
***Program Performance Budgeting:
Sub national initiatives
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Budgeting: Meaning and forms

- “Government budget is a statement of estimates of expenditure for a specified period of time together with proposals for financing them”
- “a forecast and an estimate of all the public receipts and expenditures and for certain expenses and receipts, an authorization to incur them and collect them.”

Budgetary Reforms: Need of the Hour

- Enhance Allocative and Technical efficiency:
 - ✓ Review of state budget resource allocation: How? which sector? How much?
 - ✓ Generate information base to make an optimal use of scarce resources
 - ✓ Prioritize allocations based on needs
 - ✓ Achieve efficiency in the provision of State services—to estimate the unit costs of providing various services
 - ✓ Measurement of Performance of Governmental Schemes---
Global recognition of the importance of tracking 'Outcomes

Focus of Today's presentation

- To highlight what is ailing the current budget practices
- To document the international reform initiatives
- To present sub national initiatives in India- Karnataka, Uttarakhand and Jharkhand
- Performance Measurement
- Challenges posed by these initiatives

What is the current form and why it ails?

- Center as well as states follow line-item Incremental budgeting
- The year on year increase is leading to-mushrooming of schemes; expenditure bloating; unleash aggregate fiscal discipline
- weak systems in place for expenditure review
- Plan and non-plan distinction- this distinction has been done away with w.e.f 2017-18
- Unpredictability of funding
- Policy, planning and budgeting lack strong links

International Best Practices: Past reform initiatives in Budgeting

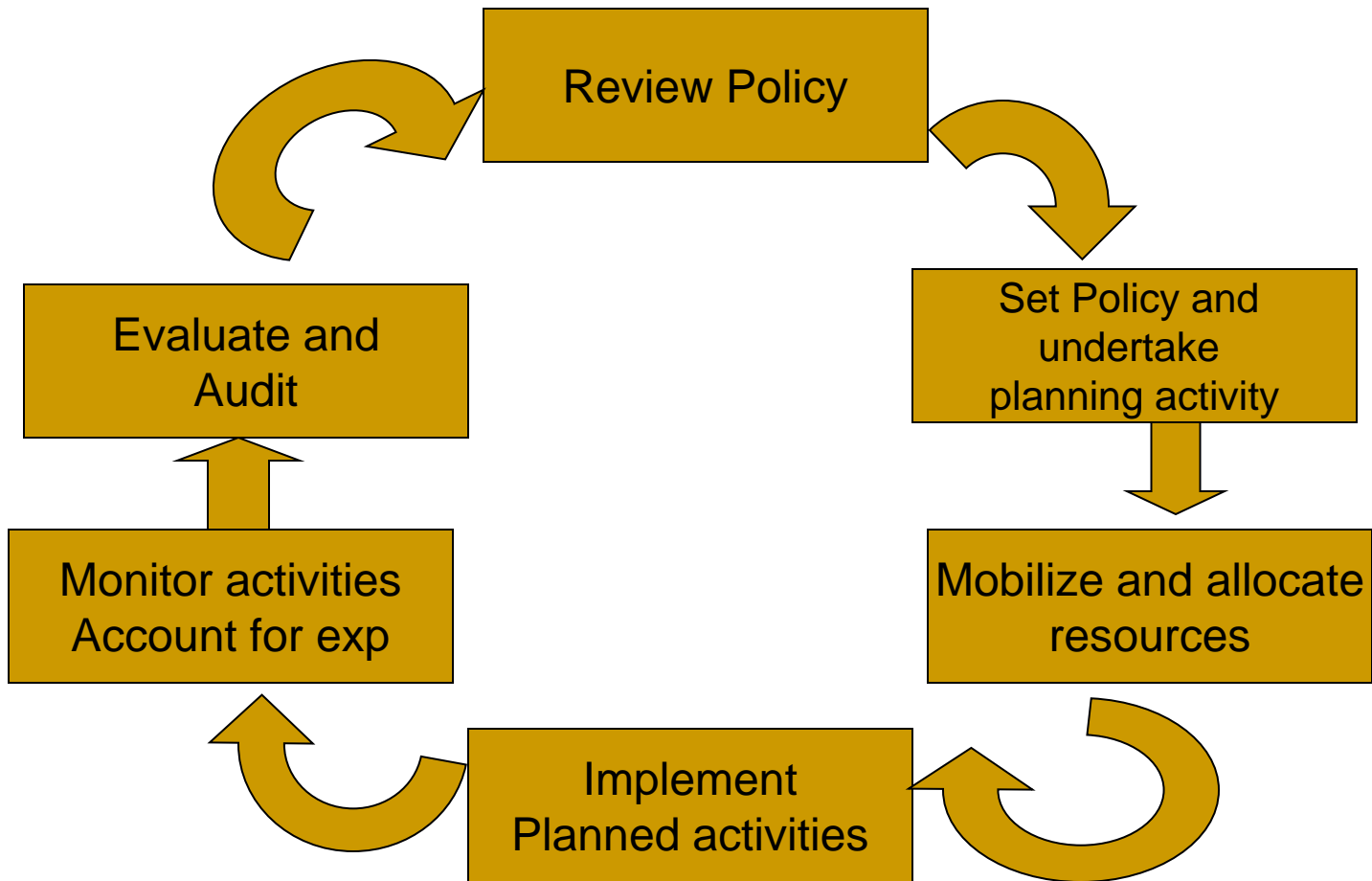
- Line –Item Incremental budgeting
- Program budgeting
- Performance budgeting
- Zero based budgeting

