



Valsts kanceleja

NACIONĀLAIS  
ATTĪSTĪBAS  
PLĀNS 2020



EIROPAS SAVIENĪBA  
Eiropas Sociālais  
fonds

IEGULDĪJUMS TAVĀ NĀKOTNĒ



## ***“Case study of Netherlands – performance management and indicators”***

*Performance budgeting and using of key  
performance indicators in the  
Netherlands*

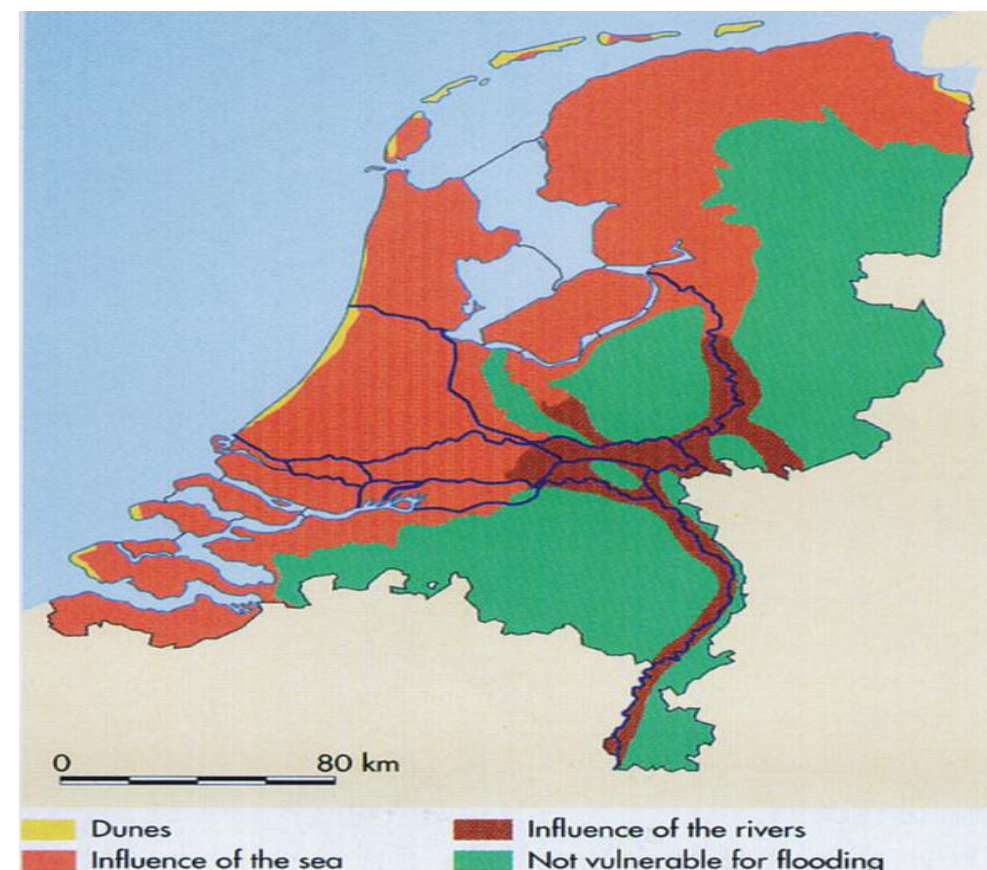
*Riga, 6 October 2017*

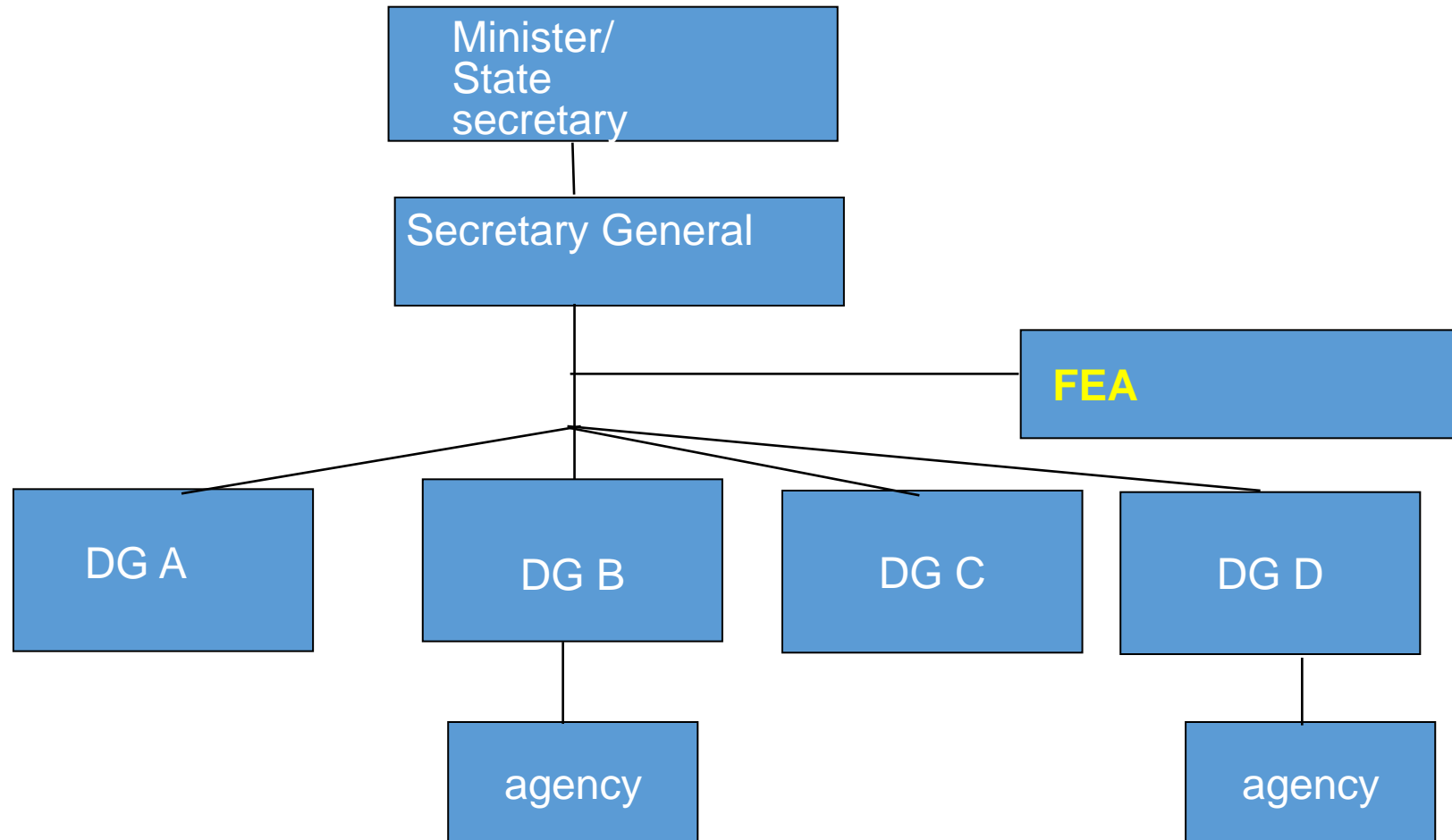
*Wim Kooij*



## The Netherlands – some basic facts

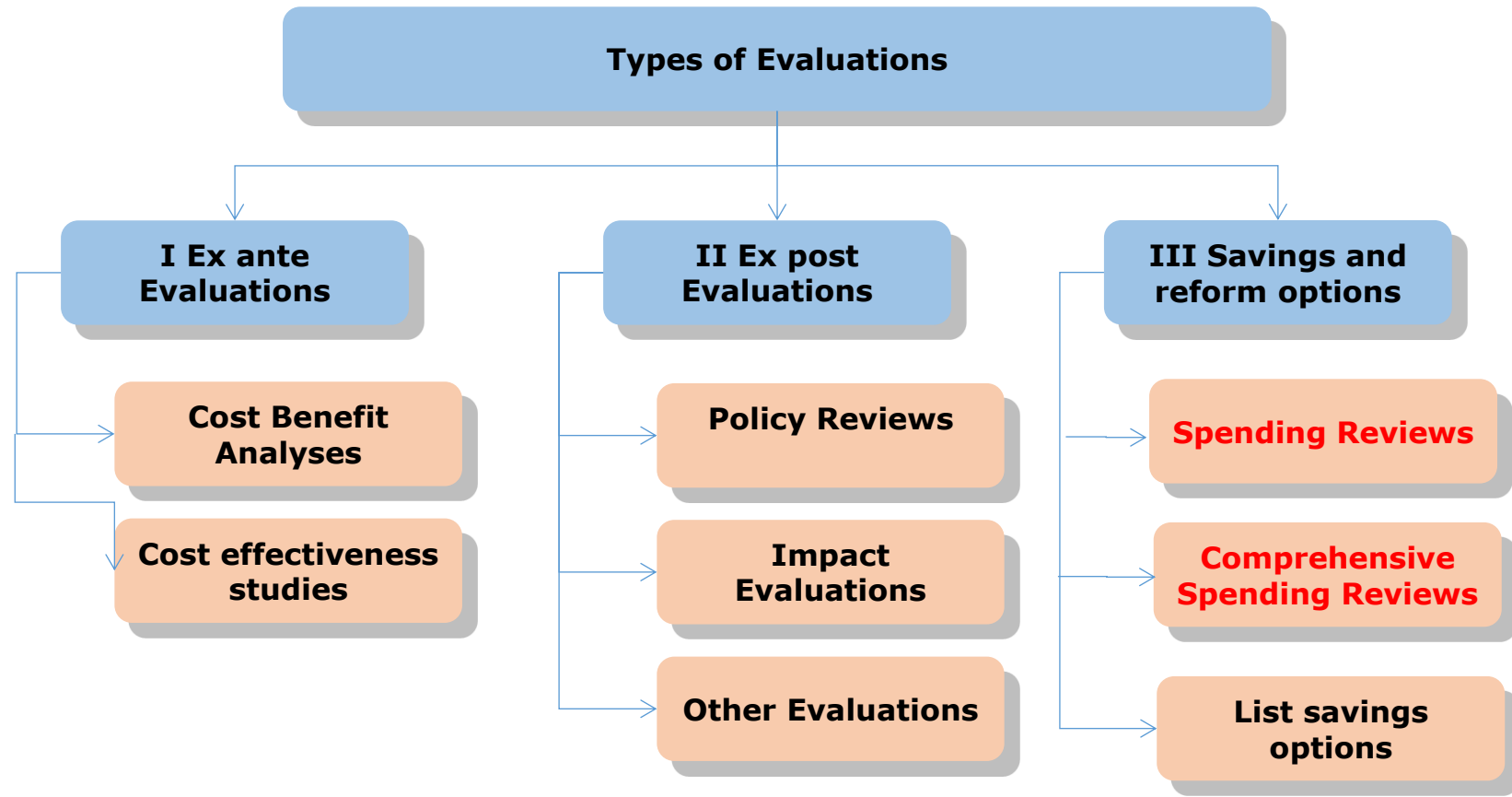
	total	Flood prone
Surface area	42.000 km <sup>2</sup>	55%
(Sandy) Coastline	450 km	100%
People	16,8 million	65%
GNP	550 billion €	60%

