ THE WORLD BANK
The improvements in Public Expenditure Management (PEM) require:

- A greater focus on performance - the results achieved with expenditure. This has the potential to engage all stakeholders in pursuit of budgetary and financial management reform.

- Adequate links between policy making, planning and budgeting. This is essential to sustainable improvements in all dimensions of budgetary outcomes.

- Well-functioning accounting and financial management systems. These are among the basics that underpin governmental capacity to allocate and use resources efficiently and effectively.

- Attention to the links between budgeting and financial management systems and other service-wide systems and processes of government - for decision making, for organizing government, for personnel management. A well-performing public sector requires that all component parts work well and, where appropriate, together.

- Political commitment. This clearly is important, but commitment does not occur in a vacuum. In many respects, political will is a function of the quality of the advice provided to politicians and the base of support for reform.

- Advocates of reform have to confront the reality that political interests are often served by non-transparent, non-accountable systems for resource allocation and use. Involving all relevant stakeholders by focusing on performance at all three levels of budgetary outcomes (aggregate fiscal discipline, prioritization and technical efficiency) is essential to changing the incentives of politicians. This also means that "big bang" reforms are less likely to succeed: the time frame for budgetary reform is not the short term, but the medium to long term.

- Simplicity/comprehensiveness. This relates to keeping it simple. This is almost certainly true of reform efforts, but they must be based on comprehensive analysis. It is also true that reforming budgetary and financial management systems without paying attention to the other service-wide systems, processes and structures of government is likely to produce little change.

- Country implementation capacity. An often heard refrain is to match reforms with implementation capacity. Building systems and processes that both encourage and demand performance will, in turn, unleash human and organizational capacity.

To introduce management for results is an evolutionary process; there should be well-functioning and sustainable systems of performance management and accountability in place.

First, ensure the existence of machinery for systematic results evaluation and lesson learning. Countries should evolve their own management systems and solutions – learning from good practice elsewhere, but not necessarily copying it, but above all learning from their own experience. In all systems, however, some basic elements should feature:

- Specific, measurable, attainable, relevant and time-bound targets based on clear and consistent strategies supported by
- Predictable funding arrangements, and effective and reliable monitoring, and
- Evaluation of programs filtering and interpreting information from indicators, and providing feedback into pro-active performance planning and management.

Second, respond to the demand from parliament and the public for information and results-accountability. Where it exists, as in OECD countries, it can be a powerful source of pressure on governments to ‘deliver’ and to demonstrate that they are delivering results. In the countries studies the reports universally note weaknesses of performance audit and parliamentary scrutiny of ministries’ and agencies’ achievements. It turns out, however, that, though desirable, this is not a necessary condition provided that there is professionalism and commitment to achievement within public administration.
Third, promote the devolution of management responsibilities to line managers. Civil service and financial management regulations should allow line managers little leeway to spend their budgets to best effect. Staffing, remuneration and complementing decisions are taken centrally, and program managers have little discretion between line items in budgets, even for services and supplies, without reference to higher authority. This has not prevented managers from improving their performance because many of them have been operating well within their efficiency frontiers.