Performance Focus revived

- Many nations revived their performance focus in the decades of eighties and nineties
- Australia and New Zealand fore runners
- Outcome Budgeting
- Program performance budgeting
- Management by results

Broad features of international reforms

- Formal legislations forming the basis
- Budget documentation
- Medium fiscal frame work
- Performance contracts/Incentives/off budget fund
- Expenditure Reviews
- Linking Policy, outlays and outcomes



Reforms in Indian Context

- India also had attempted reforms in the past-
Zero based budgeting
- Performance Budgeting still continued
- Outcome Budgeting –Government of India
- Program Performance Budgeting –
Karnataka, Uttarakhand, Jharkhand

What is A Program Performance Budget?

A systematic method of:

1. Grouping individual schemes in to programs/sub programs
2. Defining an organization's *mission, goals*, and *objectives* for each program
3. Regularly evaluating its *performance* as a part of the budget process
4. Making use of the performance information in expenditure decisions

What is a program and sub program

- A group of schemes/individual scheme that together/singly aid in the achievement of outcomes/results
 - eg: Vertical Disease Control Program: Primary Education; Secondary Education;
- A sub program is a part of program that helps largely in the achievement of intermediate outcomes
 - eg: Access; Retention; Quality

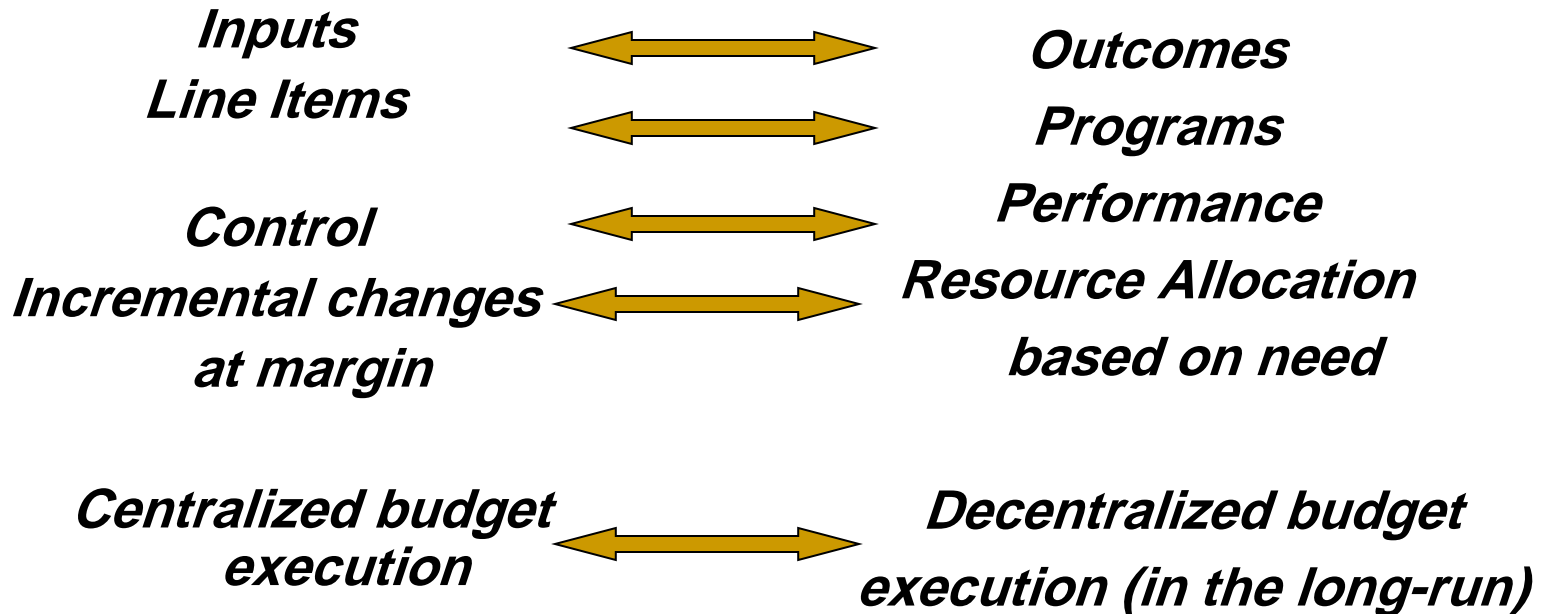
The Key Components of PPB

- Linking of Policy, Expenditure and outcomes
- Line items grouped in to Programs/sub programs
- Budgets developed for Programs/sub programs
- Tracking of Aggregate expenditure: Plan and Non plan: Revenue and Capital expenditure
- Medium Term Approach
- Impact/outcomes/Results tracked at the program/sub program level
- Outcomes serve as the basis for expenditure priorities and allocations
- End result: Allocative efficiency improved