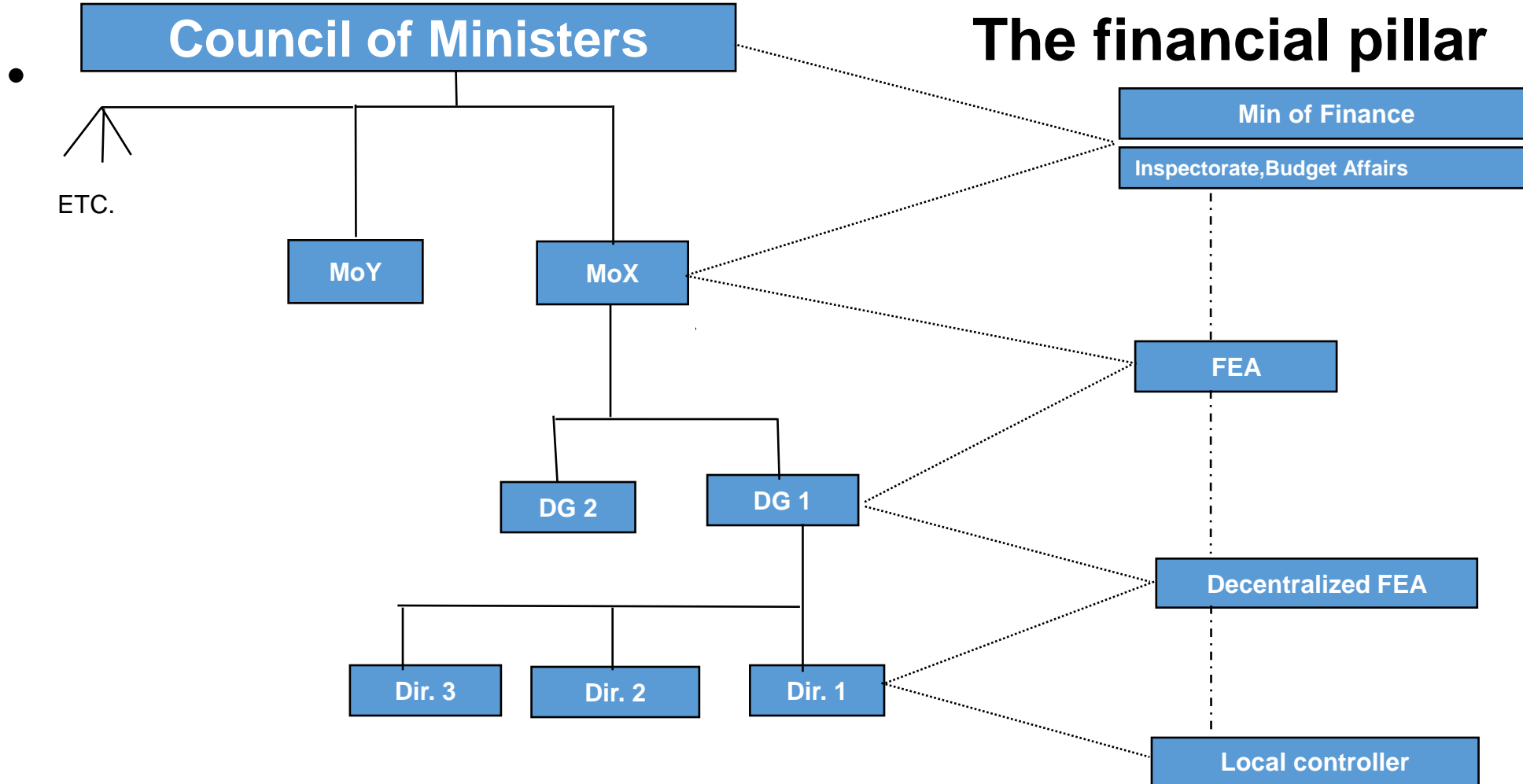


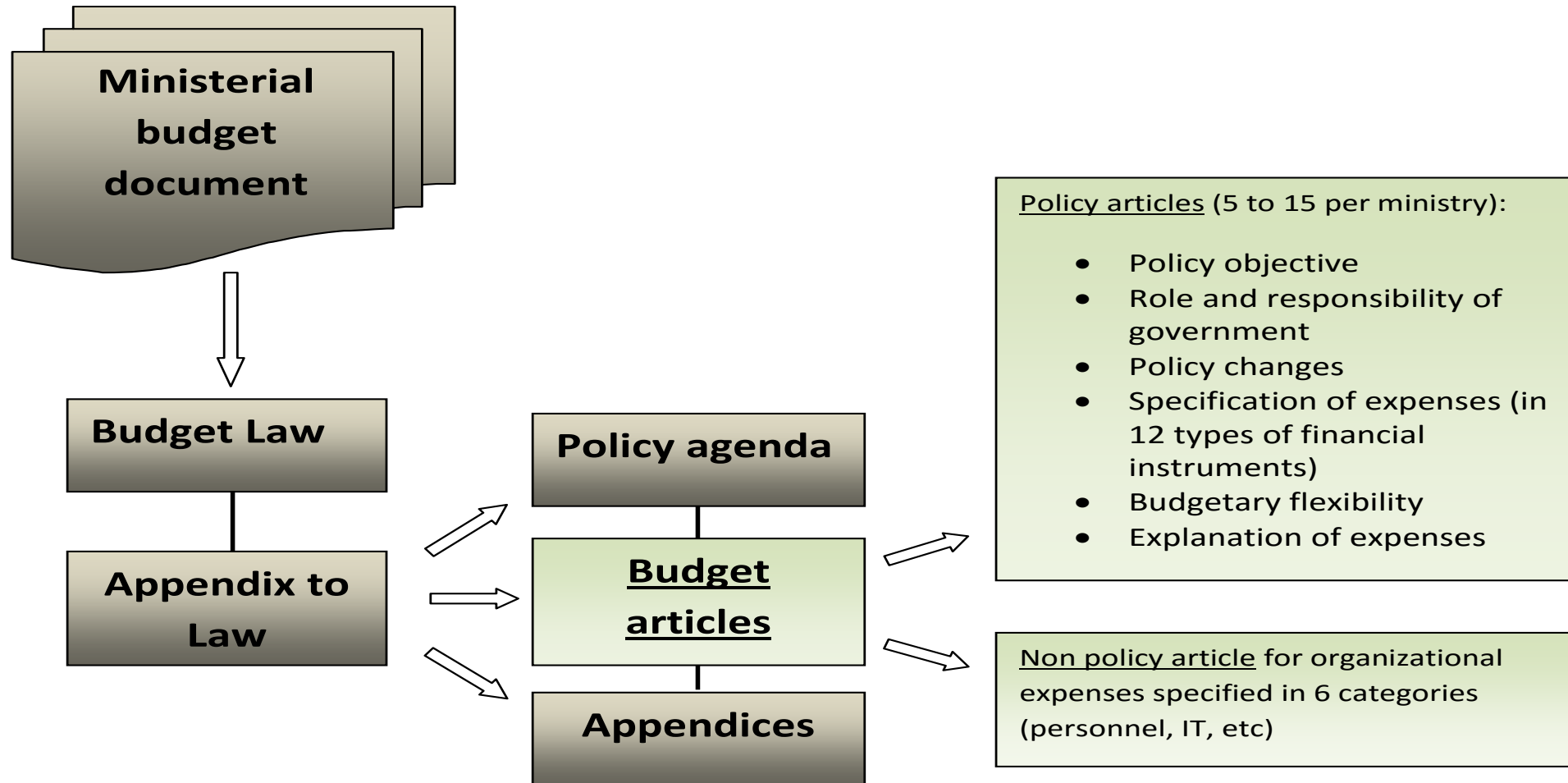




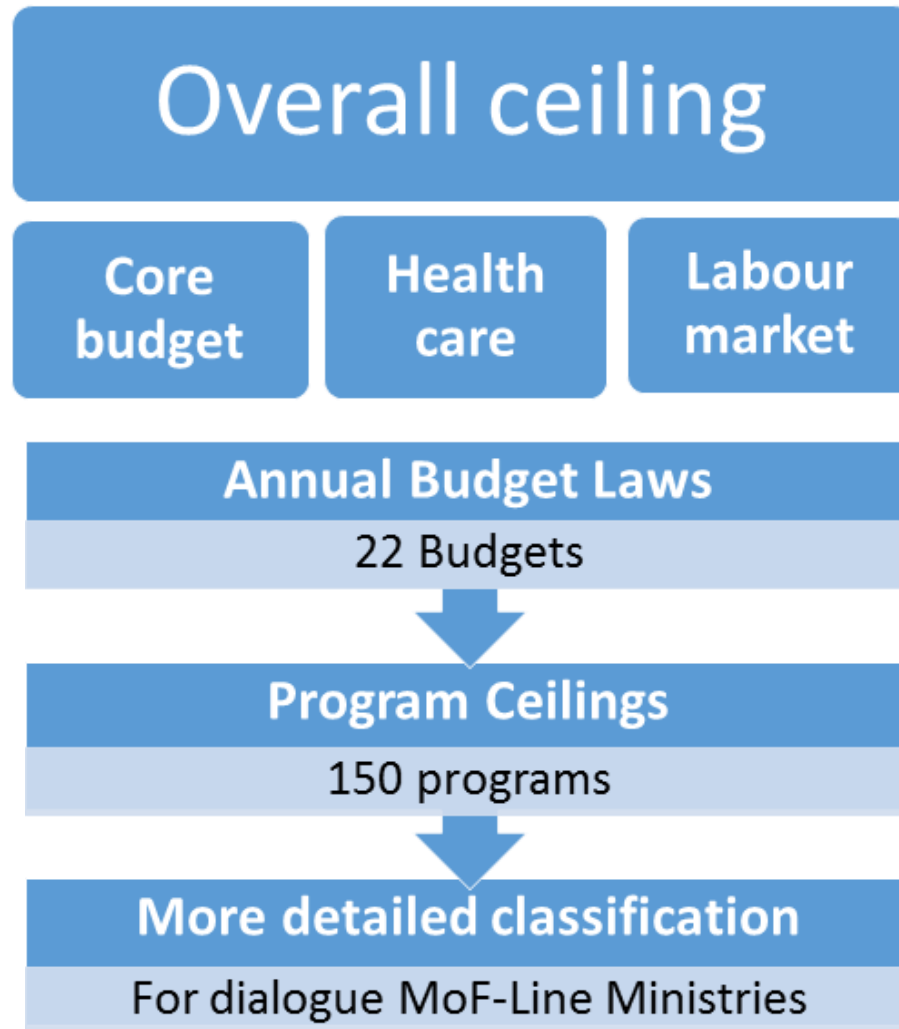
# Arsenal of Evaluation Tools







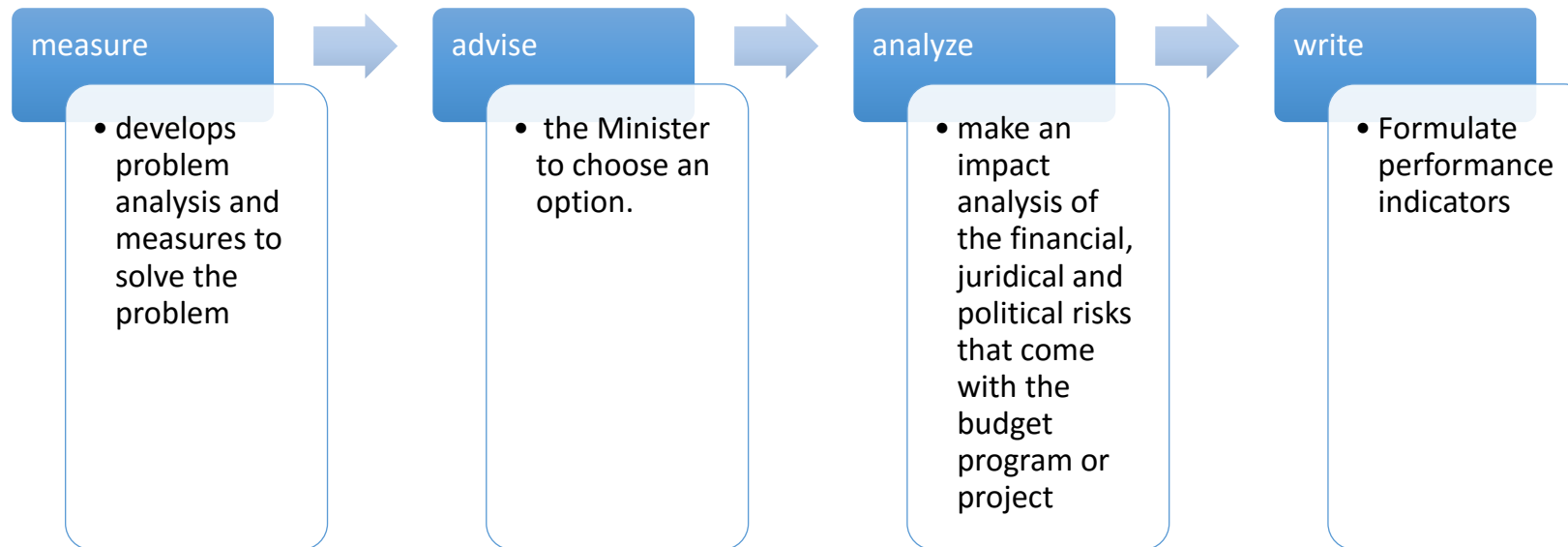
# Budgets and expenditure ceilings



- ▶ Ceilings for 3 sectors fixed for 4 years in absolute terms
- ▶ Setbacks have to be compensated within the ceiling of the sector where the setback surpasses (budget rules)
- ▶ In the annual budget preparation reallocation may occur down from the level of budget laws
- ▶ Parliament annually authorizes the program ceilings through budget laws
- ▶ Reallocation requests to MoF and parliament during budget

