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Linking Funds to Results? A Comparative Study of the Implementation of Performance Budgeting in Local Government

ABSTRACT

This article seeks to understand local government trajectories of reform through international comparison by contributing to the debate on the implementation of performance budgets as a new instrument of strategic control, steering, accountability and learning.¹ The extent to which performance information is incorporated in the budget is assessed in local governments of six European countries. Based on desk-research and an extensive analysis of budgets, positioning maps including seven variables try to capture variations in performance budgeting. The analysis is framed by the idea of an integrated four-dimensional financial management framework and the framework of reform of the performance budgeting system (Mussari et al, 2015). Results indicate that orientation, quality and quantity of performance information in the budgets vary to a large extent within good practice European local governments. Performance structures and the span of performance differs, performance indicators are far from always effect or output related and future- and past-related performance information is not always available. Possible explanations involve the varying degrees of reform implementation, experience with performance budgeting systems and prevailing institutional arrangements. Nevertheless, also similarities are found in the cases that have implemented performance budgeting: the fact that performance objectives are almost always closer to effects and outputs than are the underlying performance indicators suggests similar learning trajectories when incorporating performance information in the budget.

Keywords: Performance Budgeting, Local Government, Performance Information, Flanders, The Netherlands, Germany, Italy, Slovakia, Lithuania

¹ The article is a result of LocRef (COST Action IS 1207).