Program Performance Budgeting vs Traditional Budgeting

Traditional Budgeting

Program Budgeting



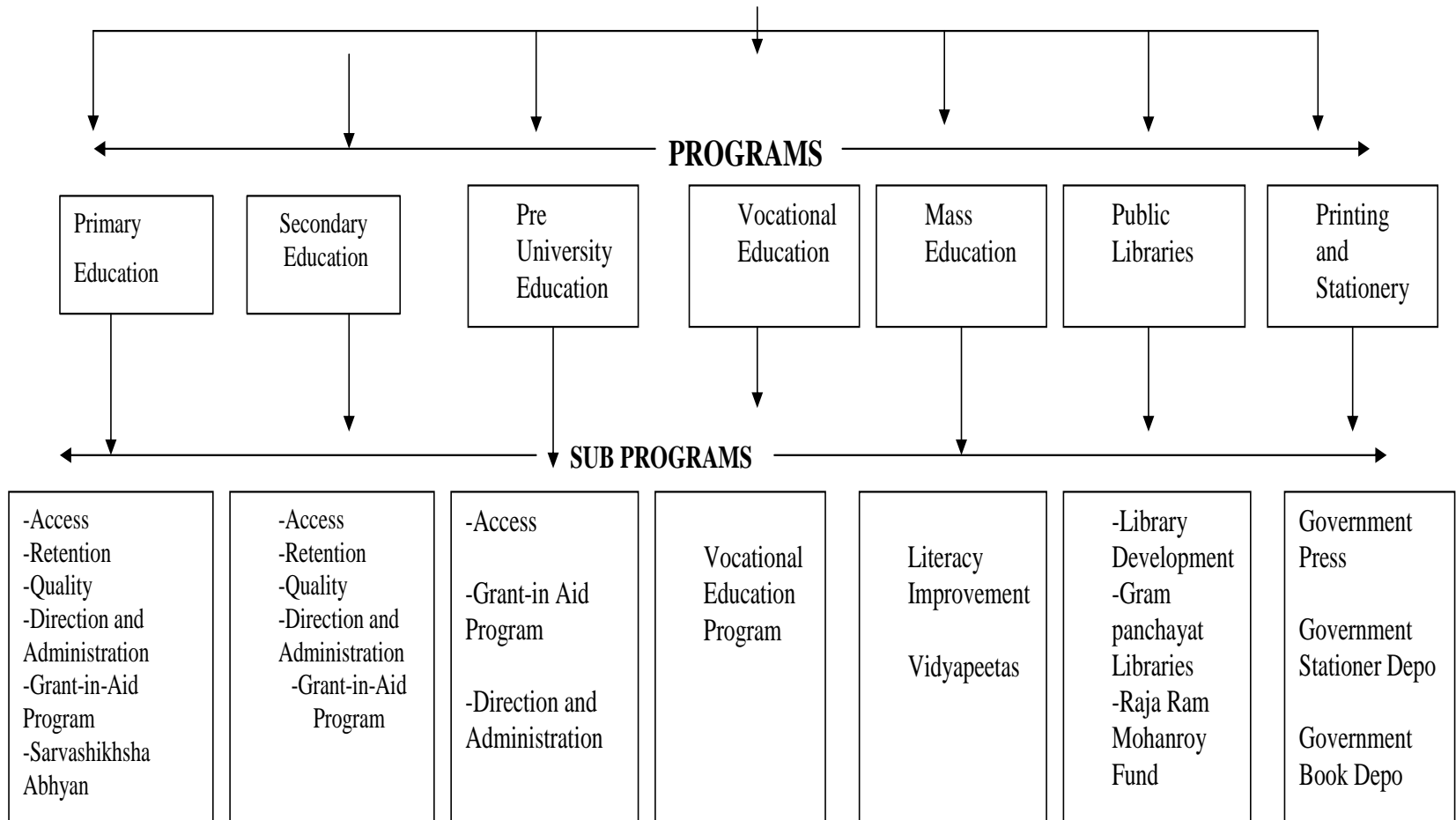
2210 Medical and Public Health

(Rs. In Lakhs)