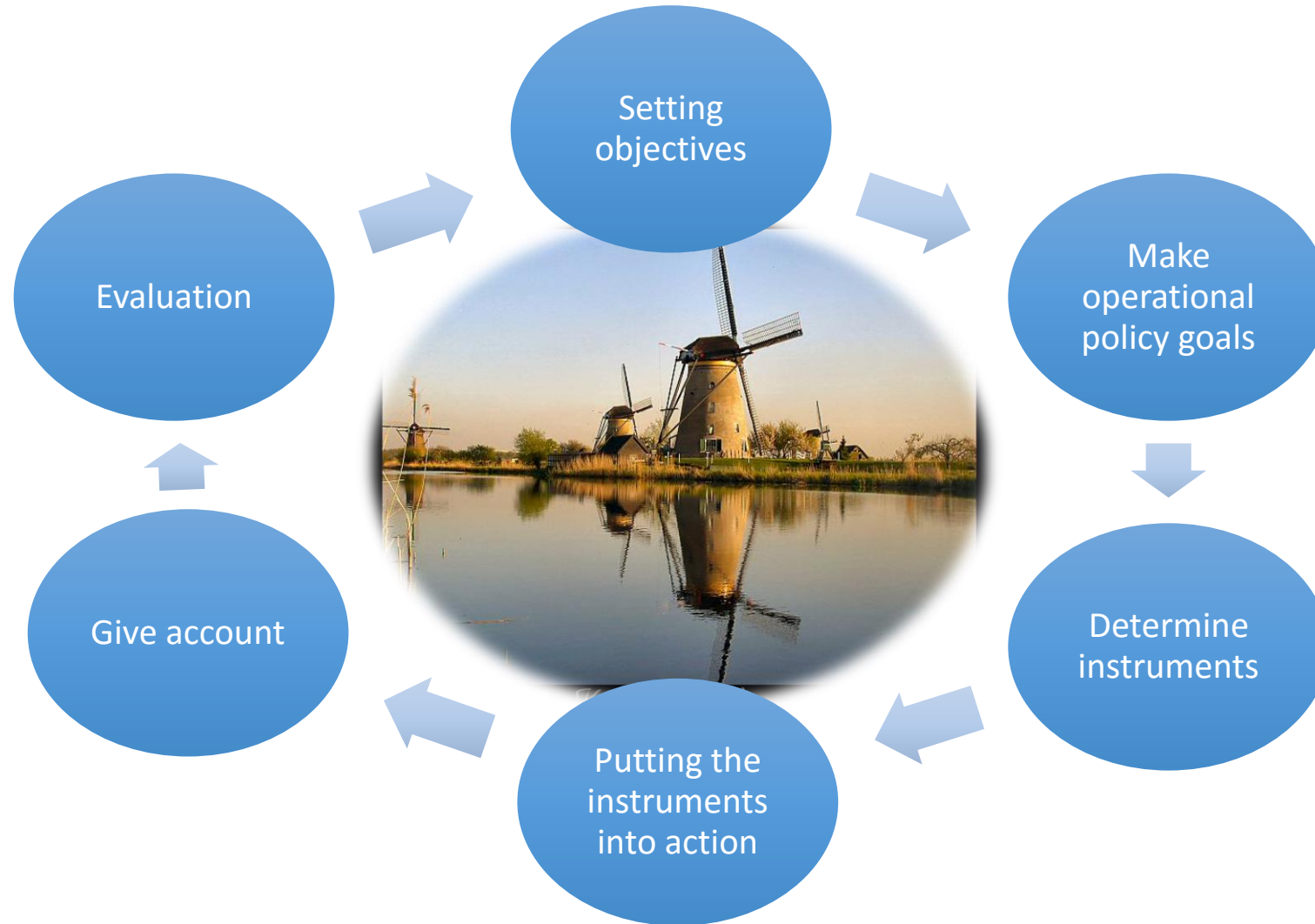


# Policy directorate line ministry

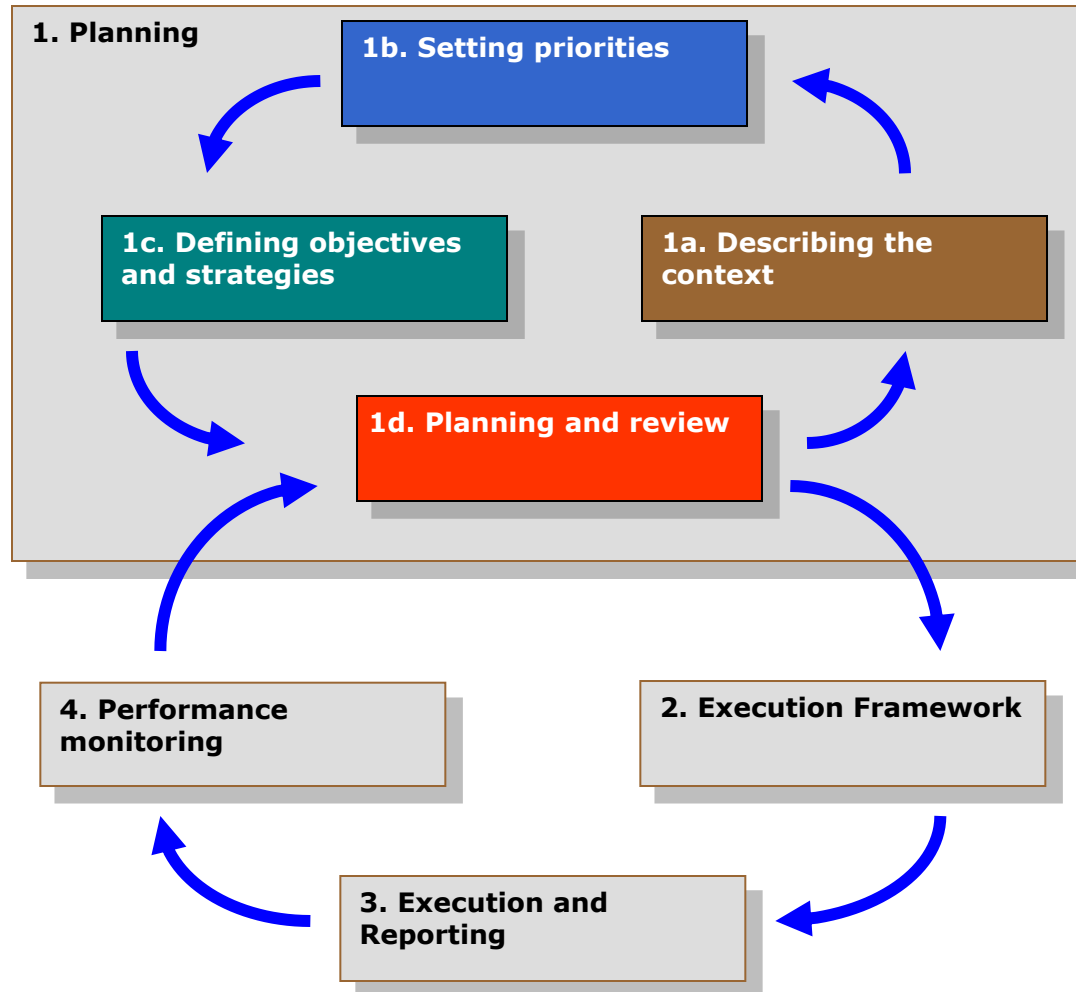




# Policy cycle

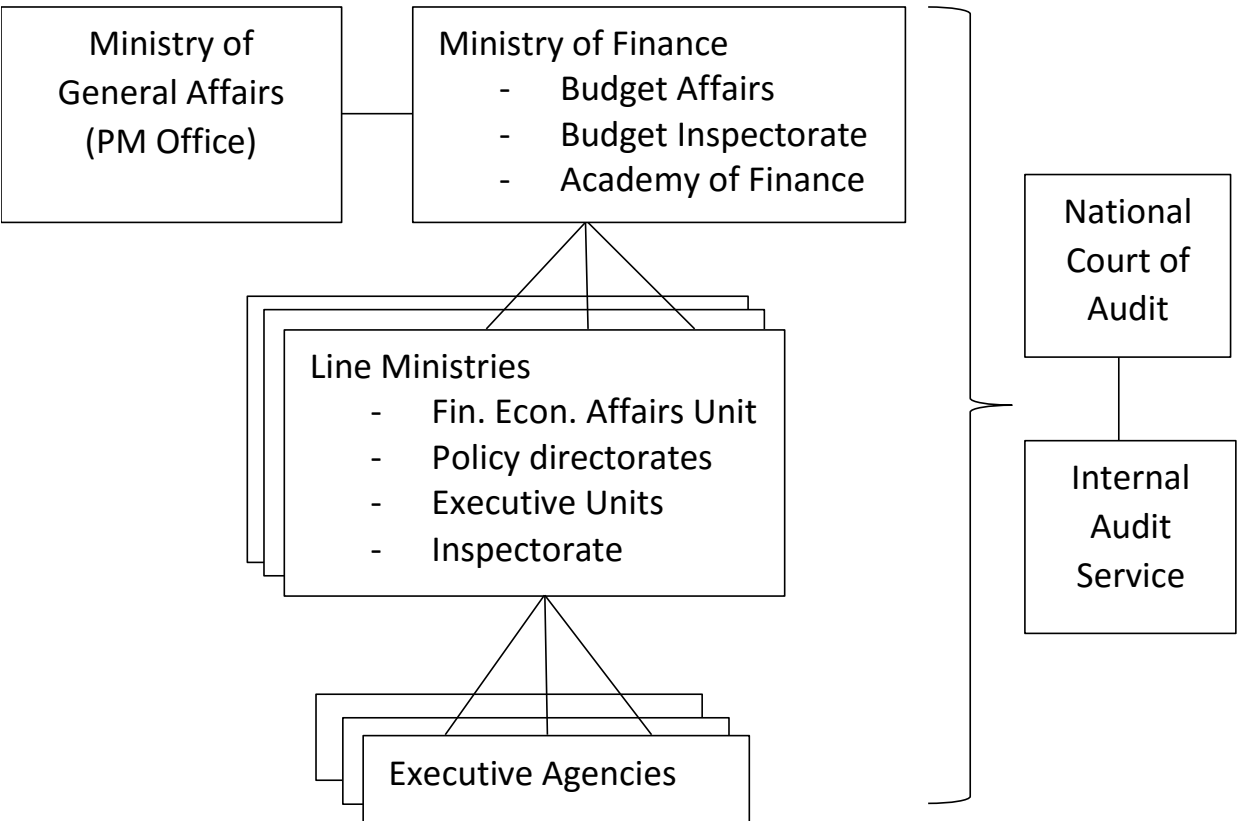


# Supervision Cycle





# Major players Dutch Civil Service in performance and budget dialogue





## Reasons to use indicators

*Steering:* Information to control the way of working.

*Budgeting:* Providing assistance in allocating funds.

*Accountability:* present stakeholders overview of achieved Results.

*Motivating:* Creating willingness to improve performance.

*Learning:* Find out what does (not) work within an organization.

