



Development of a Concept for the Introduction of a Goal- and Impact-Oriented Budget Management System

Non-Technical Summary of the Final Report

This report highlights the development and significance of performance-oriented budget management in Germany. The German federal government initiated research to strengthen the already existing approach based on the coalition agreement of the 20th legislative period. Performance budgeting focuses on the outcomes achieved by government activity rather than merely the funds allocated to specific policy areas. While progress has been made, Germany still faces challenges compared to the performance

budgeting pioneers among OECD countries.

The research was conducted in two phases: In Phase I, the study identified international and national benchmarks for the different areas of performance-oriented budget management and conducted a status-quo analysis of the federal budget system. In Phase II, leveraging the analytical findings from Phase I, a concept including specific implementation suggestions for improved management of the federal budget was developed. Complementary instruments such as a guideline for performance-oriented budgeting

in the German federal government, an evaluation guide, and an exemplary indicator guide were developed to facilitate the practical implementation of proposed measures.

The analysis revealed that the progress of performance-orientation within the federal budget is contingent upon eight distinct dimensions. Namely, the existence of a clear system definition, support from key stakeholders, fostering incentives for decision-makers to consider outcomes and impacts, inclusion of performance budgeting concepts in training and education, the use of SMART indicators, digital availability of relevant data, a robust culture of evaluation, and the availability of resources and cost transparency. Addressing all these dimensions is crucial to ensure successful reform steps.

The report concludes by presenting 17 actionable recommendations to be implemented over the next years, taking into account the eight dimensions mentioned above.

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