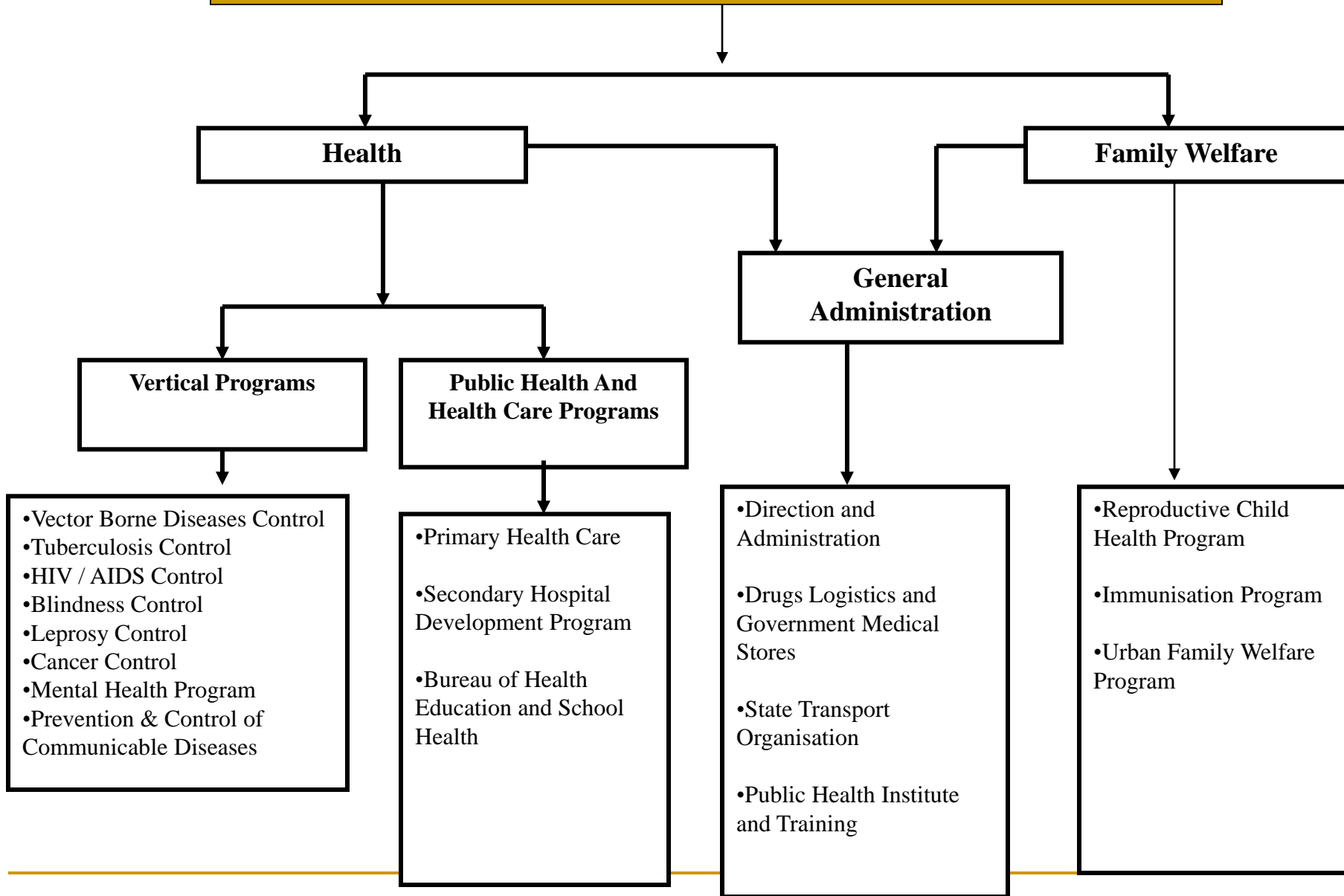
| | | 2007-08 Accounts | | 2008-09 Budget | | 2008-09 Revised | | 2009-10 Budget | |
|------------------------|--|------------------|---------------|----------------|---------------|-----------------|---------------|----------------|---------------|
| Heads of Accounts 1 | | Plan 2 | Non-Plan 3 | Plan 4 | Non-Plan 5 | Plan 6 | Non-Plan 7 | Plan 8 | Non-Plan 9 |
| 10 | 2210-06-101-7-10 National Iodine Deficiency Disorder Control Programme (CSS 100%) | | | | | | | | |
| 002 | Pay-Officers | ... | ... | ... | ... | ... | ... | 1.62 | ... |
| 003 | Pay-Staff | 2.92 | ... | 4.26 | ... | 4.26 | ... | 7.14 | ... |
| 004 | Interim Relief | 0.04 | ... | ... | ... | ... | ... | ... | ... |
| 011 | Dearness Allowance | 0.74 | ... | 1.17 | ... | 1.17 | ... | 3.33 | ... |
| 014 | Other Allowance | 0.81 | ... | 0.89 | ... | 0.89 | ... | 1.62 | ... |
| 020 | Medical Allowance | ... | ... | ... | ... | ... | ... | 0.02 | ... |
| 059 | Other Expenses | 6.18 | ... | 4.16 | ... | 4.16 | ... | 7.28 | ... |
| Total 10 Voted | | 10.69 | ... | 10.48 | ... | 10.48 | ... | 21.01 | ... |

Government of Karnataka

Program Chart of Primary and Secondary Education



Program Chart of Health and Family Welfare



How to develop Program Pages ?

For each Program/Subprogram

Description of Program/Subprogram

- 1. Functions**
- 2. Performance in recent years**
- 3. Key Community Targets**
- 4. Special Impacts (SC/ST, Gender)**
- 5. Constraints**

Care: Complete coverage of Schemes has to be ensured

Health and Family Welfare

Program: Health-Family Welfare programs: Program Format

■ Functions/ Program Description

- Strengthening of family welfare interventions in Urban and Rural areas.
- Provide contraceptive advise and services to reduce the decadal growth rate of population.
- Provide reliable Anti Natal Care,(ANC) Pre Natal Care (PNC) and to improve the institutional deliveries to reduce Maternal Mortality Rate (MMR).
- Strengthening the Routine Immunization programme and pulse polio mop up program to reduce Infant Mortality Rate (IMR).

