

**Production and Quality  
of Information  
for Performance Budgeting  
The Swedish Case**

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# The Swedish context

Agency based national  
administration instead of  
departments

Performance management instead  
of traditional hierarchical controls

Self-governed local governments  
responsible for most  
citizen-oriented services

# Swedish performance management

Managerial culture instead of centralized controls

Extensive internal deregulation

Single agency appropriation

The government  
sets goals, assigns resources, appoints  
manager, evaluates performance and  
result, and exercises accountability

# Two performance management systems

## *The higher level:*

Parliament/government/agency  
interface

Parliament/local government  
interface

## *The lower level:*

Internal agency arrangements

Internal local government  
arrangements

# **The higher level** *(only central government)*

**Expenditure limit broken down into  
27 expenditure areas**

**Appropriations for agencies and  
programs**

**Annual Letter of Instruction for  
each agency**

**Annual performance dialogue  
between minister and agency head**

# **The higher level** *(local government I)*

**Responsible for i.a. city functions  
and most citizen services**  
primary, secondary and adult education, health  
and medical services, social services for  
children, disabled, aged and destitute persons

**Governed by law but not  
subordinated to the government**

**Laws set out quality standards  
and citizens' rights**

**Appeals are tried by courts**

# The higher level

## *(local government II)*

73% of public consumption  
90% of public employment

Financed by own taxes and central  
government contributions

All output subsidies were replaced by a  
single grant to a financial equalisation  
system 15 years ago

Parliament has approved a small number  
of temporary output-related subsidies

# **The lower level**

## ***(only central government)***

**Internal agency arrangements  
vary across agencies depending on**

- **Type of activity**
- **Requirements in Letter of Instruction**
- **Recommendations of audit institution**
- **Perceived management need**



# **The lower level** *(local government)*

**Internal arrangements vary across  
local governments**

**Sector agencies monitor  
performance within their own sector**

**Swedish Tax Payer's Association  
publishes annual comparative  
output costs**

# Performance information

Access to performance information is essential for performance management.

The key element is linking costs to outputs

Performance information is mainly used to assess and evaluate governance/management ...

... and only in specific circumstances for allocating resources.

# Cases for *direct* performance budgeting

Marginal added value of alternative uses of resources

Several public service units working under the same conditions and serving the same clients

*Special case:*  
Citizens' choice programs

# Information *caveats*

Information is never free of charge

Everything cannot be measured

Information is always incomplete  
and therefore potentially misleading

Too much information may be as  
bad as too little information

An indicator can become a target

**... therefore ...**

**The Government doesn't ask for more information than it can/will use**

**The general set of information that all agencies have to provide is limited**

**Demand for additional information depends on the nature of the activity**

**Performance indicators are normally only inputs to performance assessments**

# Sources of performance information I

## **The financial management system:**

*A standardized core that generates input to expenditure forecasts and to the aggregated expenditure statement and balance sheet for the central government sector*

*Agency adds-on that satisfies the agency's need for additional financial information*

*These normally – but not always – link expenditure to outputs*

**Operated and monitored by the  
National Financial Management Authority**

# Sources of performance information II

Agency-specific business systems

Agencies monitoring other agencies

External information sources

Ad hoc evaluations of agencies  
and programs

# Are users of performance indicators getting what they want and need?

Ministries can get what they want ...

... provided that they know what to  
ask for ...

... and that it is possible to generate  
the required information at a  
reasonable cost



# Where we could improve

The central capacity to absorb and utilize performance information could be improved

Performance assessments could become more systematic

Local government capacity and performance standards are too uneven

“Citizens’ choice”-system require that citizens are adequately informed about quality

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