

**Council of Europe Secretariat**  
**Directorate of Internal Oversight**



**Evaluation (2013)9**

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**EVALUATION OF  
THE COUNCIL OF EUROPE  
RESULTS-BASED BUDGETING (RBB)  
SYSTEM**

**- EXECUTIVE SUMMARY -**

Document prepared by the Directorate of Internal Oversight on the basis of the consultant's  
evaluation report

## **Background**

1. Soon after his election, in 2009, the Secretary General launched a major organisational reform of which amendments to the Programme and Budget document were an important aspect. The key changes introduced by the Programme and Budget reform are the following:
  - The merging of the Programme of Activities and the Budget documents into one Programme and Budget document (P&B);
  - The switch from annual to biennial budget as from 2012;
  - The structuring of the Programme and Budget into Pillars, Sectors and Programme lines;
  - The consolidation of projects into programme lines;
  - The consolidation of the Programme and Budget as a whole through the reduction of the total number of programme lines;
  - The introduction of a half-year interim Progress Review Report (PRR).
2. The new biennial Programme and Budget introduced by the Secretary General and adopted by the Committee of Ministers in November 2011 builds on the logic of results-based budgeting and was welcomed by the Committee of Ministers and the Budget Committee. An outstanding issue for stakeholders has been defining expected results and setting adequate indicators. While it is generally recognised that improvements have been made over the years, the challenge remains and some expected results are still formulated in a general way or as activities and the indicators are in most cases output-based and do not match the expected results. Some delegations encourage further improvements regarding the formulation of the expected results and performance indicators in the P&B and reporting on results achieved and lessons learned in the PRR.

## **Evaluation approach**

3. The Directorate of Internal Oversight (DIO) decided to include the evaluation of Results-Based Budgeting (RBB) in its evaluation work programme for 2012 with a view to providing support to reform initiatives and organisational learning. In particular, the evaluation of the CoE RBB system was intended to contribute to the refinement of the approach to preparing the biennial programme and budget and the progress review practices.
4. The DIO prepared the Terms of Reference of the evaluation and selected an external consultant for its conduct, through the appropriate tender procedure. The purpose of the evaluation was to provide all stakeholders in the CoE programme and budgetary process with a better understanding of the conceptual and practical challenges concerning RBB in a political, value-based and diverse organisation. It aims to give greater insight into the information needs of management and governing bodies for accountability and decision-making and seeks to provide inputs for the preparation of subsequent biennial programmes and budgets.
5. In particular, the evaluation was aimed at:
  - a) Clarifying RBB-related concepts and how the system works;
  - b) Clarifying what information is needed at governance and management levels as regards budgetary decisions and accountability purposes;
  - c) Contributing to further reflections on the reform of the RBB system in general and for the next biennial programme and budget in particular.

6. The main evaluation question was: To what extent do the definition of objectives, expected results and indicators in the Council of Europe P&B 2012-2013 and the reporting on their accomplishments improve accountability, efficiency and inform decision-making at management and governance levels?
7. The evaluation used document review, semi-structured interviews and group discussions to collect data on the RBB concept and implementation in the CoE, including case studies of two institutions and four programmes. The evaluation process was supported by a reference group whose purpose was to provide feedback at various stages of the process, and discuss the conclusions and recommendations of the evaluation.

### **RBB-related concepts**

8. In order to clarify the terms used in the report, some key concepts are defined below. Further definitions are included in the full evaluation report under 5.3 general concepts and definitions for RBB.

### **Results-Based Budgeting (RBB)**

9. The CoE RBB manual defines Results-Based Budgeting as follows:

“Results-based budgeting is a Budget process in which:

- a) Budget formulation revolves around a set of predefined objectives and Expected Results,
- b) Expected Results justify the resource requirements which are derived from and linked to outputs required to achieve such results and in which actual performance in achieving results is measured by objective performance indicators.”

### **Results-Based Budgeting System**

10. The term “RBB system” refers to the set of tools, documents and processes that the CoE had to adapt or develop in order to implement the RBB approach; it includes:
  - a) The RBB methodology.
  - b) The RBB database (RBB tool) and the related logframes.
  - c) The Programme and Budget document (P&B) and its preparation process, including the Secretary General’s priorities.
  - d) The Progress Review Report (PRR) and its preparation process.
11. The RBB system consists of the main concrete “products” and related processes where the application of the RBB approach would be visible and represents the main evidence on which the evaluation can base its findings and conclusions. For this reason they are considered to be within the scope of this evaluation and are the object of its recommendations.

### **Results-Based Management (RBM)**

12. RBM is a management approach focused on achieving results; a broad management strategy aimed at changing the way agencies operate, with improving performance (achieving results) as the central orientation” (OECD/DAC). RBB is a planning and strategic management tool and is actually a subset of RBM. RBB seeks to align budget allocations with anticipated results. RBM goes much further, looking at all the aspects necessary to shift to a culture of results the

organisational management environment and culture in its entirety, including also human resources management.