□ Key Community Targets

- Increase the percentage of women receiving ANC services from 85% to 100% by 2010.
- Increase the percentage of institutional deliveries from 60% to 85% by 2010.
- Complete Immunization of all children from 90% to 100% by 2010.
- Increase the couple protection rate from 60% to 65% by 2010.
- Decrease total fertility rate from 2.13 to 2 by 2010.
- Decrease crude birth rate from 22.1 per 1000 to 20.6 per 1000 by 2006.
- Decrease maternal mortality rate from 1.75 per 1000 to 0.9 per 1000 by 2010.

- Decrease infant mortality rate from 55 per 1000 to 30 per 1000 by 2010.

■ Special Impacts

■ Impact on Scheduled Caste and Scheduled Tribe population

- The current met need under family planning is 57.5% for SC population and 44.8% for ST population whereas for other population it is 56.9%.

■ Gender Impacts and Special Programs:

- Sterilized sealed delivery Kits will be made available under “Surksha Herige” by which to all the beneficiaries to ensure safe delivery.
- Pregnancy detection kits are being supplied in '6C' category districts during the year 2005-06.
- Supplementary Nutrition for Adolescent girls.
- Madilu, an antenatal care scheme has been introduced in 2007-08.

■ Constraints

- Positioning of personnel in rural areas to ensure 24 hour availability of services and ANM recruitment
- Disruption in supplies from Government of India.
- Medical Officers and Health Personnel not staying in the head quarters

| Programme / Methods | 2006-07 | | | 2005-2006 | | |
|-----------------------|---------|-------|-------|-----------|-------|-------|
| | Plan | Achmt | % | Plan | Achm | % |
| Family Welfare | | | | | | |
| Sterilisation | 4.03 | 3.75 | 93.04 | 3.99 | 3.76 | 94.24 |
| IUD | 3.21 | 2.91 | 90.51 | 3.27 | 2.97 | 90.83 |
| C.C.Users | 3.03 | 3.03 | 100.0 | 2.89 | 3.06 | 105.8 |
| O.P.Users | 2.00 | 1.71 | 85.54 | 1.95 | 1.71 | 87.69 |
| Immunization | | | | | | |
| DPT | 10.86 | 10.91 | 100.4 | 10.74 | 10.93 | 101.7 |
| Polio | 10.86 | 10.94 | 100.7 | 10.74 | 10.92 | 101.6 |
| BCG | 10.86 | 11.20 | 103.1 | 10.74 | 11.00 | 102.4 |
| Measles | 10.86 | 10.43 | 96.04 | 10.74 | 10.59 | 98.60 |
| TT (PW) | 11.91 | 11.52 | 96.73 | 11.82 | 11.53 | 97.55 |
| ANC | 11.92 | 10.81 | 90.69 | 11.82 | 11.34 | 95.94 |