Fourth, the introduction of integrated financial management systems is of great assistance in performance management because it permits the close analysis of costs by program, subprogram and location, rendering efficiency measurement and monitoring significantly easier and more accurate. By encouraging financial accountability it will in due course also permit greater devolution of managerial discretion in the quest for performance-improving solutions.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BOLIVIA (BO)</td>
<td>1</td>
<td>FULL CASH</td>
<td>INPUTS</td>
<td>ANNUAL</td>
<td>LOW</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>GHANA (GH)</td>
<td>1</td>
<td>FULL CASH</td>
<td>PARTIAL SECTORAL OUTPUT/OITCOME</td>
<td>MTEF (3 years)</td>
<td>LOW</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>PARTIALLY</td>
</tr>
<tr>
<td>BURKINA FASO (BF)</td>
<td>1</td>
<td>FULL CASH</td>
<td>PARTIAL SECTORAL OUTPUT/OITCOME</td>
<td>MTEF (3 years)</td>
<td>LOW</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>CAMBODIA (KH)</td>
<td>1</td>
<td>FULL CASH</td>
<td>PARTIAL SECTORAL OUTPUT/OITCOME</td>
<td>MTEF (3 years)</td>
<td>LOW</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>TANZANIA (TZ)</td>
<td>1</td>
<td>FULL CASH</td>
<td>PARTIAL SECTORAL OUTPUT/OITCOME</td>
<td>MTEF (3 years)</td>
<td>LOW</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>PARTIALLY</td>
</tr>
<tr>
<td>UGANDA (UG)</td>
<td>1</td>
<td>FULL CASH</td>
<td>PARTIAL SECTORAL OUTPUT/OITCOME</td>
<td>MTEF (3 years)</td>
<td>LOW</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>PARTIALLY</td>
</tr>
<tr>
<td>CHILE (CL)</td>
<td>2</td>
<td>FULL CASH</td>
<td>PARTIAL SECTORAL OUTPUT/OITCOME</td>
<td>MTEF (3 years)</td>
<td>GOOD</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>PARTIALLY</td>
</tr>
<tr>
<td>BRAZIL (BR)</td>
<td>2</td>
<td>FULL CASH</td>
<td>PARTIAL SECTORAL OUTPUT/OITCOME</td>
<td>MTEF (4 years)</td>
<td>GOOD</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>PARTIALLY</td>
</tr>
<tr>
<td>SOUTH AFRICA (ZA)</td>
<td>2</td>
<td>FULL CASH</td>
<td>PARTIAL SECTORAL OUTPUT/OITCOME</td>
<td>MTEF (3 years)</td>
<td>GOOD</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>PARTIALLY</td>
</tr>
<tr>
<td>MALAYSIA (MY)</td>
<td>2</td>
<td>FULL CASH</td>
<td>PARTIAL SECTORAL OUTPUT/OITCOME</td>
<td>MTEF (3 years)</td>
<td>GOOD</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>SINGAPORE (SG)</td>
<td>2</td>
<td>FULL CASH</td>
<td>PARTIAL SECTORAL OUTPUT/OITCOME</td>
<td>MTEF (5 years)</td>
<td>GOOD</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>USA (US)</td>
<td>3</td>
<td>CASH BASIS EXCEPT FOR CERTAIN TRANSACTIONS</td>
<td>OUTPUTS</td>
<td>MTEF (3 years)</td>
<td>HIGH</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>DENMARK (DK)</td>
<td>3</td>
<td>FULL ACCRUAL</td>
<td>PERFORMANCE CONTRACTS/OUTPUTS</td>
<td>MTEF (4 years)</td>
<td>PERFORMANCE CONTRACTS</td>
<td>HIGH</td>
<td>YES</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>UNITED KINGDOM (UK)</td>
<td>3</td>
<td>FULL ACCRUAL</td>
<td>OUTPUTS</td>
<td>MTEF (3 years)</td>
<td>HIGH</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>AUSTRALIA (AU)</td>
<td>3</td>
<td>FULL ACCRUAL</td>
<td>OUTPUTS</td>
<td>MTEF (3 years)</td>
<td>HIGH</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>SOUTH KOREA (KR)</td>
<td>3</td>
<td>FULL CASH</td>
<td>INPUTS</td>
<td>MTEF (5 years)</td>
<td>LOW</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>QUALITY OF DATA</td>
<td>BUDGETING AND PERFORMANCE CHARACTERISTICS</td>
<td>TOP LEVEL SUPPORT</td>
<td>GOVERNMENT LEVELS WHERE IMPLEMENTED</td>
<td>PERFORMANCE INFORMATION INCLUDED IN THE BUDGET DOCUMENT</td>
<td>DEVOLVED AUTHORITY FOR BUDGET IMPLEMENTATION</td>
<td>PARLIAMENT INTEREST IN PERFORMANCE INFORMATION</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>------------------------------------------</td>
<td>-------------------</td>
<td>-------------------------------------</td>
<td>------------------------------------------------------</td>
<td>---------------------------------------------</td>
<td>-----------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GROUP 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BOLIVIA (BO)</td>
<td>POOR</td>
<td>YES</td>
<td>PARTIAL</td>
<td>NATIONAL</td>
<td>NO</td>
<td>NO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GHANA (GH)</td>
<td>POOR</td>
<td>YES</td>
<td>PARTIAL</td>
<td>NATIONAL</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAMBODIA (KH)</td>
<td>POOR</td>
<td>YES</td>
<td>PARTIAL</td>
<td>NATIONAL</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TANZANIA (TZ)</td>
<td>POOR</td>
<td>YES</td>
<td>PARTIAL</td>
<td>NATIONAL AND SUBNATIONAL</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UGANDA (UG)</td>
<td>GOOD</td>
<td>YES</td>
<td>PARTIAL</td>
<td>NATIONAL AND SUBNATIONAL</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GROUP 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHILE (CL)</td>
<td>GOOD</td>
<td>YES</td>
<td>HIGH</td>
