

BRIDGING THE GAP BETWEEN PERFORMANCE INFORMATION AND BUDGETARY DECISION-MAKING: CROSS-COUNTRY EVIDENCE

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Abstract

This paper examines why the performance information that governments produce so rarely shapes budget decisions and what bridges the gap. Drawing on OECD studies, public financial management (PEFA) assessments, executive surveys, legislator interviews and evidence from the United States federal budget, it shows that the gap is widespread but uneven, begins with thin coverage of the information itself, and persists because use is selective, political and weakly embedded in budget routines. The paper identifies three testable bridging channels, the credibility and coverage of performance information, the incentives and capacity of budget actors, and the integration of evidence into the budget cycle, and proposes how to test them on cross-country data.

Keywords

performance budgeting, performance information use, budgetary decision-making, public financial management, spending reviews, cross-country evidence.

INTRODUCTION

Performance budgeting has been widely adopted by OECD countries [OECD 2019], and a 2016 OECD survey found that about two-thirds of the 26 reporting countries require it [T.Currstine, D.Brown 2018]. In practice, the commonly used form is performance-informed budgeting, in which performance information sits in the budget documents alongside financial information, while no OECD country identifies itself as using the direct approach, in which allocations are linked to results [OECD 2024].

Producing information, however, is not the same as using it, and the first weak link is the information itself. The 2022 PEFA global report analyses 80 countries that applied the 2016 framework at the national level: only four of them (5%) evaluated service delivery for at least 75% of ministries over three fiscal years, and such evaluation is among the three weakest areas of public financial management [PEFA 2022].

Where information exists, its use is limited and uneven. In a survey of more than 3,100 senior executives in six European countries, use of performance information differed significantly between countries, was lower in France and Germany and in central government ministries, and depended more on organizational factors than on managers' socio-demographic characteristics [G.Hammerschmid et al. 2013: 261]. Legislators show a similar pattern. Interviews with members of the Estonian parliament's finance committee found that they made limited use of formal documents containing performance information and relied mostly on informal networks, citing long documents, a short budget calendar and little power to change the budget [R.Raudla 2012: 1000].

Here theory and observed facts diverge. A rational-allocation view expects budgets to follow results, yet budgeting is also a political process [A.Wildavsky 1964]. One test comes from the United States. Across 234 programs in the FY2004 budget, a one-standard-deviation higher Program Assessment Rating Tool (PART) score was associated with a 2.7–4.0% larger proposed budget in simple models, but the effect shrank once political factors were included, and scores were positively related to proposed budgets only for programs in traditionally Democratic departments [J.Gilmour, D.Lewis 2006a: 742].

Research on why public organizations use performance information has been reviewed systematically [A.Kroll 2015: 459], and comparative work on five OECD countries separates three dimensions of performance budgeting: performance

information and monitoring, evaluation, and spending review [T.Shaw 2016: 65]. The aim of this study is to identify the channels through which performance information reaches budget decisions along these dimensions, to substantiate their expected effect across countries, and to develop an analytical framework for testing them. The study synthesizes survey, administrative and case evidence and reports no new primary data.

First, the gap is widespread but not uniform, and it begins with the information itself. Only 5% of the 80 PEFA countries evaluated service delivery at scale [PEFA 2022], and use in the executive survey varies significantly by country [G.Hammerschmid et al. 2013: 261]. Because both sources apply common instruments across countries, this variation points to institutional context rather than to a universal failure of public managers.

Second, use is selective and political, not only technical. In the US data, the effect of performance scores on proposed budgets is conditional on political context [J.Gilmour, D.Lewis 2006a: 742]; in Estonia, legislators rely mostly on informal networks rather than performance documents, and more experienced politicians are less interested in performance information than novices [R.Raudla 2012: 1000]; and managers respond to poor performance more readily than budgets do [T.Curristine, D.Brown 2018]. Information therefore reaches budget decisions only where someone has both the incentive and the capacity to use it.

Third, the gap can be tested through three channels. The first is the credibility and coverage of performance information: in the FY2005 PART data, the results component influenced budget decisions less than the program-purpose component, which the authors suggest may reflect a lack of good outcome measures [J.Gilmour, D.Lewis 2006b: 169]. The second is the incentives and capacity of budget actors: organizational factors matter more than managers' characteristics, and implementing performance management instruments has a strong effect on use [G.Hammerschmid et al. 2013: 261].

The third is integration into the budget cycle: comparative work separates monitoring, evaluation and spending review [T.Shaw 2016: 65], and Estonian legislators point to short timetables and limited power to amend the budget [R.Raudla 2012: 1000].

Fourth, the design evidence points to informing budgets rather than determining them. No OECD country identifies itself as using direct performance budgeting [OECD 2024], and Schick argues that its ambitious goals explain why performance budgeting has rarely succeeded and keeps returning under new names [A.Schick 2014: 49]. The budget-allocation evidence comes mainly from the US federal budget for FY2004–FY2005, so we advance a hypothesis: bridging depends less on how many indicators governments produce than on whether credible evidence, from evaluation and spending review, reaches budget actors who have the incentive and the time to act on it.

CONCLUSION

In conclusion, we believe that the aim was achieved at the conceptual level. The evidence supports treating the gap between performance information and budgetary decisions as a product of thin information, selective political demand and weak integration into budget routines, not only of missing indicators: it varies across countries, is not explained by data availability alone, and is shaped by the incentives of budget actors. The three channels give the study a testable structure.

Two implications follow. For practice, we believe that governments should strengthen evaluation and spending-review capacity and credible outcome measures before expanding indicator sets. Sequencing matters most for systems still building their framework: the 2024 PEFA assessment of Uzbekistan notes that some ministries have performance indicators, but these are not yet substantively linked to the budget processes [PEFA 2024]. For research, the next step is to test the three channels on cross-country data, for example by combining PEFA scores on performance information for service delivery (PI-8) and legislative scrutiny of budgets (PI-18) with executive-survey

measures of use. Until then, the bridging hypothesis remains a hypothesis, not a finding.

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