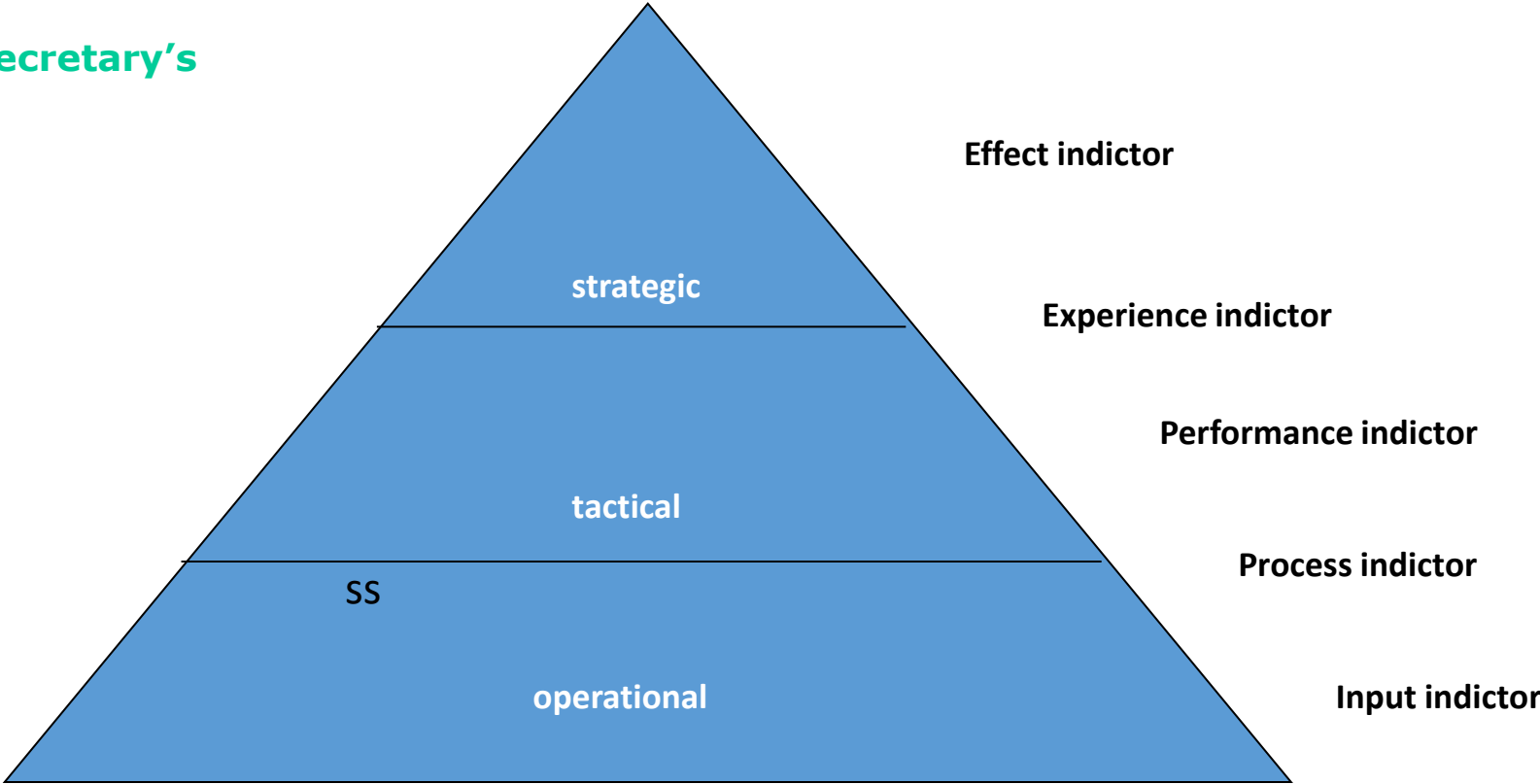


# Indicators and target group

**Board of Deputy Secretary's  
& minister**

**Board of  
Directors**

**Operational  
level**





## Types of indicators increasing youth employment

*Goal:* better position for individuals in the labor market

*Instrument:* offering dedicated courses to target group

*Input indicator:* hours spent during a course

*Output indicator:* courses given/ people participated?

*Outcome indicator:* percentage of people that found a job within a year

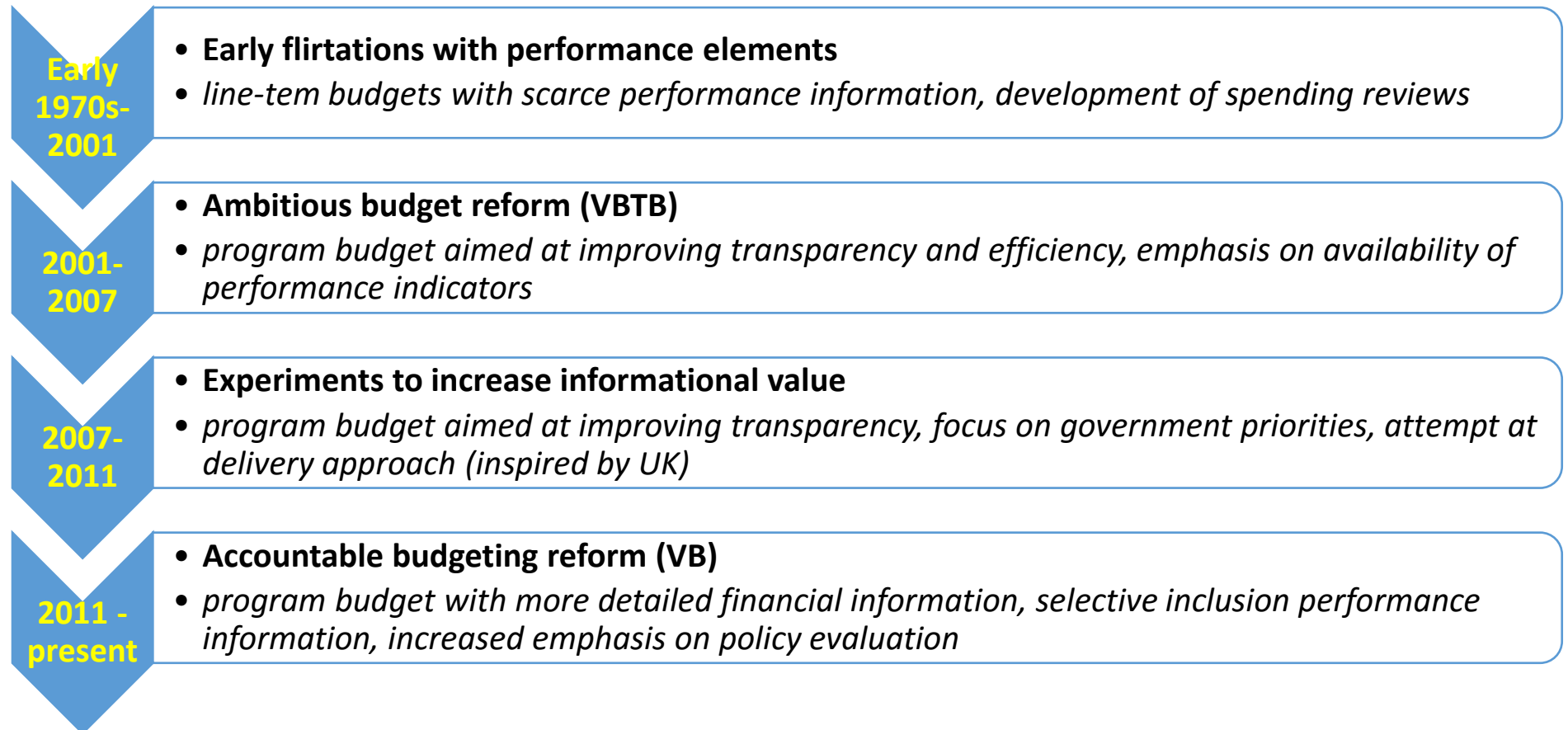


## Measuring performance

- Comparison planned (norm) versus actual:
  - \* costs
  - \* spent time
  - \* quality
- comparison with similar organizations (benchmark)
- comparison in time (same work done with less capacity or more work with the same capacity?)



## Large ambitions, mixed results







## Ambitious Budget Reform (2001-2007)

Comprehensive coverage of all public spending

Introduction program budgeting (Big bang')

Large investment in communication and capacity building

Strong political support

Civil service 'indoctrinated' by mantra of these questions:

BUDGET	ANNUAL REPORT
What do we want to achieve?	Did we achieve what we intended?
What will we do to achieve it?	Did we do what we meant to do?
What will be the costs of our actions?	Did it cost what we expected?



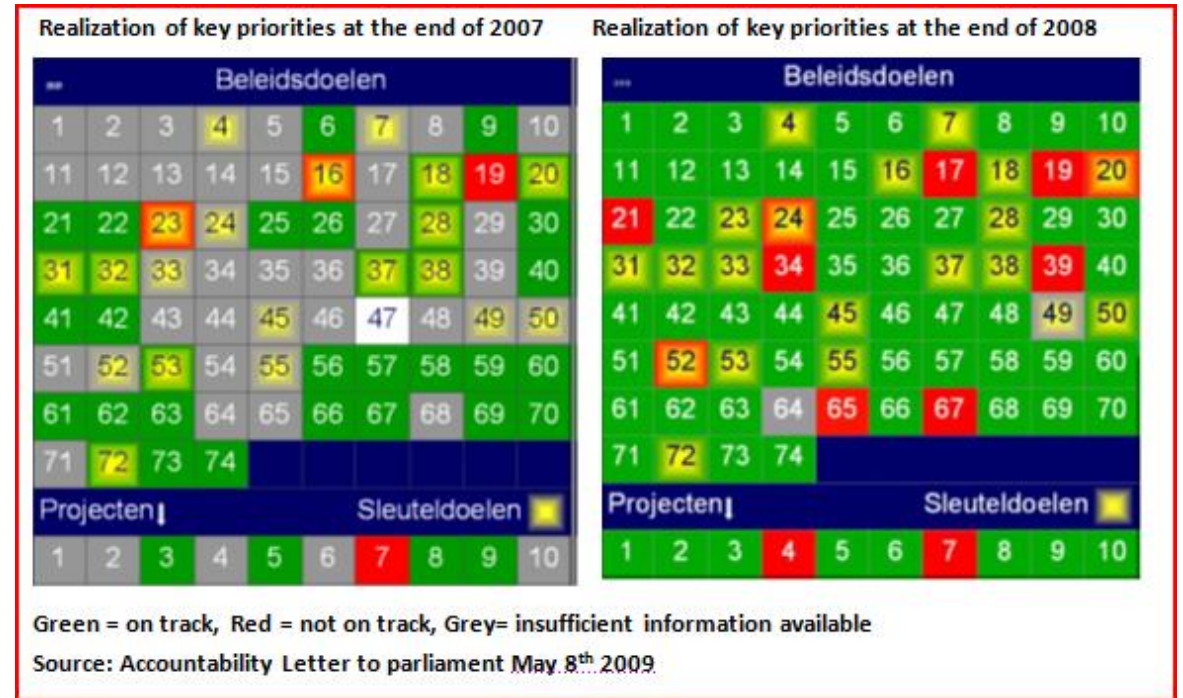
## Early performance budgeting approach (2001-2011)

'CLASSIC' PERFORMANCE BUDGETING	<i>What do we want to achieve?</i>		<i>What will we do to achieve it?</i>		<i>What are the costs of our actions?</i>	
	01 jan	31 dec	01 jan	31 dec	01 jan	31 dec
	Outcome Target	Actual Outcome	Output Target	Actual Output	€ Budget	€ Spent
Goal A						
Objective a1						
Objective a2						
Objective a3						
Goal B						
Objective b1						
Objective b2						



## 19 Experiments to increase informational value (2007-2011)

- Focus performance information on government priorities
- Performance reporting for some Ministries temporarily abandoned altogether
- Introduction of PM's 'Accountability Letter' to Parliament



### Examples of priorities from government coalition:

- 3. Bringing closer a solution to the conflicts in the Mid-East
- 20. Annual growth of 5% for public transport by railroad
- 51. Reduce nr. of stolen bikes by 100.000 compared to 2006



## Limitations and obstacles early PB approach

- ▶ PB system focused on compliance and policy-legitimization
- ▶ Limited usefulness indicators for budgeting and accountability
- ▶ Heavy administrative burden on civil service
- ▶ Virtually no political interest (symbolic use rather than analytical)
- ▶ When a measure becomes a good target it ceases to be a good measure (Goedhart's law)



## Accountable budgeting reform (2011-present)

More detailed financial information in budgets (harmonization!)

Selective use of policy information and indicators

Introduce annual 'policy conclusion statement' for each program

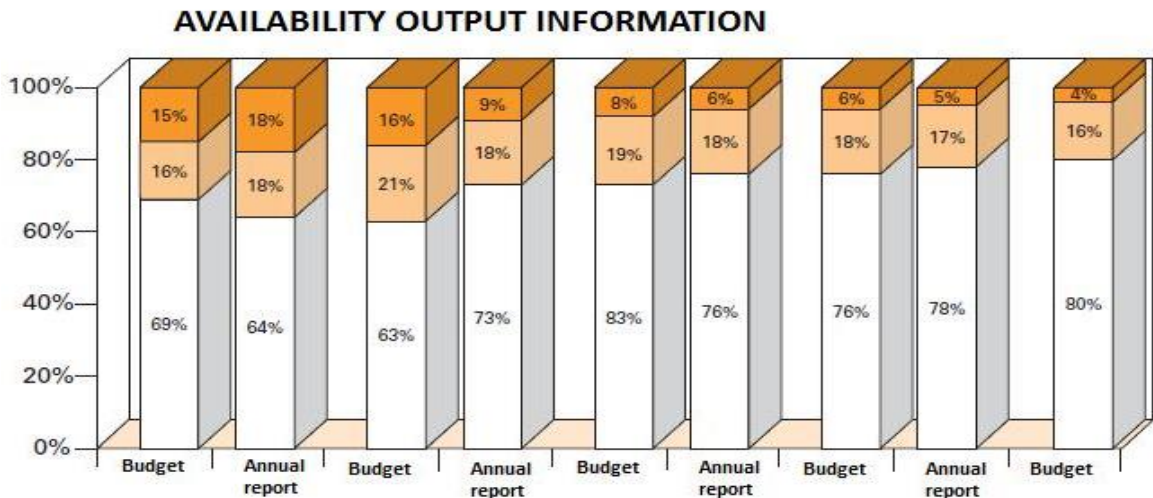
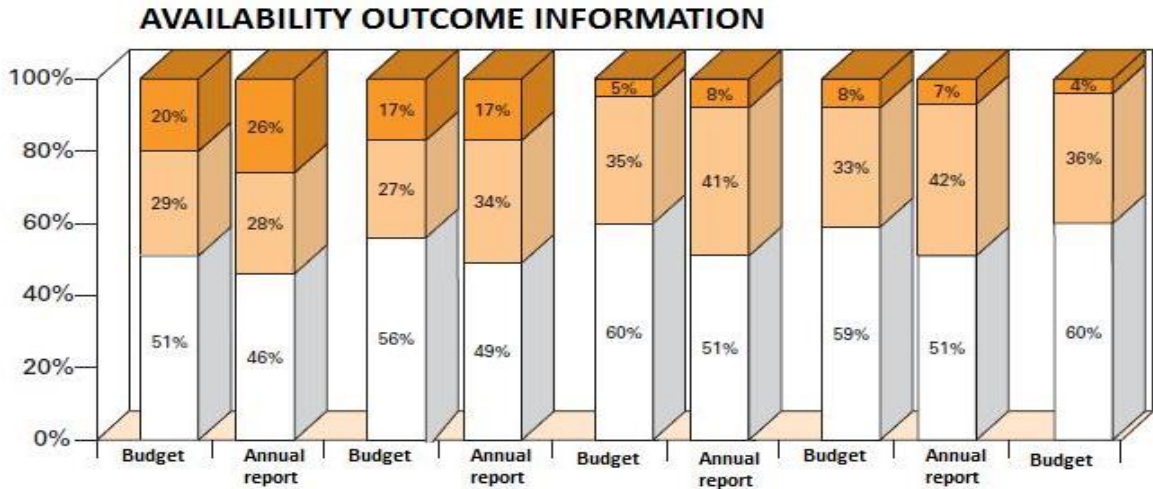
Renewed emphasis on policy evaluation