<td>NATIONAL</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BRAZIL (BR)</td>
<td>GOOD</td>
<td>YES</td>
<td>HIGH</td>
<td>NATIONAL</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOUTH AFRICA (ZA)</td>
<td>GOOD</td>
<td>YES</td>
<td>HIGH</td>
<td>NATIONAL</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MALAYSIA (MY)</td>
<td>GOOD</td>
<td>YES</td>
<td>HIGH</td>
<td>NATIONAL</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SINGAPORE (SG)</td>
<td>GOOD</td>
<td>YES</td>
<td>HIGH</td>
<td>NATIONAL</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GROUP 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA (US)</td>
<td>VERY GOOD</td>
<td>NO</td>
<td>HIGH</td>
<td>NATIONAL AND SUBNATIONAL</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DENMARK (DK)</td>
<td>VERY GOOD</td>
<td>NO</td>
<td>HIGH</td>
<td>NATIONAL AND SUBNATIONAL</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNITED KINGDOM (UK)</td>
<td>VERY GOOD</td>
<td>NO</td>
<td>HIGH</td>
<td>NATIONAL AND SUBNATIONAL</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUSTRALIA (AU)</td>
<td>VERY GOOD</td>
<td>NO</td>
<td>HIGH</td>
<td>NATIONAL AND SUBNATIONAL</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOUTH KOREA (KR)</td>
<td>ACCEPTABLE</td>
<td>YES</td>
<td>HIGH</td>
<td>NATIONAL</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>-----------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>-------------------------</td>
<td>------------------</td>
<td>---------------------</td>
<td>------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Bolivia</td>
<td>Performance Budgeting</td>
<td>Ministry of Finance</td>
<td>Donor Community</td>
<td>Annual approach</td>
<td>Centralized</td>
<td>Limited</td>
<td>Non existent</td>
<td>Limited</td>
<td>Poor</td>
</tr>
<tr>
<td>Ghana</td>
<td>Performance Budgeting</td>
<td>Ministry of Finance</td>
<td>Donor community</td>
<td>Multi-annual approach (3 years)</td>
<td>Centralized</td>
<td>Limited</td>
<td>Program-based</td>
<td>Limited</td>
<td>Poor</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>Performance Budgeting</td>
<td>Ministry of Finance</td>
<td>Donor community</td>
<td>Multi-annual approach (3 years)</td>
<td>Centralized</td>
<td>Limited</td>
<td>Program-based</td>
<td>Limited</td>
<td>Poor</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Performance Budgeting</td>
<td>Ministry of Finance</td>
<td>Donor community</td>
<td>Multi-annual approach (3 years)</td>
<td>Centralized</td>
<td>Limited</td>
<td>Program-based</td>
<td>Limited</td>
<td>Poor</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Performance Budgeting</td>
<td>Ministry of Finance</td>
<td>Donor community</td>
<td>Multi-annual approach (3 years)</td>
<td>Centralized</td>
<td>Limited</td>
<td>Program-based</td>
<td>Limited</td>
<td>Poor</td>
</tr>
<tr>
<td>Uganda</td>
<td>Performance Budgeting</td>
<td>Ministry of Finance</td>
<td>Donor community</td>
<td>Multi-annual approach (3 years)</td>
<td>Centralized</td>
<td>Limited</td>
<td>Program-based</td>
<td>Limited</td>
<td>Poor</td>
</tr>
<tr>
<td>Country</td>
<td>Performance Budgeting</td>
<td>Champion</td>
<td>Main Force Behind Performance Management</td>
<td>Main Characteristics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>----------------------</td>
<td>---------</td>
<td>-----------------------------------------</td>
<td>----------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chile</td>
<td>Performance Budgeting</td>
<td>Ministry of Finance</td>
<td>Budget Directorate</td>
<td>Annual approach with MTEF 3 year projection, Centralized, Not program-based, Comprehensive legal framework but lack of compliance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>Performance Budgeting</td>
<td>Ministry of Planning, Budget and Management</td>
<td>Ministry of Planning, Budget and Management</td>
<td>No MTEF approach, Multi-year Plan (4 years), Centralized, Program-based, Good level of transparency, Incomplete PFM information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>Performance Budgeting</td>
<td>Ministry of Finance</td>
<td>Donor community</td>
<td>Multi-annual approach (4 years), Centralized, Program-based, Good level of transparency, Incomplete PFM information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>Performance Budgeting</td>
<td>Ministry of Economy and Finance</td>
<td>Donor community</td>
<td>Multi-annual approach (3 years), Centralized (partial decentralized focus to provincial districts), Program-based, Good level of transparency, Successful implementation in pilot sectors (Health and Education) in alignment with the National Poverty Reduction Strategy (NPRS), Incomplete PFM information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>Performance Budgeting</td>
<td>Ministry of Finance</td>
<td>Donor community</td>
<td>Multi-annual approach (5 years), Centralized, Program-based, Good level of transparency, Good PFM information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 3- Group 2 - Comparative Analysis of Budget Systems Characteristics**