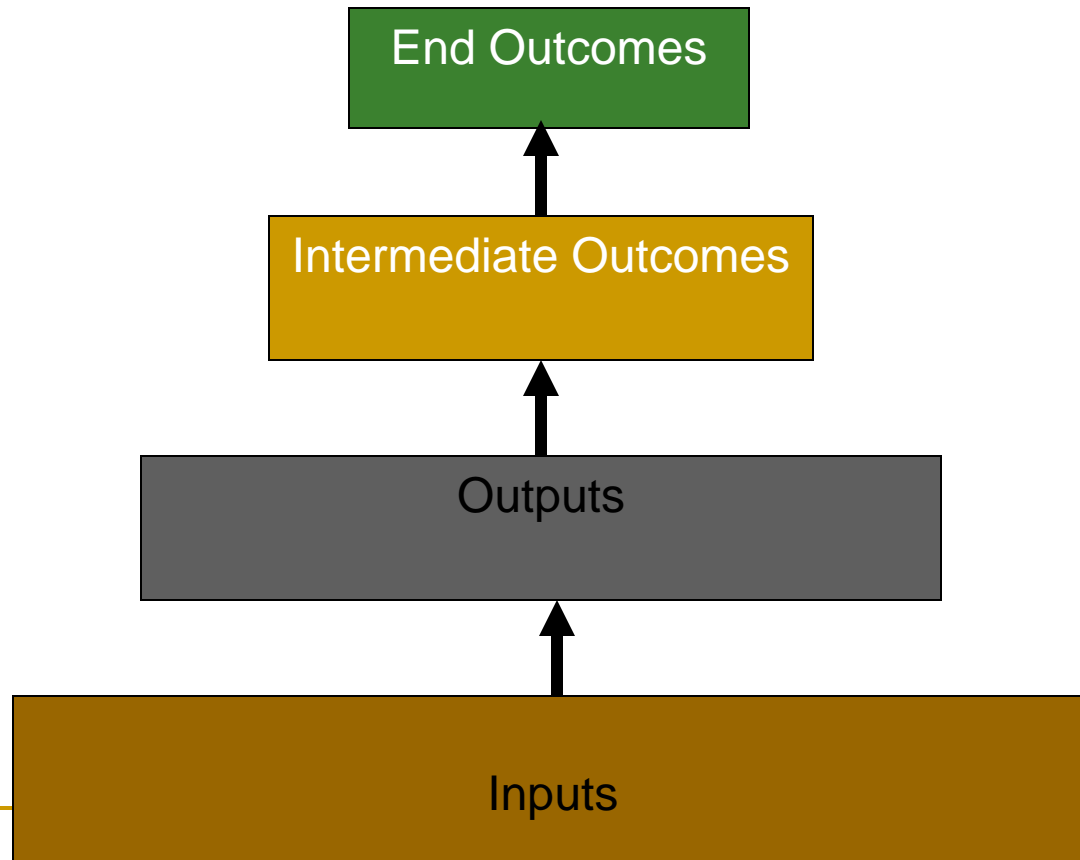
Budget Summary

- Ten Categories of Expenditure (Such as Employee Related: Administrative costs; operations and Maintenance etc.,)
- Object Heads of Expenditure to be classified in to each category: Care: No Expenditure Item to be Excluded
- Expenditure In Medium Term Frame
- Performance Measures:
Inputs, Outputs, Outcome, Efficiency

| Appropriations (Rs. In Lakhs) | 2005-06 | | 2006-07 RE | | 2007-08 BE | | 2008-09 Forecast | | 2009-10 Forecast | | 2010-11Forecast | |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| | Plan | Non-Plan | Plan | Non-Plan | Plan | Non-Plan | Plan | Non-Plan | Plan | Non-Plan | Plan | Non-Plan |
| Employee Related | 1075.60 | 301.17 | 1365.14 | 204.64 | 1594.14 | 244.33 | 1704.18 | 260.75 | 1819.76 | 277.86 | 1940.11 | 295.67 |
| Administrative Costs | 155.71 | 4.67 | 255.47 | 19.71 | 191.44 | 20.45 | 199.10 | 21.27 | 207.06 | 22.12 | 215.34 | 23.00 |
| Other Costs | 82.69 | 0.38 | 1547.77 | 0.60 | 819.99 | 0.62 | 860.99 | 0.65 | 904.04 | 0.68 | 949.24 | 0.72 |
| Operations and Maintenance | 3.82 | 0.00 | 1010.00 | 0.00 | 10.00 | 0.00 | 10.50 | 0.00 | 11.03 | 0.00 | 11.58 | 0.00 |
| Capital- Works | 1172.44 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Capital- Loans/Investment | 497.27 | 0.00 | 100.00 | 0.00 | 100.00 | 0.00 | 105.00 | 0.00 | 110.25 | 0.00 | 115.76 | 0.00 |
