

SEMINAR

ON

**RESULTS BASED BUDGETING:
OBJECTIVES, EXPECTED RESULTS AND PERFORMANCE INDICATORS**

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Presentation by Erik FRIBERGH

Check against delivery

Let me say straight away that I of course believe in strategic budgeting and accountability and the link between these two and efficiency. When we ask Governments for funds, we need to be able to justify those demands in terms of strategic objectives and we need to be able to show what we have achieved with the amounts granted. And that is also important in terms of increasing efficiency. No one wants to go back to the bad old days of an expenditure based budget with a considerable lack of transparency and almost – one could say – an absence of incentive to increase efficiency.

On the other hand, and here I may be a voice in the wilderness - but it seems I was invited to participate in this seminar as a devil's advocate - , I would like to raise some reservations as to the official belief that RBB, if correctly implemented is the answer to all our problems and the recipe for future success and happiness plus efficiency.

Since I have been around for some years I have lived through decades of budget discussions and reform ideas. The current RBB has, to start with the simple things, allowed me to learn a complete new vocabulary. When I came here in 1981, I simply asked my boss when I started: what do you expect me to do? Had I asked for performance indicators, I think he would have wondered which planet I came from. Today the question is rather: which are my objectives and we now speak about log frames and other modern words.

Again I agree with the approach underpinning the RBB, that we must become more business like and concentrate on the essentials. We must go much more for the results and not the processes which lead us there.

However, I am not sure this is how we perceive RBB today. I think the first years of so called RBB was more a question of transforming the old "activity budget" into "objectives" with the results that we had two types of parallel budgets. The RBB was the dress we had put on top of the activity budget to satisfy the Committee of Ministers.

I think we have come a long way from that but I still have some hesitations not so much about the principle of RBB as its operation in practice and here we come to the core of today's discussion. What are really SMART objectives?

How would we formulate one or five SMART objectives for the Council of Europe? It is not so easy.

I will make it a bit easier and simply say: how would we formulate SMART objectives for the Court of Human Rights?

We have now had three High Level Political Conferences in two years about the Court with three Declarations and Action Plans, so it should really be easy to find there the SMART objectives for us and for the future.

Let us start with the European Convention on Human Rights which assigns a very clear role to the Court namely to ensure that the Member States observe the engagements they have undertaken in the Convention (Article 19). What the States have undertaken in the Convention is to secure to everyone within their jurisdiction the rights and freedoms set out in the Convention.

The objective for the Court is thus:

To ensure that the Member States secure to everyone the rights and freedoms guaranteed in the Convention

Do we find this in the log frames submitted to the Committee of Ministers in last year's budget process? Of course not. And this is not and cannot be a SMART objective.

And it is here that the problems with RBB really start. We realise that the Court's budget of something like 60 million euros is out of all proportion to that overall aim. The objective is too far-reaching and wide.

The Court has therefore to identify more limited objectives and find performance indicators which actively contribute to achieving the Convention goals. Yet I think we all have the experience in the context of appraisal of staff members of being tempted to choose an objective simply because there is an obvious performance indicator. It is in my view always a risk in the results-based approach that in a sense the objective becomes distorted by the need to identify a performance indicator.

There is in any case a tendency to oversimplify. The log frame cannot reflect the nuances and complexity of different aspects of the activity in question and presents a picture which is inevitably incomplete.

At the Court the comparison with a manufacturing process is on the face of it rather easy in that we are actually producing something that is quantifiable. Measuring the number of cases disposed of over a given period provides us with some useful information, but whether or not what has been accomplished contributes to achieving the Convention goals will depend on the nature of the cases and the quality of the decision. Even then measuring the true impact in terms of the underlying Convention goal is something way beyond what a budget log frame exercise can encompass.

In short, the quality of the Court's work is more important than the number of applications dealt with. But what is the SMART objective for that and where are the performance indicators?

We can easily have objectives in terms of numbers of applications dealt with. However, this does not reflect the importance of the cases. Nowadays, we have introduced a qualitative element by having an objective relating to priority applications. The Court operates today with 7 categories of applications each reflecting a certain level of "importance". Managers follow closely the development of each of these categories.

Looking at the Court's log frame for 2012-2013, there are just two expected results: firstly the Court concentrates on priority cases and secondly the filtering section is optimised. The performance indicators are expressed as respectively a 5% increase in the number of priority cases decided or

communicated and a stable number of applications processed by the filtering section. Nothing particularly wrong with that; these probably qualify as SMART objectives but to paraphrase the External Auditors they do not really sum up the Court's activity.

At the same time as Registrar I along with the senior managers have monthly meetings where we have detailed reporting on every aspect of the Court's case-processing work. We also have monthly meetings with the Court's budget office to examine expenditure forecasts and any other relevant budgetary issues.

We make available on the website monthly statistics and at the end of each year we provide a full statistical analysis of the activity of the previous 12 months. At twice yearly meetings we report to the Committee of Ministers on where we are and we also meet the Budget Committee. This year I have met in addition the Audit Committee and we have been the subject of a thorough audit by the External Auditors.

We also participate in both the interim and the final progress review.

I have to ask myself – at least for the Court – what is the added value of the log frames and the performance indicators? I have to say that they certainly do not provide any useful additional information to me as a manager and I doubt whether they help Governments to assess the Court's activity.

That brings me to two further practical points.

Firstly fixing the log frame early in the year N for N+1 and now with the two-year budget N+ 2 is always going to run the risk of unforeseen events which may deprive the objective of its usefulness. When we included a fixed number of applications disposed of as an objective, we did so without having the benefit of the results of year N, which meant that the objective fixed did not always correspond to the sum of the individual objectives which we set for the Section Registrars at the end of year N. It may well be that the objective fixed is entirely out of date by the time we come to complete the log frame at the end of the relevant period.

Another thing which has always bothered me is what happens with log frames at the end of the budgetary exercise? What concrete conclusions are drawn from them? Do they provide a basis for new decisions, positive measures or is their real purpose just to focus the mind of managers on the activity of the year ahead? In any case no budgetary consequences appear to be drawn from the completed log frames.

On a couple of occasions it was pointed out to us that the Court almost if not entirely alone among Council of Europe entities failed to achieve one or other objective. It seems to me that in this context one has perhaps to ask the question whether achieving objectives easily does not suggest that objectives are chosen so that they can be achieved, but leaving that aside, and assuming that the problem lies with the functioning of the Registry rather than with the choice of the objective or of the performance indicator, the Registry management has much more detailed and more rapidly available information available to it to diagnose potential operational problems than can be derived from the log frame.

It may be that the Court is in a special position in that it has a rather simple budget and its task is rather well defined and that other more complex activities are better suited to the log frame approach. One thing I am convinced of is that, here as elsewhere in the administration, a "one size fits all" approach is rarely satisfactory. Reporting of course has an important role in the Council of Europe, rendering account of expenditure in the light of objectives fixed and achieved is entirely appropriate and necessary, but let me plead that the methods used are adapted to the activity monitored and are able to provide data which serve a useful purpose. Having a results based budget does not in itself guarantee efficiency or effectiveness. It cannot be a substitute for efficient and effective management.