<b>VBTB program template</b>	
A	General objective
B	Policy description
C	Responsibility
D	External factors
E	Measurable data general objective
F	Budgetary table
G	Budget flexibility
<i>For each sub article:</i>	
H	Operational goal
I	Policy motivation
J	Intsruments used
K	Measurable data operational goal
L	Evaluation planning



<b>Accountable Budgeting program template</b>	
A	General objective
B	Role and responsibility
C	Policy changes / lessons learned
D1	Budgetary table
D2	Budget flexibiliy
E	Explanation financial instruments

# Problems & Criticism



- ▶ Strong emphasis line ministries on compliance and legitimization
- ▶ Lengthy and unaccessible documentation often containing irrelevant information
- ▶ Heavy administrative burden on civil service
- ▶ No political interest
- ▶ Budgets not useful for financial analysis



# Performance

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Performance information should **enable evaluation** of effectiveness

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Therefore **focus needed on output** and outcome but don't forget that everything starts with input

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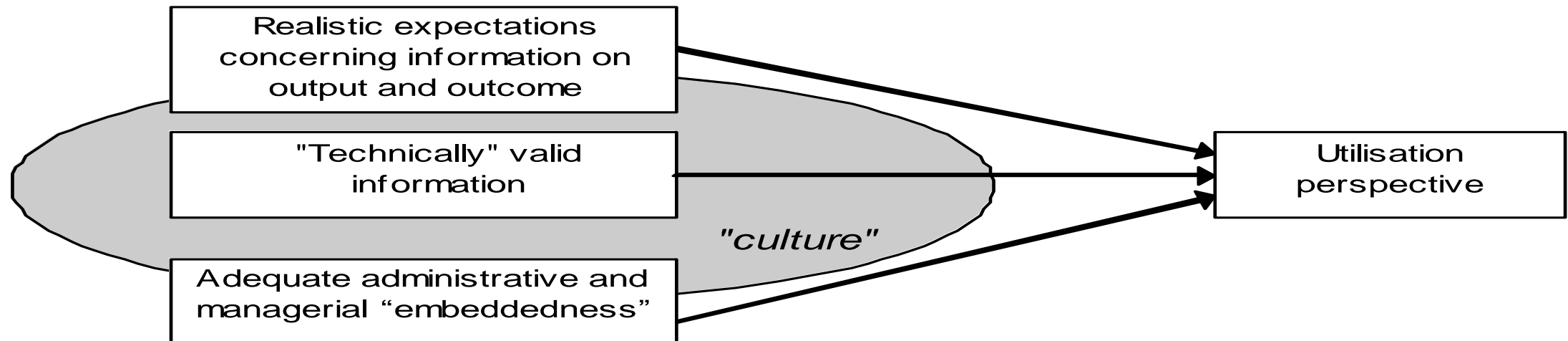
use the performance **indicators you need**, not the ones you can find

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**Be aware** of administrative burden of measurement and reporting



# Performance information: dimensions and utilisation





## Lessons from a difficult process

Performance information seldom plays a role in allocation by politicians

The budget cannot be the comprehensive and objective 'mother of all policy documents'

A harmonized approach to performance information is not always a uniform approach

Attribution of outcomes to spending on an annual basis is often unrealistic



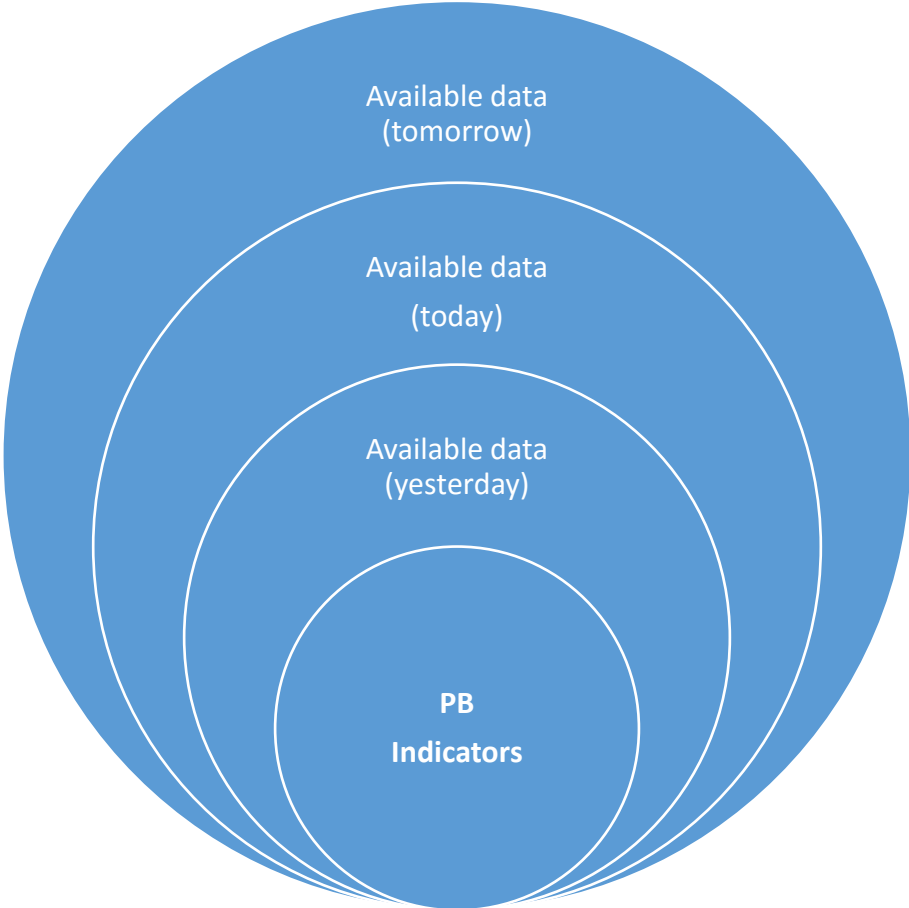
Rely on multi year ex-post policy evaluation for assessing effectiveness