| Transfers to Local Government | 9735.76 | 510.82 | 15601.85 | 596.13 | 17330.91 | 730.45 | 18197.46 | 766.97 | 19107.33 | 805.32 | 20062.69 | 845.59 |
| Transfers- Other | 400.96 | 0.00 | 469.33 | 0.00 | 497.53 | 0.00 | 522.41 | 0.00 | 548.53 | 0.00 | 575.95 | 0.00 |
| Subsidies | 0.00 | 0.00 | 0.00 | 0.00 | 246.50 | 0.00 | 258.83 | 0.00 | 271.77 | 0.00 | 285.35 | 0.00 |
| Debt Service | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 13124.25 | 817.04 | 20349.56 | 821.08 | 20790.51 | 995.85 | 21858.45 | 1049.65 | 22979.75 | 1105.98 | 24156.04 | 1164.97 |
| Revenue Approp | 11454.54 | 817.04 | 20249.56 | 821.08 | 20690.51 | 995.85 | 21753.45 | 1049.65 | 22869.50 | 1105.98 | 24040.27 | 1164.97 |
| Capital Approp | 1669.71 | 0.00 | 100.00 | 0.00 | 100.00 | 0.00 | 105.00 | 0.00 | 110.25 | 0.00 | 115.76 | 0.00 |
| Total Appropriation | 13124.25 | 817.04 | 20349.56 | 821.08 | 20790.51 | 995.85 | 21858.45 | 1049.65 | 22979.75 | 1105.98 | 24156.04 | 1164.97 |
| Central schemes-Allocation | | | | | | | | | | | | |
| State Allocation | | | | | | | | | | | | |
| External-aided allocation | | | | | | | | | | | | |
| | 2005-06 | | 2006-07 RE | | 2007-08 BE | | 2008-09 Forecast | | 2009-10 Forecast | | 2010-11Forecast | |
| Employees | Plan | Non-Plan | Plan | Non-Plan | Plan | Non-Plan | Plan | Non-Plan | Plan | Non-Plan | Plan | Non-Plan |
| Officers | | | | | | | | | | | | |
| Staff | | | | | | | | | | | | |
| Total | | | | | | | | | | | | |

