

Publication Review done by

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Implementing a Subnational Results-Oriented Management and Budgeting System: Lessons from Medellín, Colombia

Rafael Gomez, Mauricio Olivera, Mario A. Velasco (2009) Washington, DC
World Bank Publications

Results-oriented Budgeting (RoB), also known as Results-Based Budgeting, is a subset of Results-Based Management and a relatively new strategic management tool that focuses on formulating program budgets according to a pre-established number of desired results. In other words, it provides a direct method of linking resources to results, and therefore to accountability. Two of the greatest advantages of having a RoB system in place are monitoring allocation of public resources according to policy priorities, thus enabling execution and resolving information asymmetry problems between public agencies. RoB was first implemented in 1997 by the UN Secretary General, Kofi Annan, who launched a reform initiative to shift from normal program budgeting to Results-oriented Budgeting. Since then, many governments, UN agencies, multilaterals and other international organizations have adopted RoB with the purpose of improving the achievement of results.¹

Implementing a Subnational Results-Oriented Management and Budgeting System (2009), a working paper by Rafael Gomez, Mauricio Olivera, and Mario A. Velasco, draws real-life evidence of successful RoB implementation in a case study of the Municipal Planning Department (MDP) of Medellín, Colombia. The paper describes how RoB was designed and implemented and the achievements of the system as of 2009 (the date the paper was published). It provides a clear picture of the steps taken to implement a RoB system and the coordination needed between governmental and non-governmental agencies to strengthen the system. The paper can be classified as a descriptive case study as it does not involve detailed and technical analysis of the results of the RoB implementation. According to the authors, the purpose of this paper is to “describe the budget process reform implemented in Medellín and to analyze its actual performance and evaluate its success.” The authors’ intention is for readers to learn from a successful case of RoB implementation in the public sector and to understand its potential for replication in other government bodies and organizations.

The paper may be most useful to professionals working in the area of Monitoring and Evaluation and Results-Based Management, as it provides a clear example of the difference between the absence and presence of a RoB system in the government, showing how it can enhance dramatically the quality of indicators, enable monitoring and reaching results. It could also be used by professionals who are

¹ Kuma, Neelam S. (2012). *Results Based Budgeting*. Controller General of Accounts, Department of Expenditure, Ministry of Finance, Government of India. Retrieved 15 May 2012 from <http://www.cga.nic.in/pdf/ResultBasedBudgeting1.pdf>

deciding whether or not to implement this management method in their organizations, as it describes the entire process of RoB appraisal, consolidation, implementation and results. It also talks about the factors that enable the successful adoption of RoB. It provides an example of how a RoB system could be implemented and the possible effects it could have, but warns about replicating it in other organizations as circumstances vary from one organization or government to another. The paper could also be useful for those learning about Results-Based Management to learn how the RoB system works in practice.

The authors present the information in a logical and easy to follow structure that takes the reader through the different stages of RoB implementation at the MDP, from the design stage to the result stage. In the first section, the authors give some background on how the idea of RoB implementation came about in Medellin.

In the second section, they describe the context in which the RoB was implemented, why RoB was implemented, and factors that may have enabled or limited its success. In Medellin, the RoB system was established because of the need to align annual budgeting, target setting, and the four-year plan of the MDP.

In the third section, the authors describe the initial diagnosis, that is, the state of the budget process in Medellin before the RoB implementation. This section highlights the importance for the MDP of strengthening the use of performance information and the prerequisites for implementing this system, such as capacity building for staff to supply RoB and cooperation from other organizations to increase demand for RoB.

The fourth section describes the system components and the steps of RoB implementation: design, consolidation, formulation process, and implementation.

In the fifth section, the authors describe the results achieved up to 2009 and some of the positive outcomes of the RoB system in Medellin, which included: enhanced the links between investment projects and MDP targets and goals; improved the quality of indicators used to measure outputs and outcomes; defined clear responsibilities in planning, budgeting, and implementation; facilitated and improved audits; gave direction to focus on outputs and outcomes; and promoted community participation, thus public accountability. The paper analyzes how the steps taken and conditions involved in the RoB implementation resulted in more efficient and transparent M&E. The paper provides valuable information on how a RoB system should be implemented and on the short-term outcomes and immediate effects of the RoB system in Medellin, primarily its effects on target setting. To further support the hypothesis that the implementation of a RoB system enhances both target setting and target reaching, it would be interesting to follow up on this case study to find out how the RoB model helped the MDP of Medellin reach its goals, and how it affected target reaching and the quality of monitoring and evaluation data collected.

In the last section, the authors make some recommendations about the requirements for replicating RoB and provide lessons learned from the experience in Medellin. They argue that in order to ensure the successful implementation of a RoB approach, it is necessary to strengthen both the supply and demand sides of the RoB system – on the supply side, this means developing the capacities of the people who

will supply and contribute to the RoB system, and on the demand side, ensuring there is sufficient demand for accountability and performance information from civil society. The authors also argue that in order to replicate the RoB system in other areas of government, the demand and supply side features should be followed, but warn about implementing this model in municipalities that do not have sufficient technical capacity: They recommend evaluating the benefits and risks of implementing RoB in a municipality with others sets of issues and adapting it to specific capacities.

In terms of the methodology, the authors use a single case study that describes RoB implementation in practice to provide evidence that the RoB system can have successful outcomes and help enhance relevance and feasibility of targets, budget allocation and accountability. Although the authors could have provided more information about their data collection and analysis methods, the case study methodology was used appropriately in this study. According to methodology researcher Robert K. Yin, a case study research method is “an empirical enquiry that investigates a contemporary phenomenon within its real-life context, when the boundaries between the theory and practice are not clearly evident.”² Since RoB theory can be abstract, the authors of this paper provide a practical case that turns theory into practice. However, it would be interesting to see a comparative study of a successful and an unsuccessful RoB implementation to learn more about RoB implementation and the reasons for success or failure.

This case study provides valuable insight into how RoB can dramatically increase the quality of indicators that enable organizational alignment and monitoring and evaluation, and, as a result, help an organization reach its goals and targets according to pre-established budgets. As noted above, it would be interesting to know if these new-and-improved indicators have actually helped the MPD of Medellin reach its goals and objectives. If this is the case, this would be an indication that the implementation of RoB can and does increase results achievement.

² Soy, Susan K. (1997). *The case study as a research method*. Unpublished paper, University of Texas at Austin. Retrieved 16 May 2012 from <http://www.gslis.utexas.edu/~ssoy/usesusers/l391d1b.htm>