### **Governance vs. management**

13. The report often refers to the concepts of governance and management. For the sake of clarity these concepts are defined hereafter.
14. The governance function usually includes i) setting the strategic direction of an organisation, in accordance with its mission, ii) allocating resources to priority areas/programmes and iii) establishing an appropriate control and accountability mechanism through which the management discharges of its responsibilities vis-à-vis the governing bodies.
15. In the CoE, the governance function pertains to the Committee of Ministers that is responsible for:
  - a) Deciding on the Secretary General's proposals for CoE priorities and their budgetary implications.
  - b) Adopting the Programme & Budget.
  - c) Exchanging views on the PRR that outlines, for each programme line, the results achieved and the resources and informs the next planning cycle.
  - d) Giving discharge to the Secretary General in respect of his or her management, in accordance with the financial regulations and the supplementary provisions.
16. The management function usually includes i) programme planning, monitoring and implementation, ii) ensuring the effective and sound administration of resources and iii) providing the governing bodies with accountability information based on the strategic direction they have set.
17. In the CoE, the Secretary General is responsible to the Committee of Ministers for the sound administrative and financial management of the organisation. The approval of the Programme & Budget by the Committee of Ministers constitutes authority for the Secretary General to proceed to collect receipts and to commit budget appropriations. This responsibility and authority is delegated to CoE staff as appropriate and in accordance with the financial regulations and the rules and procedures of the organisation.

### **Accountability framework**

18. Planning for, monitoring of and reporting on results, are management functions that involve essentially attempting to identify and carry out, within the resources allocated and the organisational and external constraints, the activities that produce the outputs most likely to lead to the achievement of results and reporting on results actually achieved.
19. Accountability for results implies that management has the obligation to show and explain how it measures intended results, to monitor the extent to which the outputs of the activities contribute to the desired results, and to use that performance information to manage.
20. An accountability framework illustrates who is accountable to whom for what, why, when, where, how. It is a fundamental component of sound organisational performance management.

21. Accountability requires management autonomy and responsibility and a clear distinction between governance and management entities.

## **Recommendations**

22. The following recommendations have been drafted on the basis of the consultant's report and of further consultations with the reference group.
23. Recommendation 1: The P&B should be a governance tool, providing the CM with information that is meaningful for policy and political deliberations, without entering into management-level information. For this purpose, in its instructions to the MAEs for the preparation of their contributions to the P&B, the DSG should also request that the MAEs formulate strategic objectives and indicators at sector level.
24. Recommendation 2: The DPFL should develop a clear conceptual framework (guidebook) for its RBB system. The framework should be developed based on the General Concepts and Definitions for RBB and made specific to the CoE context. This document would be addressed to all CoE staff and would explain i) the overall philosophy, the key principles and concepts of the RBB approach and what it intends to achieve, ii) the role of RBB in the overall reform process, iii) the logics behind the planning (and reporting) process and the functional relationships between the different planning levels, starting from the priorities document of the Secretary General and cascading down and iv) the way projects funded by extra-budgetary resources should be integrated in the P&B and v) the way individual programmes should be developed.
25. Recommendation 3: DPFL should instruct and support the MAEs through practical guidelines and methods to improve the formulation of expected results and indicators in the P&B at programme level, focusing on the actual changes intended to occur in the biennium rather than on the activities to be implemented or the outputs to be produced. DPFL should also facilitate the introduction and use of qualitative and narrative performance indicators that would actually facilitate expressing the value of the activities implemented by the CoE.
26. Recommendation 4: The DPFL, in cooperation with ODG PROG, DHR and DIO should develop a coaching programme to provide the CoE staff with responsibilities for programming, monitoring and reporting with specialised support in Results-Based programming, monitoring and reporting, in particular in the formulation (and use) of expected results and performance indicators. This support should take into account the specificity of the CoE working methods and the nature of its programme activities (normative, standard setting and technical cooperation activities) and aim at conveying in an adequate manner the value of the activities implemented by the CoE.
27. Recommendation 5: The DPFL, in consultation with ODG PROG, should examine the feasibility of introducing in the P&B country-specific information such as country action plans and programmes related to the neighbourhood policy in order to give a more complete picture of the CoE added value in member states and beyond.
28. Recommendation 6: The PRR submitted by the DPFL to the CM should be improved by an enhanced focus on questions of overall policy, strategic direction, priorities and orientations in order to enhance the relevance of the PRR to the governance-level decision-making. To this purpose the DPFL should request from the MAEs contributions that would include an overall

analytical report for each Pillar, complemented with information on the achievement of objectives and performance information at Sector level.

29. Recommendation 7: The DPFL should take the lead to amend the Financial Regulations so that the interim Progress Review Report is no longer required.
30. Recommendation 8: The DPFL should reinforce its capacity in the domain of results-based approaches in order to be able to i) check the quality of planning and reporting documents from an RBB perspective, ii) provide support to CoE staff on RBB related issues, iii) further improve the CoE RBB system on the basis of feedback received and developments in this field both in literature and practice through benchmarking with comparable organisations.
31. Recommendation 9: The PO, in cooperation with representatives of DPFL, ODGPROG, DIO and operational DGs, should develop a Results Based Management strategy, defining its scope and addressing issues such as:
  - a) ensuring consistency between the P&B document (and the expected results and performance indicators included therein) and the projects to be implemented;
  - b) defining roles and responsibilities of programme co-ordinators and project managers to enhance their accountability for results and clarify the accountability framework. A special attention should be paid to the programmes and the P&B involving more than one entity, and in these case, the roles and responsibilities of programme coordinators should be clearly defined;
  - c) developing a results culture in the organisation and ensuring that the concept or result actually guide the CoE staff when planning or managing projects and programmes;
  - d) defining issues related to management responsibility and authority and addressing the issue of inconsistency between responsibility for projects and programmes (and for achieving their expected results) and authority over the resources allocated to these;
  - e) Introducing relevant IT tools – or revising the existing ones – to support the application of RBB and RBM principles in the CoE.