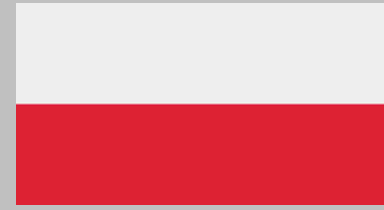




T.R.

MINISTRY OF FINANCE



PERFORMANCE BASED BUDGETING in TURKEY

ERTAN ERÜZ

HEAD of DEPARTMENT

GENERAL DIRECTORATE of BUDGET and FISCAL CONTROL

8 November 2007 Warsaw-POLAND



- The legal basis of performance based budgeting
- Main features of our approach
- Pilot implementations
- Challenges

- Adopted in December 2003
- Entered into force as a whole at the beginning of 2006
- Covers all public administrations within the scope of general government.
- Changed the whole public financial management and control system
- Stipulates transition to medium term expenditure system.
- Basis for the strategic planning and performance based budgeting.

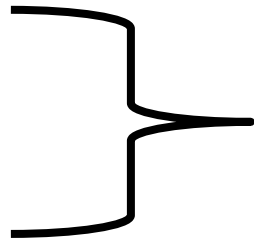
- **Government Level**
 - Medium Term Program (3 years-rolling)
 - Medium Term Fiscal Plan (3 years-rolling)
 - Public Investment Program
- **Administration Level**
 - Strategic Plan (5 years rolling)
 - Performance Program (3 years –rolling)
 - Multi Year Budget (3 years- rolling)

PBB Main Features

- Strategic Plan
- Performance Program
- Accountability Report



- We consider performance based budgeting in a large scope
 - Budgeting
 - Monitoring
 - Evaluation



**Performance based
budgeting**

PBB Process

- Government Policy
- Development Plan
- Medium Term Program
- Medium Term Fiscal Plan