**Performance Management**
- **Political Support:** Limited
- **Performance Culture:** Non existent
- **Effectiveness and Efficiency:** Limited
- **Existing Capacity:** Poor
- **Accountability:** Low

**Chile**
- **Champion:** Ministry of Finance
- **Main Force Behind Performance Management:** Budget Directorate
- **Main Characteristics:**
  - Annual approach with MTEF 3 year projection
  - Centralized
  - Not program-based
  - High level of transparency
  - Comprehensive legal framework but lack of compliance

**Brazil**
- **Champion:** Ministry of Planning, Budget and Management
- **Main Force Behind Performance Management:** Ministry of Planning, Budget and Management
- **Main Characteristics:**
  - No MTEF approach
  - Multi-year Plan (4 years)
  - Centralized
  - Program-based
  - Good level of transparency
  - Incomplete PFM information

**South Africa**
- **Champion:** Ministry of Finance
- **Main Force Behind Performance Management:** Donor community
- **Main Characteristics:**
  - Multi-annual approach (4 years)
  - Centralized
  - Program-based
  - Good level of transparency
  - Incomplete PFM information

**Malaysia**
- **Champion:** Ministry of Economy and Finance
- **Main Force Behind Performance Management:** Donor community
- **Main Characteristics:**
  - Multi-annual approach (3 years)
  - Centralized (partial decentralized focus to provincial districts)
  - Program-based
  - Good level of transparency
  - Successful implementation in pilot sectors (Health and Education) in alignment with the National Poverty Reduction Strategy (NPRS)
  - Incomplete PFM information