instead of

Relying on PI use in annual budgetary cycle

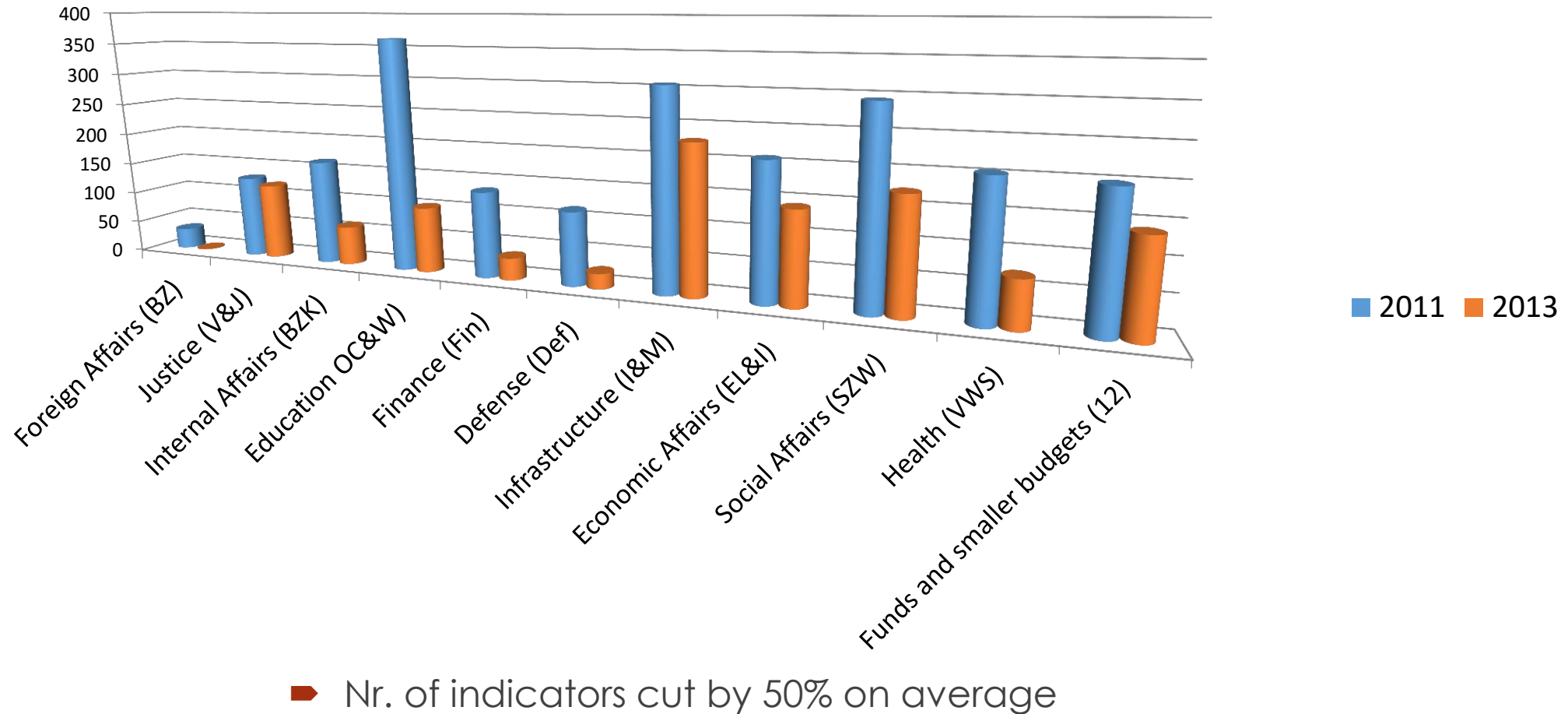


# Performance budget increasingly unfit for transparency and performance management



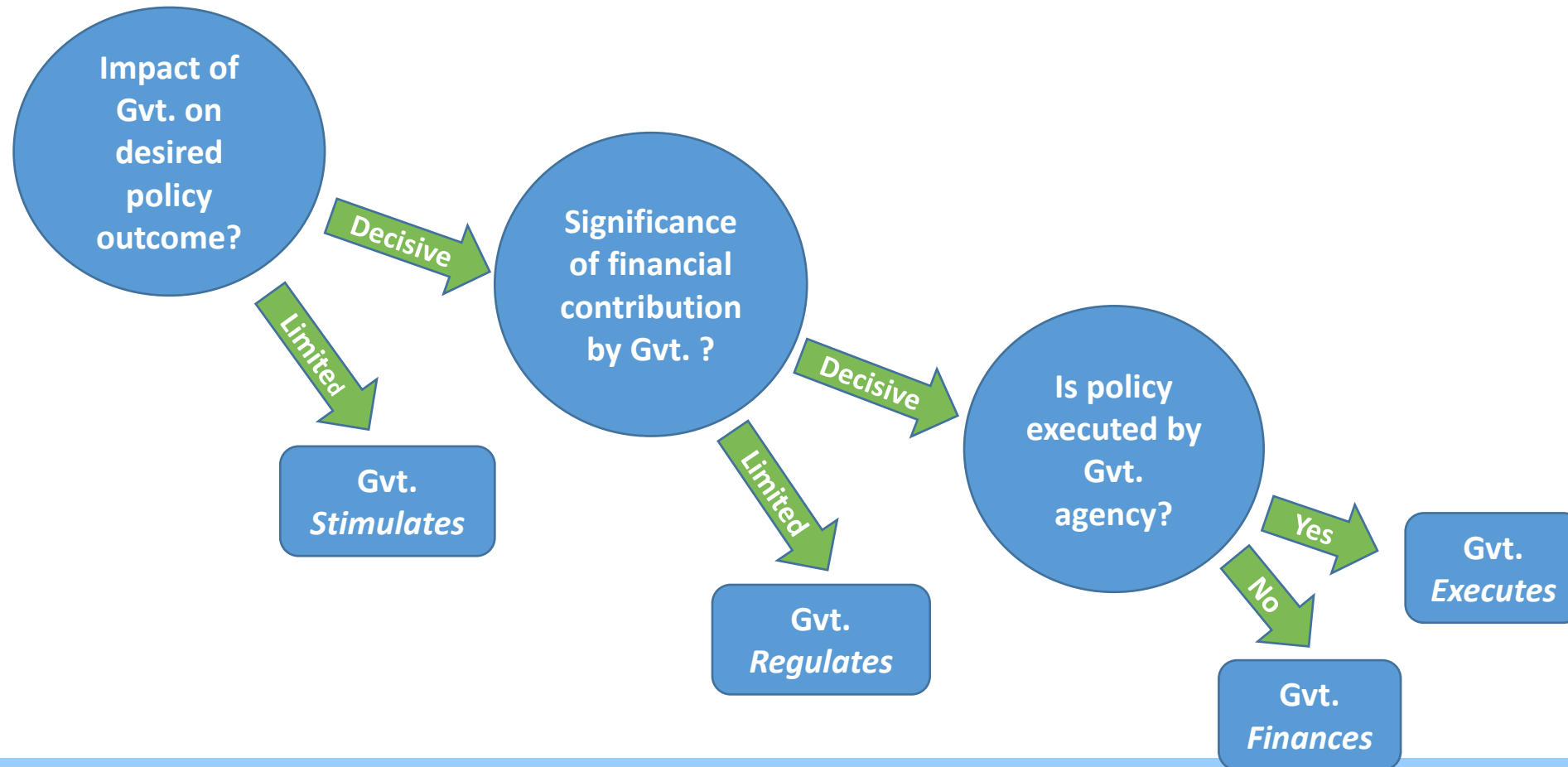


## More selective of use indicators in the budget





## Awareness needed for role of government





## Regulation: performance data and evaluation survey

Questions 'Policy review', introduced in NL to improve ex-post policy evaluation (source MinFin RPE 2006)

- What is the problem behind the policy? Is this problem still current?
- What is the cause of the problem?
- Why does the government find it is responsible for solving this problem?
- Why does the responsibility lie with the central government (and not at local or EU level)? How has the responsibility been shaped and why?
- What objective has the government formulated for the solution to the problem?
- What instruments are being or will be enlisted? What relationship is there between the instruments? Do these instruments overlap?
- What is known about the implementation of policy?
- Do the instruments contribute to the objectives formulated (to a solution of the problem)?
- What are important positive and negative side effects?
- How is it decided what funds will be allocated? What is the argumentation behind this?



## Revised PB approach (diversified use indicators)

Performance indicators for budget programs		Impact funding on results	
		+	-
Influence government on intended results	+	<i>PERFORMANCE INDICATORS</i>	<i>CONTEXTUAL INDICATORS</i>
	-	<i>P*Q INFORMATION</i>	<i>LIMITED VALUE PB</i>

### **3 TYPES OF QUANTITATIVE POLICY INFORMATION IN THE BUDGET:**

PERFORMANCE INDICATORS: Outcome and output targets that can be expected in return for budgetary spending. Useful for budget accountability.

CONTEXTUAL INDICATORS: Reflect desired outcomes and trends in a certain policy field not strongly impacted by budgetary spending. Useful for policy design and debating policy effectiveness but causality too complex for budget accountability.

P\*Q INFORMATION: figures on price (P) times quantity of public goods or services (Q). Useful for substantiating the size of a budget and to specify outputs for managerial accountability.



## Some major pitfalls

Departments trying to legitimize spending





## Some major pitfalls

Example: Sports article of Ministry of Health

*Objective:* Achieve a society that enjoys sports and is actively involved in sports

*8 performance indicators* including:

The % of people meeting target for weekly physical exercise

The % of people active in sports organizations

The nr of Olympic medal achieved by the NL

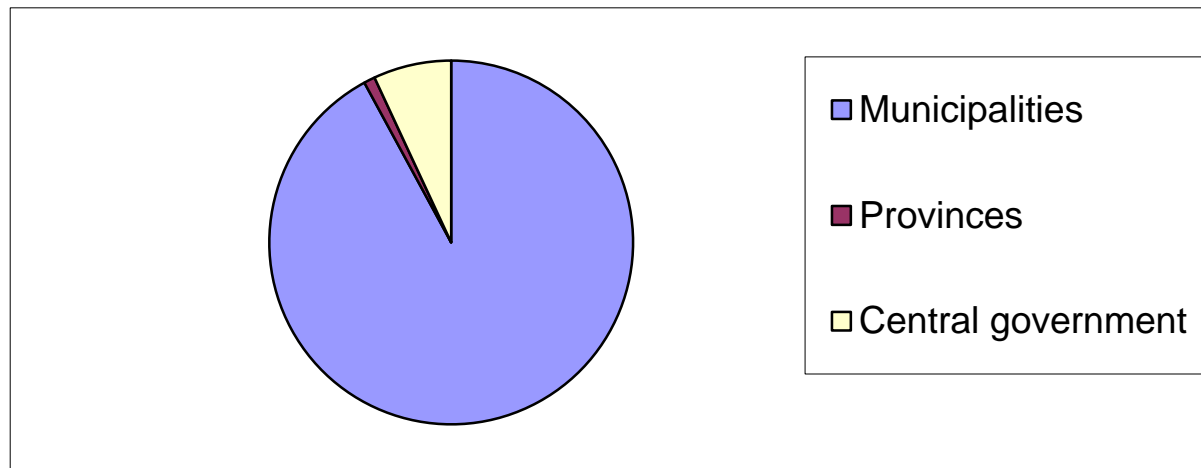
*Funding:* Some 140 € million



## Some major pitfalls

*However, in reality:*

- Total government spending on sports in the NL: 1,3 € billion mostly by municipalities
- Instruments and expenditure not aligned with goals and indicators





# Choosing indicators

Good example

<i>Objective</i>	<i>Instrument</i>	<i>Budget</i>	<i>Performance</i>
Protect land by maintaining coastal line and containing river systems (Ministry of Infrastructure)	<ul style="list-style-type: none"><li>-Maintaining and strenghtening levies according to program</li><li>-Identify weak spots</li><li>-Develop strategy for disaster control</li></ul>	€ 642.011	% of levies that comply with the legally required level of protection



## Choosing indicators

Bad (and difficult) example

<i>Objective</i>	<i>Instrument</i>	<i>Budget</i>	<i>Performance</i>
Promoting worldwide regional stability by contributing to prevention of conflicts, crisis-operations and providing post -crisis assistance (BUIZA)	<ul style="list-style-type: none"><li>-Diplomacy</li><li>-Military assistance (to NATO operation Afghanistan)</li><li>-Funding development projects</li></ul>	€ 312.177	Failed States Index = Rating 0-120 for stability according to a NGO  Information provided for the 8 worst rated states worldwide



## Choosing indicators

Rule of thumb

A good indicator:

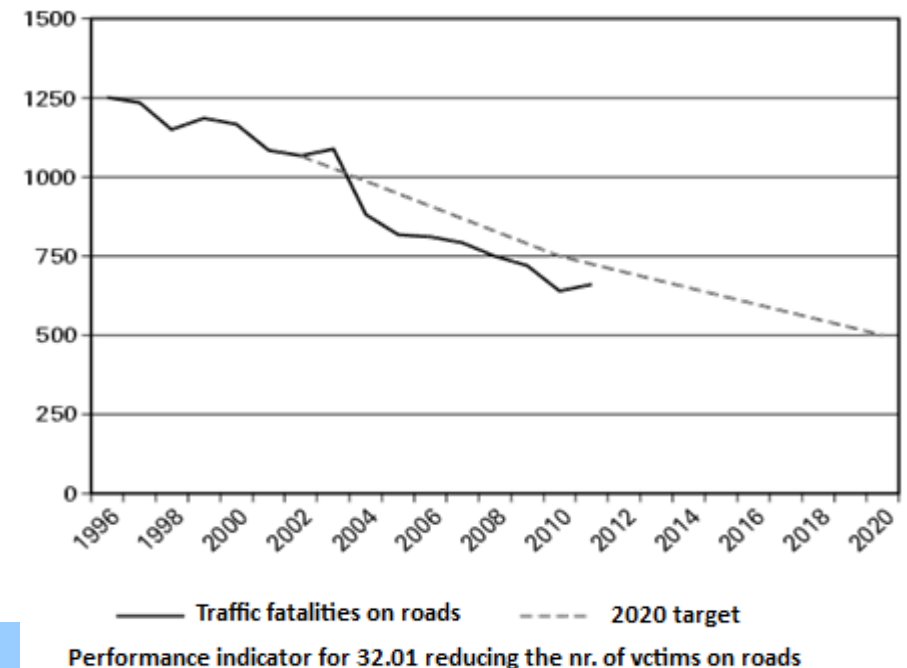
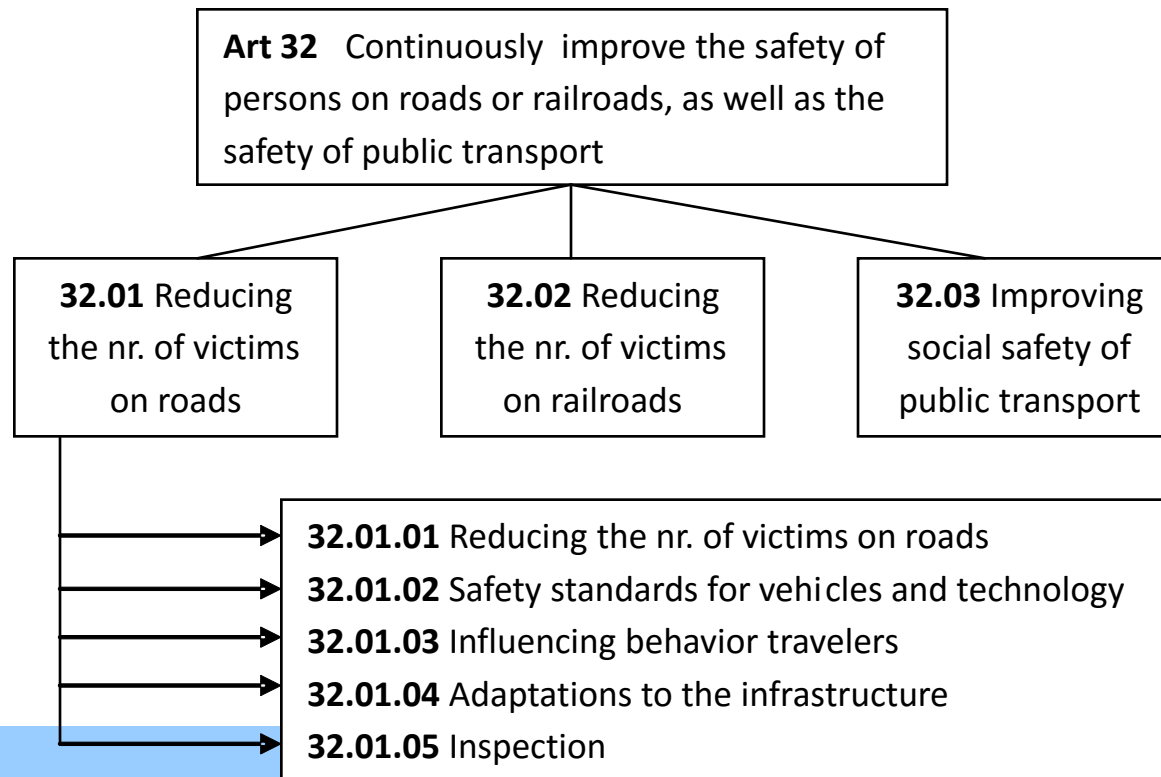
Should give an idea of the level of success of the intended policy (also to non specialists!)

Can be influenced by the intended policy

Is practical and relatively easy to collect at acceptable costs



# Transport Safety program Ministry of Infrastructure



## Two major goals

- The Dutch mobility policy serves 2 goals: **reliable journey times** and **better accessibility**.