Administration strategic plan

Identification of priority strategic goals and objectives

Identification of performance objectives

Identification of Activity/Projects

Identification of required resource

Identification of performance indicators

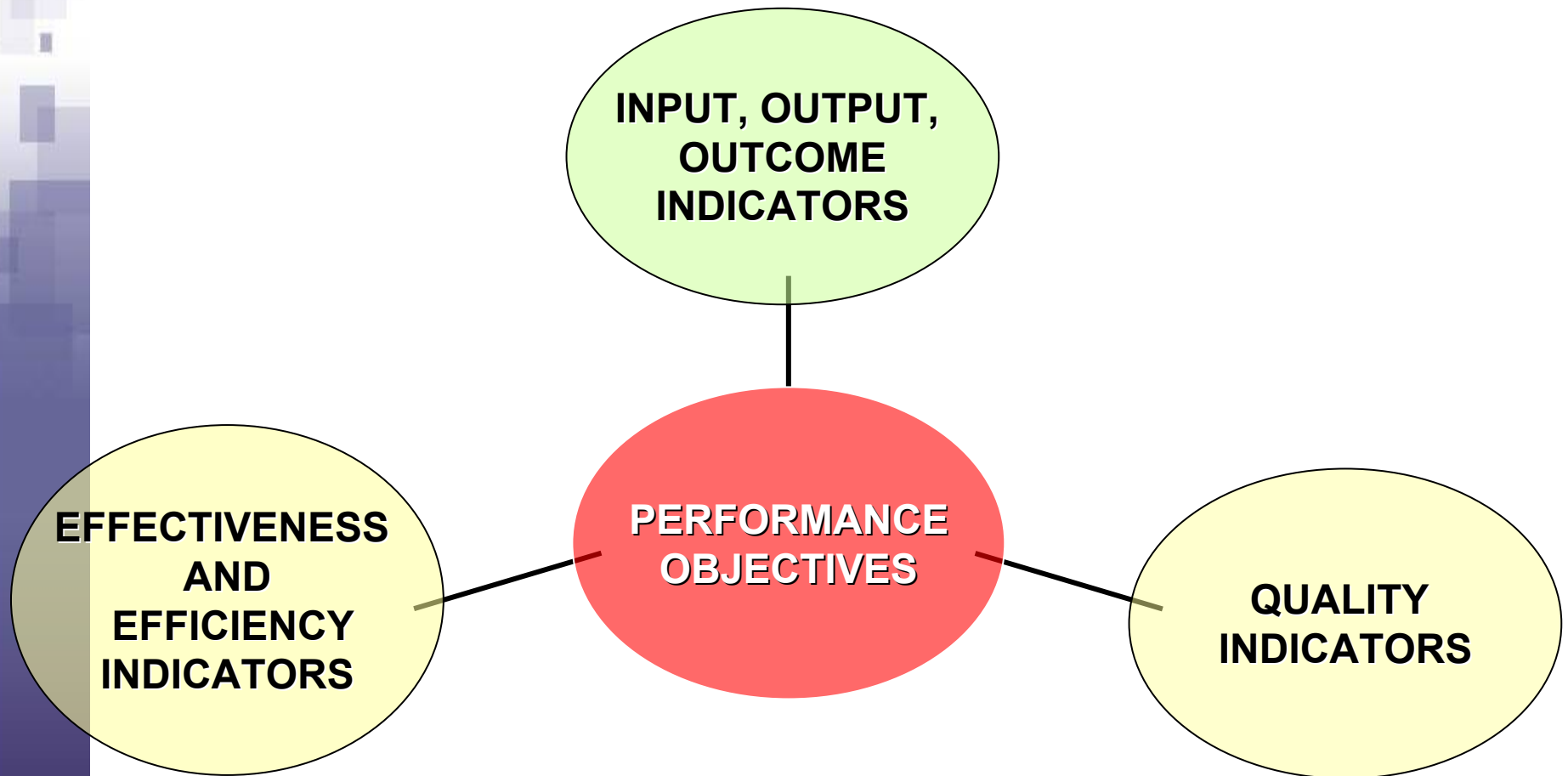
Performance evaluation and audit

Administration accountability report

Administration Budget

Administration performance program

Types of Indicators



**SYSTEMATIC COLLECTION OF
INFORMATION**

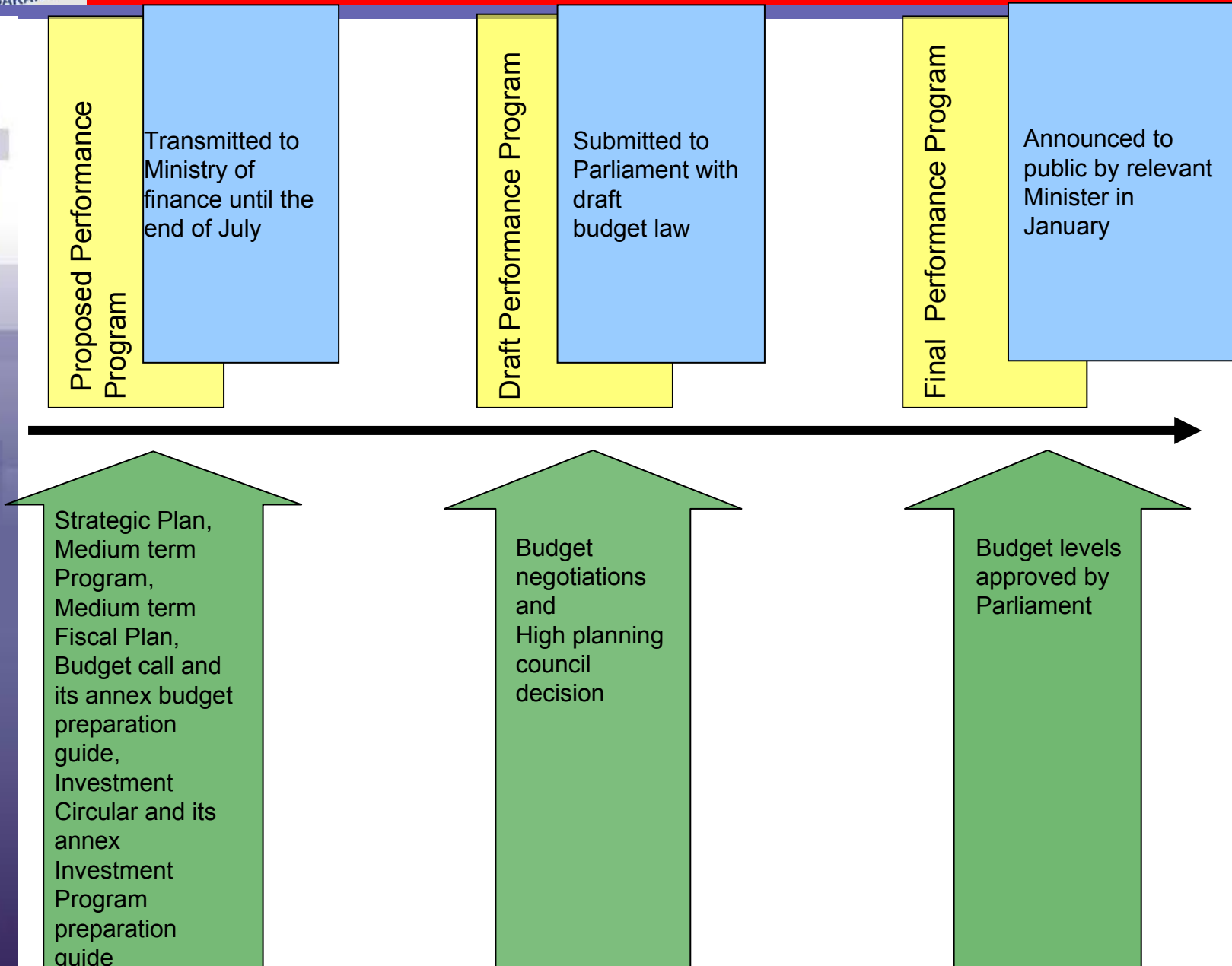
ANALYSIS

REPORTING

EVALUATION

- Prepared by public administrations for one year period
- Not changable within the year
- Establishes the linkage between the budget and the performance
- Includes information about the public administrations (Like employment policy, resources etc.)

Performance Program in Budget Process



Accountability Reports

| ADMINISTRATION | TYPE OF REPORT | WHERE TO SUBMIT |
|---|---|---|
| Public administrations within the scope of central government Social Security Institutions | Accountability Report | Ministry of Finance Court of Accounts Public |
| Local Administrations | Accountability Report | Ministry of Interior Court of Accounts Public |
| Ministry of Interior | Local Administrations Evaluation Report | Ministry of Finance Court of Accounts Public |
| Ministry of Finance | General Accountability Report | Court of Accounts Public |

- ***We had pilot implementations in 7 public administrations***