| Performance Measures | 2005-06 Actual | 2006-07 Actual | 2007-08 Estimate | 2008-09 Forecast | 2009-10 Forecast | 2010-11 Forecast |
|--|---------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Outcome: | | | | | | |
| Infant Mortality Rate | 50 | 48 | 46 | 44 | 42 | 40 |
| Maternal Mortality Rate | To be tracked | | | | | |
| Percent of Pregnant women registered in Anti natal Care | 84 | 86 | 88 | 90 | 92 | 85 |
| Output: | | | | | | |
| Number of Primary Health Centres with 24 hours delivery services | 256 | 339 | 339 | 339 | 339 | 449 |

Conceptual Framework for performance Measurement



Performance Indicators: Definitions

Input: Resources used

Positions funded; money spent

Output: Service provided

Number of schools constructed; number of in-service teacher trainings conducted

Outcome: Effect/result on customers/beneficiaries

Graduation rates; dropout rates; parents satisfied with the quality of education in their children's school; repetition rate after class 5

“Intermediate” outcomes: Accomplishments / effects on citizens, are expected to lead to end outcomes, but are not themselves the end outcomes

“End” outcomes : Expressions of what is believed to be the purposes of the program

Efficiency: Cost per unit of output/outcome

Definitions - Performance Management is

1. A system of regularly developing, collecting, and reporting indicators to better understand the performance of a dept programs, organizations, or individuals;
2. Using this information in
 - Policy making
 - Resource allocation, and
 - Service delivery

Performance Measurement

Performance Management

Steps in Implementing a Performance Management System

Identify program objective

Specify desired outcomes

Identify indicators

Identify data collection procedures

Obtain baseline data

Set targets

Collect program data

Report & Review results

Use outcome information

Outputs vs Outcomes

OUTPUTS

1. Number of school buildings/class rooms constructed.
2. Roads repaired.
3. Training programs held.
4. Crimes investigated.
5. Potable water produced

OUTCOMES

1. Students completing class X successfully.
 2. Roads in good condition.
 3. Trainees using the training input in their work.
 4. Criminals convicted of crimes / decrease in crime rate
 5. Sufficient amount of potable water received by consumers
-

Challenges

- Budgeting practice remained the same for long and any change will be desisted and takes time
- Orientation to the new practices required for officers concerned
- Buy in of the stake holders- especially that of the Politicians/parliament
- Lack of performance- outcome data- should identify key outcome indicators
- Devise ways and means of collecting such data
- IT Arrangements to aggregate information from grass roots to state and nation
- Use performance information in decision making-political economy

Why Data and their use are Important

- An outcome indicator is not a real indicator until a practical data collection procedure has been identified that can provide the data and actually collected
- Unless the collected outcome information is used in decision making process no gains in allocative efficiency can be achieved.

Comments / Suggestions / Questions

Thank You