

# Commission 2: Managing Urban Growth

## Improving Infrastructure Investments for Outcomes

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# Synopsis

1. Tale of 3 Is -- *I Infrastructure* → *I Impact* →  
*I Investment*
2. What is an Impact- Outcome ? Why need for Outcomes
3. Outcome Approach Rationale --- Global Crisis Challenges &  
Impact on Metropolitan Authorities
4. City Experiences on Outcome Approach
5. Mumbai-SDS Outcome Agenda –Integrated Outcome Planning,  
Budgeting & Governance of Urban Infrastructure and Urban  
Services
6. About SDS



# What is an Outcome

- Performance ? what type ?
- *Full outlay spending or effective spending ?* →→→ ↓
- *Creating pre-determined assets (Output) or using* ← ←  
*asset effectively (Outcome) ?* To ensure latter need → ↙  
↙
- Outcome-based budgeting or Outcome-oriented ← ↙  
budgeting, in which outlays are determined on basis of  
outcome results
- Outcome results need vibrant M&E system, building C&C  
among stakeholders, tracking roadblocks, changing  
programme components & having *DDP as much as*, if not  
more than *PPP*

# Outcome Approach Rationale

- ⇒ **Global financial crisis a good reason for Metropolitan Govts to be consider Programme Outcomes**
- ⇒ **Only city govt directly interacts with urban people & any national/ global crisis *affects local service delivery & impacts efficiency of metropolitan govt.***
- ⇒ **Financial crisis has already impacted administrative & operational costs, though not yet salaries, unlike in private sector**
- ⇒ **Budget outlays have decreased, as also revenues. *Budget deficit is a growing phenomenon, along with, in sharp contrast, rising under-spending***
- ⇒ ***Under-spending no better than over-spending –both impact outcomes***



# Response to GF Crisis not Outcome-oriented

⇒ Metropolitan govt reform areas are:

- \* Shift from Cash to Accrual system of accounting
- \* Revenue mobilization rationalization
- \* Technology for service delivery
- \* Human Resource Development

⇒ *Metropolitan govt reform does not cover:*

- \* *expenditure management, critical for outcomes*

- \* *monitoring expenditure , roadblocks & the causative factors for poor attainment*

⇒ Reasons are

- \* Weak data base on operational issues
- \* Attainment or non-attainment makes little difference on outlays



# Causative Factor of Global Financial Crisis

⇒ In fact, Major CF of Global Financial crisis is failure to track performance, monitor signs of collapsing market, due to inadequate data on flows & use of credit & factors explaining changing movements

- **Real estate sector** initiated financial crisis. But also provides large revenues to metro govt; **yet metro govt data base & understanding of RE operations minimal.** Even property tax base value often antiquated
- **Two key lessons learnt for Metros:**
  - *Spending Budget outlay* **efficiently is core issue** for *outcomes*
  - City Manager to know How to *Develop & Transfer Performance Results*

