



Glossary of Key Terms for completing

the 2023 OECD Performance Budgeting Survey

SECTION I: Context

Performance budgeting: The systematic use of performance information to inform discussions and decisions around the budget. The purposes of performance budgeting are to instil greater transparency and accountability throughout the budget process, by providing information to legislators and the public on the purposes of spending and the results achieved.

Programme budgeting: The classification of individual budget items on a programme basis, by grouping funding for government activities in relation to specific government objectives.

SECTION II: Tools and methods

Budget Circular: A document/memorandum issued by the finance ministry (or equivalent) to direct line ministries/agencies in the preparations of their budget proposals/budget estimates. A budget circular may contain information or guidance on across-the-board expenditure cuts, medium-term or annual expenditure ceilings, etc.

Outcomes: Outcomes describe the impacts of a given policy/programme/sub-programme on society and citizens and refer to visible changes in circumstances or behaviours over time. Examples of outcomes: improved food security, improved literacy rates of pupils or improved social diversity.

Performance indicators: Performance indicators refer to a metric aimed to measure the progress towards achieving performance objectives of a given policy/programme/sub-programme.

Performance information: An umbrella term that refers to performance objectives, targets and indicators which provide information on the intended and actual achievements of the government and is used to inform decisions.

Performance objectives: Performance objectives (or goals) refer to the results or benefits that a government policy/programme/sub-programme is aiming to achieve. Objectives are usually linked to overarching government priorities and their implementation is measured by performance indicators. It is generally assumed that objectives are *specific, measurable, achievable, relevant, and time-bound* (SMART).

Performance targets: Performance targets refer to the intended results to be achieved over a certain time period, against which actual results can be compared.

SMART: SMART stands for Specific, Measurable, Achievable, Relevant and Time-bound.

SECTION III: Accountability and transparency

Independent Fiscal Institution (IFI): A publicly funded, independent body under the statutory authority of the executive or the legislature which provides non-partisan oversight and analysis of, and in some cases advice on, fiscal policy and performance. This may take the form of a fiscal council or independent parliamentary budget office. IFIs generally have a forward-looking ex-ante diagnostic task (in contrast to public audit institutions, which perform an equally indispensable ex-post task).

Spending reviews: Tools for systematically analysing the government's existing expenditure. They are clearly linked to the budget process. The purposes of a spending review include: (1) Enabling the government to manage the aggregate level of expenditure; (2) Aligning expenditure according to the priorities of the government; (3) Improving effectiveness within programmes and policies.

Supreme Audit Institution (SAI): A public body which, however designated, constituted or organised, exercises by virtue of law, the highest public auditing function of that State.

Year-end performance report: A separate report which provides information on the performance of government policies/programmes/sub-programmes and may include a comparison of performance targets and actual results achieved.

SECTION IV: Enabling environment

Information technology (IT): In the context of performance budgeting, this refers to automated systems for collecting and reporting on financial and performance data.

SECTION V: Use of performance budgeting to inform decisions

Budget documentation: Refers to the executive's budget proposal (or draft budget), which is a comprehensive document (or set of documents) that specifies the government's budget allocations and plans for the forthcoming year and is submitted by the government to parliament for approval.

Multi-annual budget planning: Spending plans that translate the government's priorities into financial terms over several years. They set out spending over a certain period (usually 3-5 years), as well as expenditure ceilings (top-down expenditure ceilings).