*By 2020, motorists travelling in the rush hour must be able to arrive **punctually** 95% of the time, despite increased mobility and unexpected congestion. The Dutch economy relies heavily on transport and logistics, the main economic centres have to remain accessible*

# Service Level Agreement Mainroads

*Input:* 531 M€ p/j in 2015

- *output indicator:* maintenance costs per km
- *Outcome indicators:*
- vehicle loss hours in relation to maintenance costs
- maintenance costs per tonne of kilometers



Prestati

Indicator	Norm	2013	2014	2015
Technical availability	90%	98%	99%	98%
% disturbance due to road main	Max 10%	5%	4%	4%



# Goals and targets: network

In 2018 there should be a cohesive ecological network of high quality

Surface

Quality

Cohesion

*Land*

- in 2018: 728.500 ha of nature area's:
  - 275.000 ha is new nature:
    - 96.335 ha managed by agrarians
    - 38.205 ha managed by private landowners
  - 140.460 ha managed by nature organisations
  - or
  - 27.000 ha nature connection
  - 248.000 ha new nature
- 453.000 ha is existing nature area's

*Big waters and sea*

- 6.300.000 ha

*Land*

- realisation of 27 different types of nature
- realisation of good environmental- and waterconditions

*Big waters and sea*

- realisation of 4 (5) different types of nature in big waters
- realisation of 500 km naturefriendly riverbanks and fish crossings
- strengthening estuary character and natural dynamism (oa fresh/salt and wet/dry)

*Land*

- big united nature reserves
- 18 national parks in 2004
- 12 nature connections, 27.000 ha in 2018
- measures for intergrating infrastructure in to the landscapes (eg ecoducts)
- contribution to a *cohesive* European ecological network (Natura 2000)

*Big waters and sea*

- 500 km naturefriendly riverbanks and fish crossings
- strengthening estuary character and natural dynamism (oa fresh/salt and wet/dry)





# Long history of water management

*Province of North Holland*



1580 A.D.



1700 A.D.



2000 A.D.



## Data driven example at the Ministry Infrastructure and the Environment

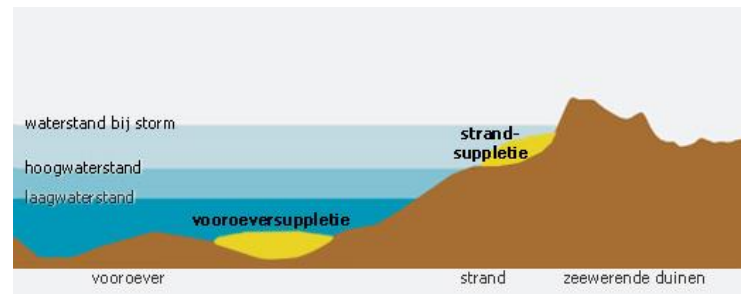
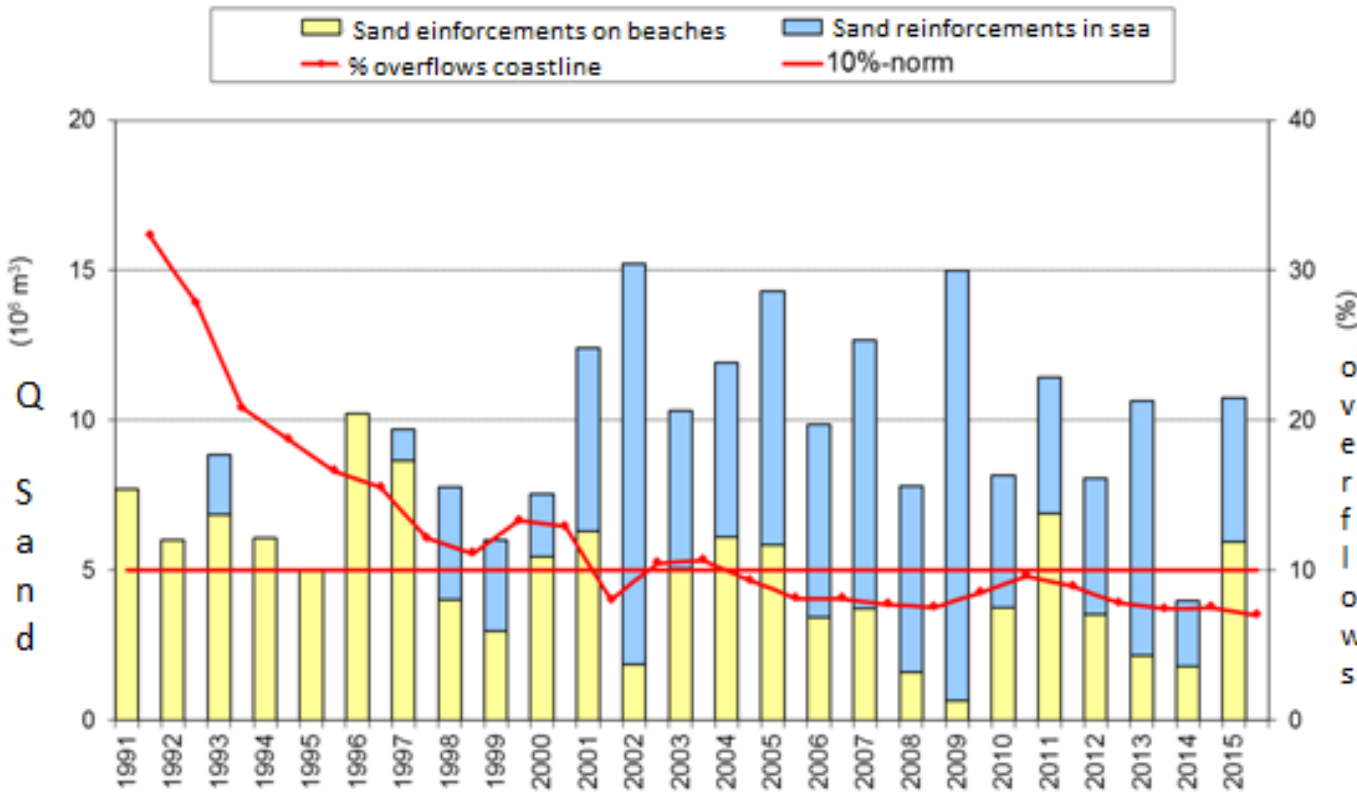
- The minister of Infrastructure and the Environment (MoIE) is responsible for water safety.
- Main goal of the MoIE is:
  - Ensure water safety via main water protection infrastructure on the entire coastline.
  - Ensure water safety on freshwater supply, rivers, canals and lakes.





# Performance indicators maintaining the coast

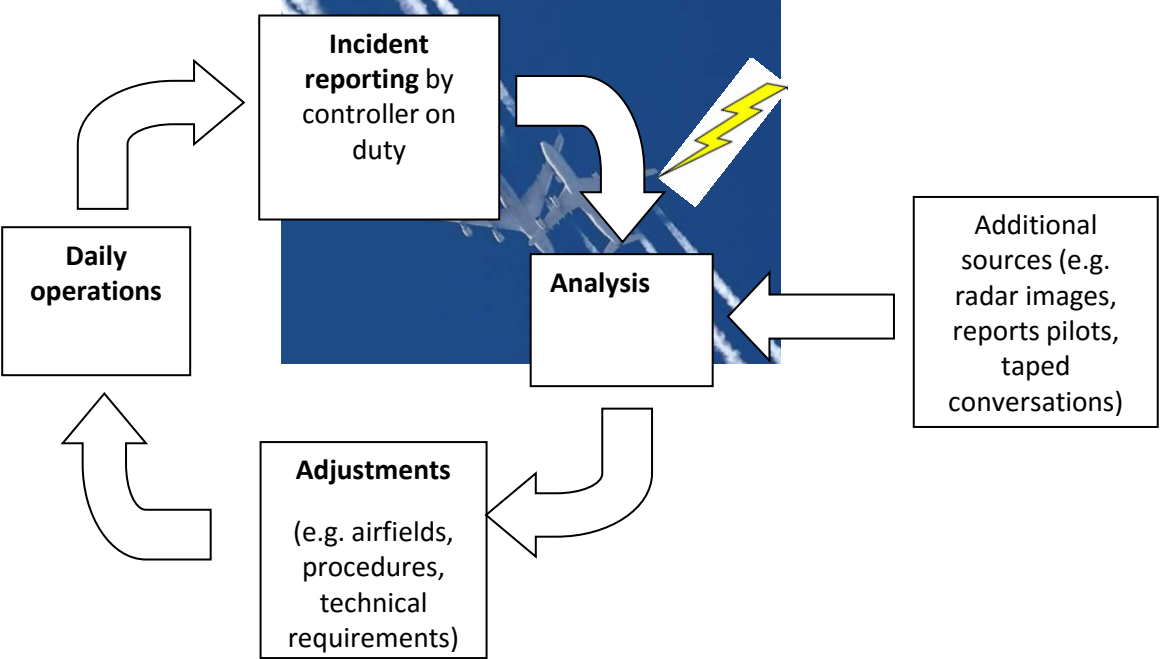
*costs, output and outcome measured and managed*





# Example Air Traffic Control

*'The risk of a fatal accident in commercial aviation has been reduced to 1 out of 49 million flights over the past five years, from 1 in 1.7 million flights from 1975 to 1989, according to NTSB records. **That's a 96 percent decrease in risk.**' Safety has improved since the late 1990s as the airline industry and regulators learned to analyze massive quantities of data for anomalies and voluntarily made changes to head off potential problems' (Sources: Bloomberg 2012, Mills 2013, De Jong 2016)*

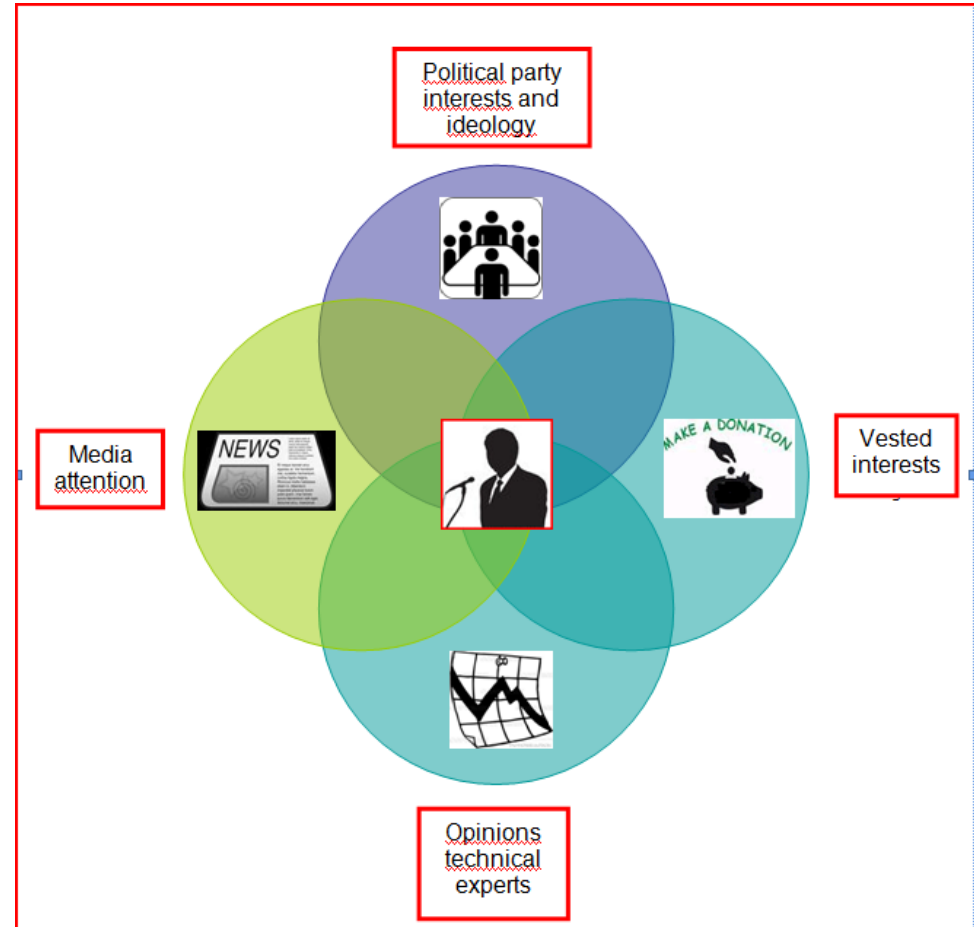


# Obstacles and challenges

Degree to which politicians use performance information depends on many factors.