 - **There were 7 pilot public administrations which have been chosen for strategic planning and performance based budgeting.**
 - **According to strategic planning regulations *all public administrations will prepare their first strategic plans until January-2009.***
 - ***All public administrations will prepare their performance programs parallel to their strategic planning calendar.***

Pilot Implementations

| Public Admin. | Strategic Plan | Strategic Goal | Strategic Objectives | Performance Program | Performance Objectives | Performance Indicators |
|----------------------|-----------------------|-----------------------|-----------------------------|----------------------------|-------------------------------|-------------------------------|
| HSSGM | 2005-2009 | 5 | 11 | 2007 | 9 | 72 |
| HÜ | 2007-2011 | 7 | 52 | 2007 | 36 | 181 |
| KGM | 2006-2010 | 5 | 14 | 2007 | 85 | 194 |
| TÜİK | 2007-2011 | 9 | 121 | 2007 | 174 | 527 |
| KBB | 2007-2011 | 19 | 40 | 2007 | 79 | 454 |
| DiÖ | 2006-2010 | 18 | 97 | 2007 | 61 | 86 |

Challenges

- *Lack of ownership*
- *Difficulty of establishing performance culture throughout government*
- *Lack of information systems to obtain reliable data to use for performance evaluation*
- *The disadvantage of regulating PBB a part of a comprehensive financial management reform*
- Necessity of qualified personnel
- No incentive mechanisms
- Accordance with budgetary process
- Too many indicators, weak objectives.

THANK YOU

For further information:

eeruz@bumko.gov.tr

www.bumko.gov.tr