**Singapore**
- **Champion:** Ministry of Finance
- **Main Force Behind Performance Management:** Donor community
- **Main Characteristics:**
  - Multi-annual approach (5 years)
  - Centralized
  - Program-based
  - Good level of transparency
  - Good PFM information
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>Office of Management and Budget (OMB). The Executive Branch, in general, at all governmental levels and their budget offices</td>
<td>President and Congress Governors and Majors</td>
<td>MTEF Approach (3 years) Decentralized Program-based High level of transparency Complete PFM information Comprehensive legal framework but lack of compliance</td>
<td>Performance Management</td>
<td>Political Support: High</td>
<td>Performance Culture: Increasingly adopted at all levels Effectiveness and Efficiency: Improved Existing Capacity: Very good Accountability: High</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Chancellor of the Exchequer (Ministry of Finance)</td>
<td>Prime Minister and Parliament</td>
<td>MTEF Approach (3 years) Decentralized Program-based High level of transparency Complete PFM information Comprehensive legal framework</td>
<td>Performance Management</td>
<td>Political Support: High</td>
<td>Performance Culture: Increasingly adopted at all levels Effectiveness and Efficiency: Improved Existing Capacity: Very good Accountability: High</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>Department of Finance and Administration</td>
<td>Parliament</td>
<td>MTEF Approach (3 years) Decentralized Program-based High level of transparency Complete PFM information Comprehensive legal framework</td>
<td>Performance Management</td>
<td>Political Support: High</td>
<td>Performance Culture: Increasingly adopted at all levels Effectiveness and Efficiency: Improved Existing Capacity: Very good Accountability: High</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Korea</td>
<td>Ministry of Planning and Budget Ministry of Finance and Economy</td>
<td>Executive</td>
<td>MTEF Approach (5 years) Centralized Program-based Low level of transparency Complete PFM information Comprehensive legal framework</td>
<td>Performance Management</td>
<td>Political Support: High</td>
<td>Performance Culture: Increasingly adopted at all levels Effectiveness and Efficiency: Improved Existing Capacity: Very good but needs some improvements Accountability: Low</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LESSONS LEARNT</td>
<td>Group 1</td>
<td>Group 2</td>
<td>Group 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>------------------</td>
<td>------------------</td>
<td>------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Integration Between Performance Budgeting and Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Better integration between inputs and results</td>
<td>N</td>
<td>N</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Changes in inputs and results are program-based</td>
<td>N</td>
<td>P</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Budgeting is integrated with planning and management at all levels</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Major focus on costs than resources</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Audit and control are based on results achievements and performance management</td>
<td>N</td>
<td>P</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Greater policy focus and prioritization in resource allocation, program planning and management</td>
<td>P</td>
<td>P</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Better coherence and realism between achievement aspirations, resources available, and target setting</td>
<td>P</td>
<td>P</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Target setting contributes to generate stronger motivation on line managers and service providers</td>
<td>N</td>
<td>P</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Clearer communication of objectives and targets to be met, and the obligation to report results</td>
<td>N</td>
<td>P</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Performance Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Political Support and Accountability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Political leadership favors results-oriented practices</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Domestic pressure for results accountability from stakeholders and shareholders pressured for results</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Institutional and Organizational Reforms</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. A clear results framework is in place</td>
<td>N</td>
<td>P</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Results-oriented reforms have a unified central direction (President Office, MoF, MFEPD, OMB, etc. - central government champion)</td>
<td>N</td>
<td>N</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Sector approach programs have contributed to achieve greater coherence</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Civil service reforms were introduce to support performance management reforms</td>
<td>N</td>
<td>N</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Public sector reform programs had permanent civil society and parliamentary control and scrutiny</td>
<td>N</td>
<td>N</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Monitoring and Evaluation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Monitor and evaluation is based on performance and results.</td>
<td>N</td>
<td>N</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. An independent monitoring, performance audit and evaluation is in place to ensure impartial analysis</td>
<td>N</td>
<td>N</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### LESSONS LEARNT

<table>
<thead>
<tr>
<th>19. Systematic results evaluation and lesson learning are part of a management for results process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Y</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>20. Spending agencies and central ministries have strong program evaluation, analysis and planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Y</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>21. Targets are focused on outputs and outcomes and integrated with the budget process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Y</td>
</tr>
</tbody>
</table>

### Financial Management Information Systems

<table>
<thead>
<tr>
<th>22. Integrated financial management systems (IFMS) are in place to support performance management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>P</td>
</tr>
</tbody>
</table>

### Incentives

<table>
<thead>
<tr>
<th>23. Government officials have the incentives to collect and use performance information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

### PERFORMANCE BUDGETING

<table>
<thead>
<tr>
<th>24. Budget reforms are closely coordinated and congruent with public administration management reforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>25. Results-oriented budgeting contributes to planning and management of service delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

### Cost Calculation

<table>
<thead>
<tr>
<th>26. A valid measure of costing is used for inputs and outputs for outcomes accountability purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>27. Cost and performance information are integrated in the decision making process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>
Bibliography


Jones, L.R. and Donald F. Kettl, Assessing public management reform in an international context.


OECD (1997a), The changing role of the central budget office, GD (97) 109, Paris, PUMA/OECD.

OECD (1997b), In search of results: performance management practices, Paris, PUMA/OECD.


Wildavsky, A. (1979), Speaking truth to power: the art and craft of policy analysis, Boston, Little, Brown and Co.