

Conclusions and recommendations of the National Audit Office

Good practices in development projects – Meta-assessment of projects within the Effectiveness and Performance Programme

The audit was targeted at the Effectiveness and Performance Programme implemented in 2012–2015 to limit the increase in public spending and to narrow the sustainability gap. The programme consisted of programmes of different administrative branches and jointly monitored Government-level development projects. Jointly monitored projects refer to projects reported directly to the Ministerial Committee on Economic Policy. The Effectiveness and Performance Programme included a total of 238 measures and development projects, which aimed at a EUR 400 million productivity benefit by 2020.

The audit data consisted of evaluations made of the projects included in the Effectiveness and Performance Programme. Based on these evaluations, the National Audit Office identified factors linked with the achievement of the targets set for the projects within the Programme. Such meta-level reviewing provides joint audit evidence of the ambition and efficient implementation of administrative reforms in different projects. In addition to good practices, the audit highlights critical phases in development projects. Taking these critical phases into account supports the public administration in ensuring that the projects are effective and achieve their targets as well as possible.

Core function analysis helped identify development needs

When development projects are prepared, it is important to make sure that the project actually meets the development need. The Effectiveness and Performance Programme aimed at systematically finding ways to prioritise and revamp central government operations. This ‘core function analysis’ was implemented in all administrative branches in 2012–2013.

The audit assessed the purpose of the core function analysis to ensure that development projects are targeted correctly. The assessment was made from the perspective of the analysis process and its impacts. The core function analysis ensured the comprehensiveness of project mapping, the expertise and coordination required by the analysis, and the commitment to the operational reform and the results of the analysis through cross-sectoral decision-making.

Evaluation reports have also shown that the projects within the Effectiveness and Performance Programme succeeded in meeting the identified need. The core function analysis is thus a good example of a systematic model for identifying development needs in public administration.

Successful target-setting is of key importance to the effectiveness of the project

The problems in the projects within the Effectiveness and Performance Programme were related particularly to the preparation of the projects and to target-setting.

A project plan should always specify the target, i.e. the deliverable or impact to be achieved with the reform. However, the connection between the target and the desired impact had seldom been specified in

the projects audited. Nor did the targets recorded specify the purpose of the project in a manner that would have steered the operations in a certain direction. The projects had mainly been set performance targets in the implementation phase, and thus the connection with the strategic-level needs remained unclear. Another major problem was the lack of indicators for verifying the achievement of the targets.

The audit revealed that sufficient attention had not been paid to specifying the operations and to target-setting at the initial project phase. The problems found in target-setting are partly explained by the lack of criteria for defining targets for the projects. Although there are no specific guidelines for the extensive project work in central government, the criteria for good performance targets described in *Handbook on Performance Management* (the Ministry of Finance, 2/2005) could be applied almost as such to the preparation of project work.

The monitoring of extensive development projects should extend over different government terms

The audit highlighted the benefits of monitoring in different project phases as well as the need to develop the monitoring. In some projects, monitoring during the implementation phase provided the projects with information that made it easier to steer the implementation, remedy the defects in preparation, and ensure that the project will achieve its targets as well as possible. Monitoring after the implementation phase has, in turn, helped to verify the results and impacts of the project. It has also provided information to support post-project evaluation.

The aim of post-project evaluation is to develop project competence and operations and to verify accountability. When a project is implemented with external resources, it should be ensured by the contractual terms of the assignment that the monitoring data collected of the project enable post-project evaluation.

The Effectiveness and Performance Programme aimed at long-term impacts. However, many projects have remained secondary after the end of the programme period. Several ministries have had difficulties in providing information for the audit on how they have promoted the development projects and measures and how they have ensured that the projects continue to have an impact even after the end of the government term.

If the Government Programme does not take the projects of the previous government term into account or does not aim to ensure that previous measures will remain effective, ministries have limited opportunities to promote, steer or monitor development actions extending over government terms. The problem is particularly emphasised when an individual project or a ministry's project portfolio is so extensive that it is not possible to implement it during one parliamentary term. Thus, the Effectiveness and Performance Programme has, for its part, highlighted the need for the development of public administration to continue over different government terms.

Shared evaluation practices of ministries would streamline the evaluation process

When the evaluation of development projects is improved, it is necessary to pay attention to the smoothness of the evaluation process. Shared project evaluation practices of ministries would increase the efficiency of the evaluation process by promoting systematic information production and consistent reporting on material findings. Streamlining the

evaluation of project work would also make it possible to increase the number of projects evaluated. It would also make the evaluation activities more comprehensive.

A principles-based evaluation model for promoting uniform procedures would have several benefits: evaluations would be completed more quickly, it would be easier to compare evaluations of different projects, evaluation data could be utilised more extensively, and the evaluation criteria would be transparent. The evaluation model would also support project management by describing the criteria for post-project evaluation of the effectiveness and success of the project.

Benefits of development projects should be considered in relation to costs

In its audit, the National Audit Office also paid attention to the need to estimate the projects costs in advance and to monitor them from an investment perspective. The project costs were hardly estimated in advance or reported in the projects within the Effectiveness and Performance Programme. Development projects should, nevertheless, describe the benefits of the change and examine them in relation to the costs and the trend in expenditure. At least in the monitoring of the projects within the Effectiveness and Performance Programme, a project model would have helped to guide the ministries to take into account the connection between the projects and central government finances, and to report on the project costs and the size (in euro terms) of the material risks related to the projects.

Recommendations of the National Audit Office

The National Audit Office recommends that

1. the ministries monitor and evaluate development processes from the perspective of the implementation of accountability, as well as effectiveness, by reporting project data produced by performance indicators.
2. to ensure the comprehensiveness of the evaluation and to improve the smoothness of the evaluation process, a shared model of the evaluation principles is drawn up under the leadership of the Prime Minister's Office. The aim of the shared model is also to support post-project evaluation of development projects and to promote more systematic preparation and implementation of projects.