□



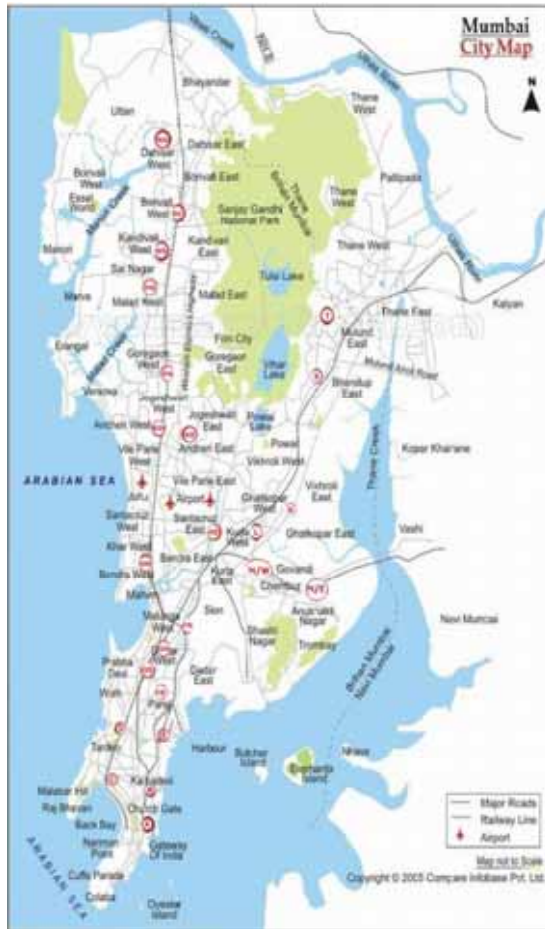
# City Experiences

- ⇒ Many City Managers recognize the Need to :
  - \* Be Performance-driven as resources limited, demands rising
  - \* To need timely/reliable information on what is happening in city & assess dimension of problem, *as this determines outlays*
- ⇒ Some Cities use performance results at planning stage for programme
- ⇒ **But little evidence of incorporating causative factors of inadequate attainment**
- ⇒ *Budgetary allocation continues on traditional lines. Fire fighting to address problems continues*
- ⇒ **Budget outlay do not reflect even output attainment**
- ⇒ **Metro data on performance results, costs, critical parameters of results for use in budgetary transfer process almost non-existent**

## City Experiences --*Successful Outcome Approach*

- ⇒ Literature review/consultations across countries indicate success in assessing performance, **but little evidence of transfer of results into budget & decision making**
- ⇒ **Australia** changed budget structure in 2000 to focus on outcomes & introduced accruals-based budgeting. Yet **ANAO, 2007** observes: “Lack of clarity about outcomes” Portfolio Budget Statements in “broad terms” not specifying target group/result/impact to achieve
- ⇒ Outcome statement includes terms: “to enhance, advance, contribute but no indication of degree of enhancement/advancement to achieve
- ⇒ **OECD** :*appropriations are still assigned to outputs*”  
2008, *Performance Budgeting in OECD countries*
- ⇒ **Canada**: Centrally approved set of strategic outcomes & program activities & **USA** focus remains on outputs

## **Mumbai--**Indian's first municipal corporation 1882 – Age 127 years



*City within city syndrome --*  
typical metro scenario

\*Large/growing pop **16.4** mn; 9.8% of all Indian UAs

\*Growing slums 54% pop

\*Poverty dimension less income-based (BPL), more service access-oriented

\*Large GDP contributor

•Annual Budget **US \$ 4.0 bn+**

**In outcome framework, Infrastructure planning & implementation to go beyond creation of roads, water pipes, storm water drains, sewage pipes, schools, clinics, to also plan & budget for their full & effective utilization to produce outcomes thereof**

# Mumbai Outcome Performance Activities

⇒ Budget 2008-09: **First Outcome Framework:** Thrust areas, core activities for outputs & outcomes, output & outcome indicators

⇒ Budget 2009-10: **Outcome Roadmap & Action Plan** to develop outputs first, then use outputs to attain outcomes

[www.mcgm.gov.in](http://www.mcgm.gov.in)

⇒ Budget 2010-11: To present **Outcome Results for 19 Depts & Outcome budget for 4 depts**

⇒ ***Evaluation studies*** to build data base, foundation building block for outcome process

⇒ ***Data base*** to develop PI, prepare roadblock inventory



## Outcome Framework & Tasks

⇒ Three inter-dependent Stages in Outcome Roadmap *to translate Vision & Goals into final Outcomes*

- Outcome-oriented Planning (OoP)
- Outcome-oriented Budgeting (OoB)
- Outcome-oriented Expenditure Management (OoE)

⇒ 1<sup>st</sup> converts *vision/goals* & transfer evaluation results

⇒ 2<sup>nd</sup> converts **planning goals** into **financial units**, with *per unit cost estimates*, decides outlay, prioritize activities, identify roadblocks, *estimate/provide funds to address them*  
Transfers evaluation & performance indicators results

⇒ 3<sup>rd</sup> *measures progress, tracks & resolves roadblocks, assess efficiency/effectiveness of expenditure for outcomes*  
Transfers feedback for next year 's planning & budgeting



# Operational Principles in *Outcome Roadmap*

- ◇ **Induct Efficiency ⇒ Effectiveness ⇒ Outcomes**
- ◇ **Build Data base through Evaluation Study**
- ◇ **Develop Performance Norms/Benchmarks & MTEF**
- ◇ **The DDP Challenge –a new MCGM Approach  
for  
*Backward & Forward Linkage Activity/Dept within MCGM*  
&  
**MCGM & Others in Government & Outside****
- ◇ **To address Roadblocks & their Causative Factors**
- ◇ **To introduce activities to enhance Productivity,  
Quality, Efficiency, Effectiveness**