Our data *may* be one of them

(Figure based on Conlan, Posner & Beam 2014)



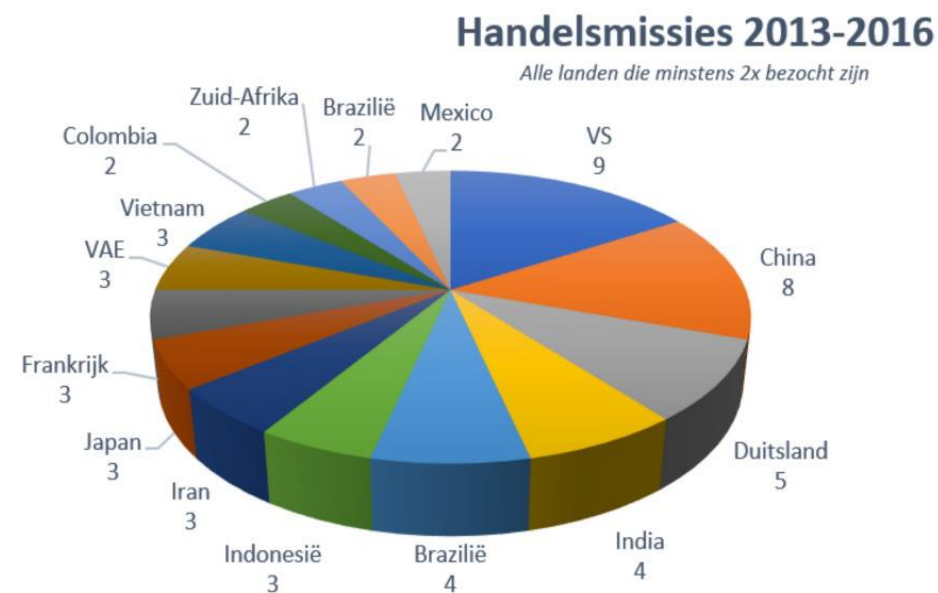


# Visual presentation of targeting

Goals of the minister of international trade and development corporation (MoITDC) are:

- Stimulate sustainable inclusive growth
- Reduce extreme poverty
- Create opportunity for Dutch industries.

***Is the MoITDC targeting the right countries?***



Bron: Kamerbrieven Ploumen 2013-2016

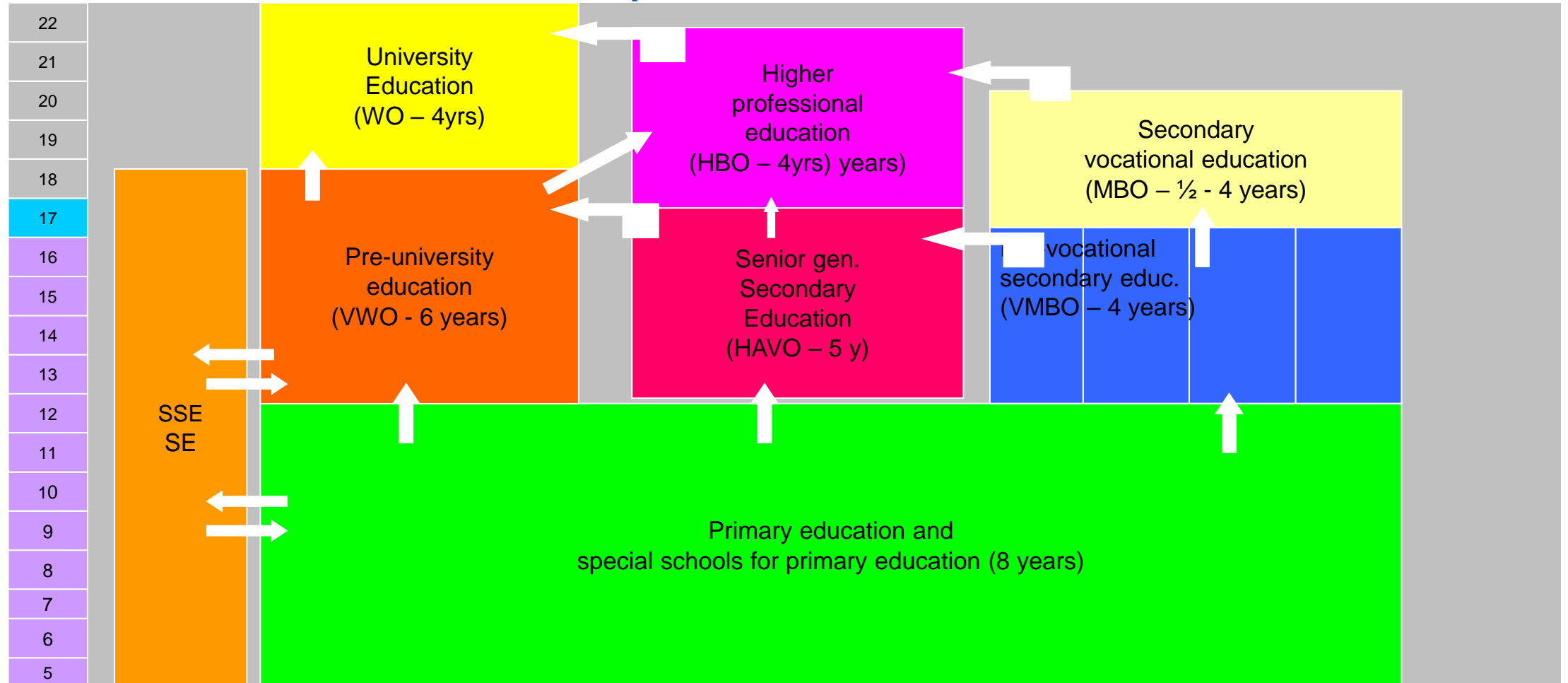


# Data driven example Ministry Infrastructure



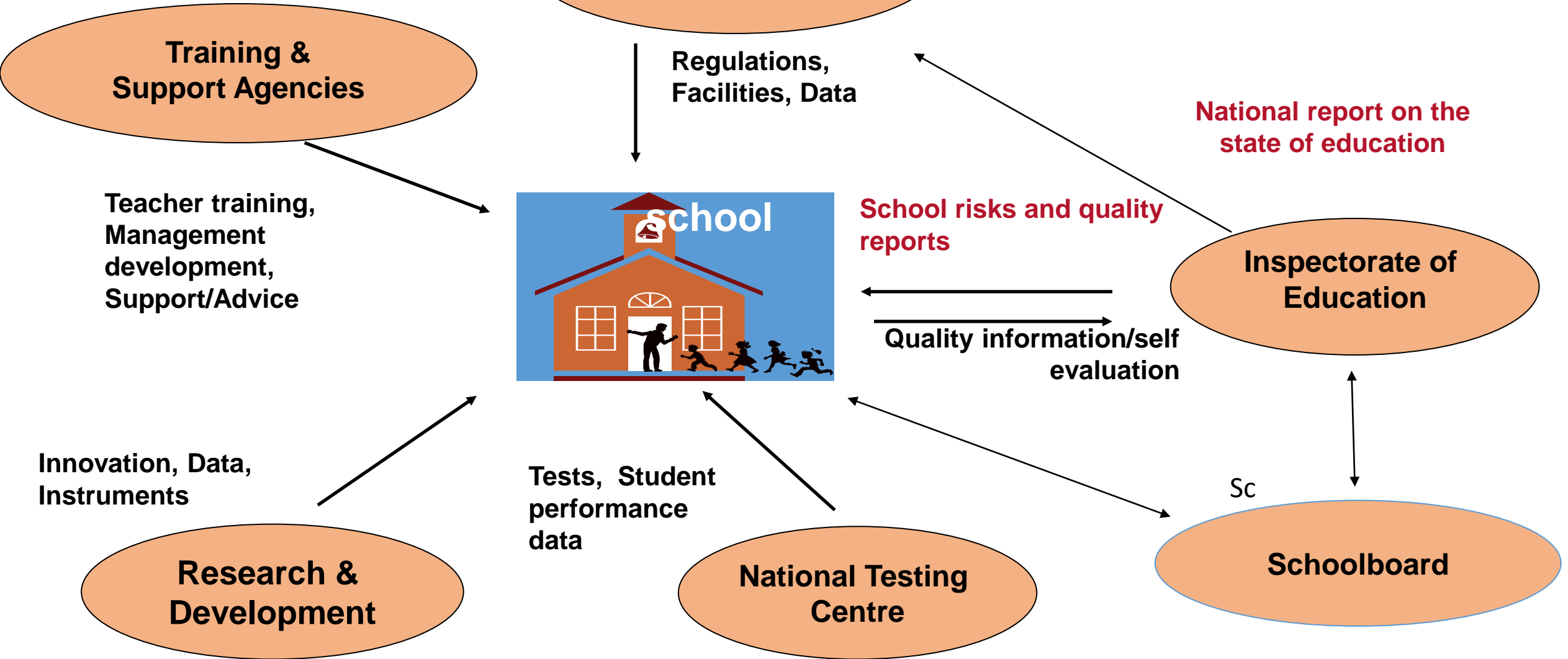
[www.waterveiligheidsportaal.nl](http://www.waterveiligheidsportaal.nl)

# The education system in The Netherlands



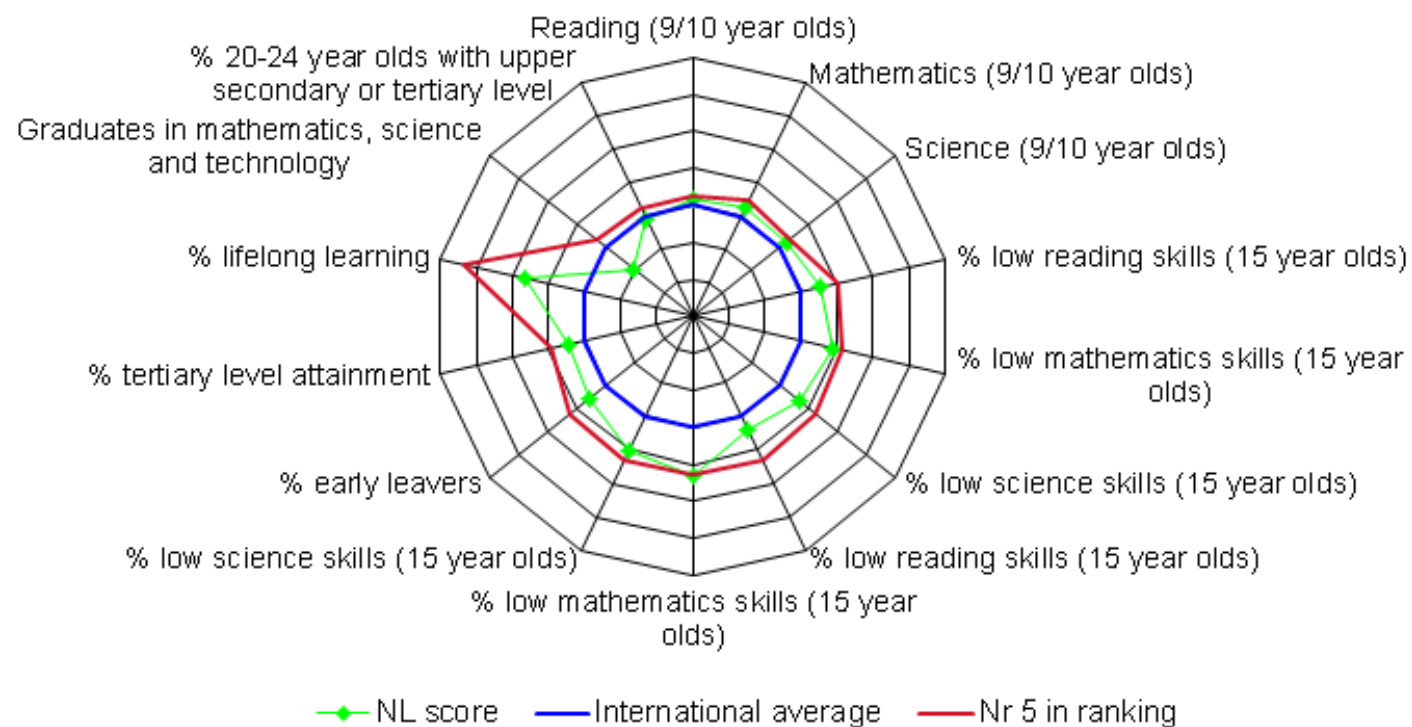


# Quality Assurance





## Ministry of Education results on 14 indicators





# Ambitions and results of Program budgeting

**Intended results of reforms**

**More effective allocation and management of resources**

**Increased transparency of government spending and results**

**Allocative efficiency gains**

**Operational efficiency gains**

**Increased result orientation**





# Why should we make further moves?

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Every **advantage** of goals, objectives, performance-indicators has a **disadvantage**...

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Costs reduction: money plus **attention**!

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Establishing causal **relationships**

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Understanding **cause and effect** relationships



- Performance management and finding the right kpi's are like running a marathon

[wim.kooij@minienm.nl](mailto:wim.kooij@minienm.nl)

THANK YOU!