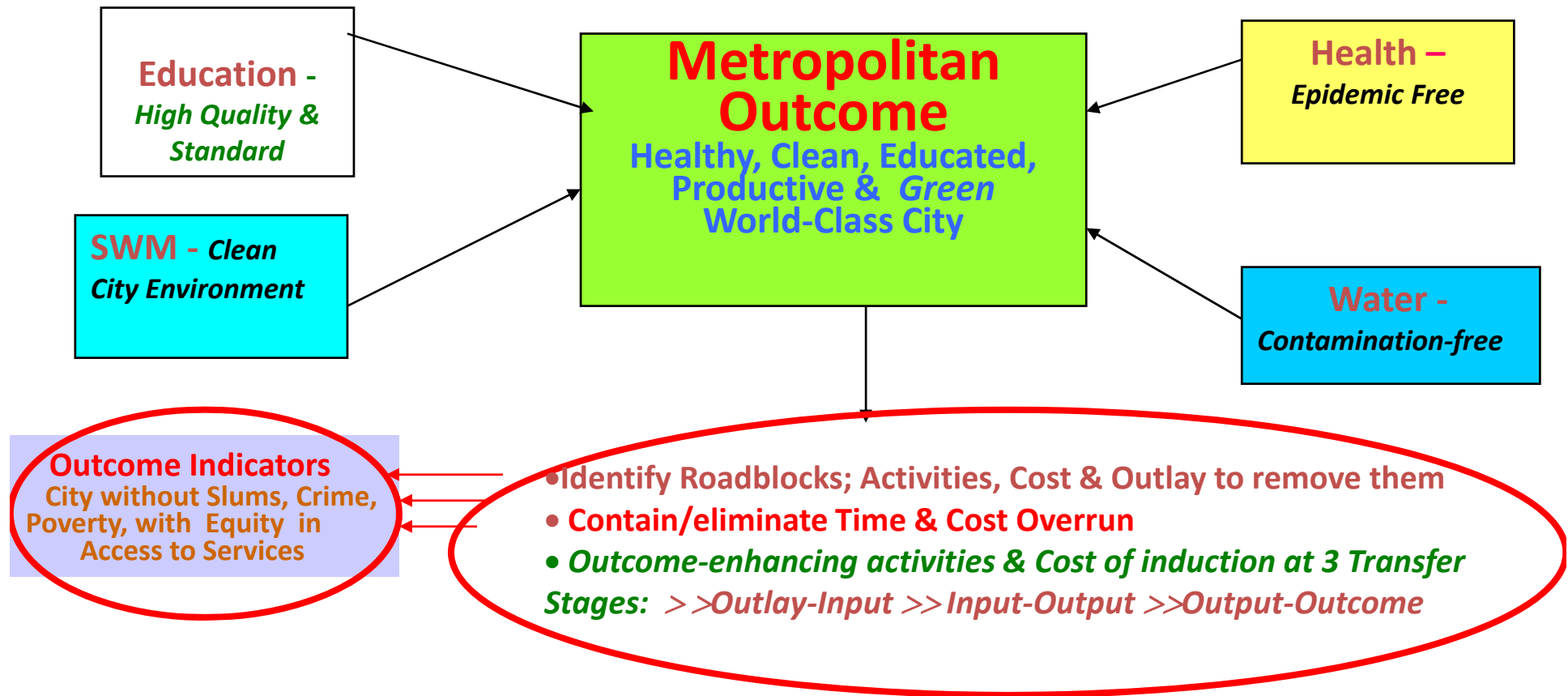


# Transferring Results for Outcomes

- ◇ **Multi-Level Strategy to transfer M&E results to Planning & Budgeting**
- ⇒ **Evaluation results** on roadblocks, causative factors, new activities for productivity *et el*
- ⇒ **Budget review results** on under spending, cost & time overruns --amount, activities, causative factors,
- ⇒ **Performance results** of level of attainment/non-attainment --Non-attainment need not necessarily lead to lower outlay & attainment to higher outlay
- ⇒ .....

# SDS Outcome-oriented Model

## Activities & Challenges to Attain Outcomes in Mumbai



Three stage Outcome Process -- OoP, OoB, OoE, with specific activities (roadblocks, outputs & outcomes) to monitor & evaluate at each Stage, to induct milestones of Productivity, Quality, Efficiency, Effectiveness = **Outcomes**

## About SDS

- ⇒ Quarter century of operations across 25 countries, over 40 cities & globally recognized Centre of Excellence
- ⇒ Global leader in urban knowledge infrastructure
- ⇒ Four UN Awards for Excellence/Best Practice 1994-2003
- ⇒ UN HABITAT Training of Trainers Institution for all UN regions & Regional Coordinator for GUO, 1993-2005
- ⇒ Member of First Global Advisory Board of UN HABITAT for research in Human Settlements
- ⇒ President, Network of Local Government Training & Research Institutes in Asia & the Pacific (LOGOTRI)
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