

# ***Result Based Budgeting in the University***

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# THE BUDGETARY PROCESS

**Results-based budgeting (RBB)** is a budget process in which

- (a) Missions formulate budgets around a set of pre-defined objectives and expected accomplishments, and
- (b) Expected accomplishments justify the resource requirements which are derived from and linked to outputs required to achieve such accomplishments, and
- (c) Actual performance in achieving expected accomplishments is measured by indicators of achievement. <sup>1</sup>

<sup>1</sup> UN Guide to RBB (Version 1.1),

# Goals of Result Based Budgeting are:



- ✓ To measure performance in order to show whether the activities of the actually ***make a difference.***
- ✓ To establish a top-down, logical framework, using a number of strictly defined concepts, such as objectives, expected results, performance indicators and outputs.
- ✓ To use the programme budget as a direct link between expected accomplishments and resource requirements.

# Goals of Result Based Budgeting are:



- ✓ To become a management and planning tool, rather than another budgeting methodology by mapping the expected results in advance and continuously tracking them.
- ✓ To focus on the question of “why performance was below expectations” and enable managers to detect deficiencies (rather than be a simple cost-cutting tool).

# REGULAR BUDGET

- STRATEGIC FRAMEWORK
- BUDGET OUTLINE
- CONTINGENCY FUND

## **A. STRATEGIC FRAMEWORK**

- The Strategic Framework provides a structure of programmes and sub-programmes for use in the programme budget.
- The Result Based Budgeting logical framework of objectives, expected accomplishments and indicators of achievement are first set out in the strategic framework.

## **B. BUDGET PREPARATION**

### Hierarchy of Budget preparation in Universities

1. Individual Work Plan
2. Chair Work Plan
3. Department/ Unit Work Plan
4. Budget Performance Report
5. Strategic Plan

# THE CONTINGENCY FUND

The **contingency fund** is not a fund with resources available for use. The contingency fund is a mechanism that makes it possible to provide funds , within a certain limit.



# Why change the Budgeting System?



RBB is not just a *new budget methodology*, but involves significant changes in the budget format by placing higher standards on programme design and planning.

By mapping the expected results in advance and by tracking to what extent these have been actually met, this budget format is also a management tool.

# Why Results-Based-Budgeting?



**Budgeting fulfils a major role within the organization and is an important element of the planning, programming, budgeting, monitoring and evaluation cycle. Budgets combine a managerial and a monitoring and appraisal function.**

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## *A managerial function*



- ▣ By defining the resources likely to be available
- ▣ By linking performance to resource availability
- ▣ By identifying the constraints under which an organisation operates – recognising what can and cannot be achieved within given resources and optimising their use,
- ▣ By encouraging initiative, how inputs may be effectively managed to produce the desired outcomes,
- ▣ By clarifying responsibilities, accountability and ownership of problems and opportunities.

## *A monitoring/appraisal function:*

- ▣ By setting periods for review of the cost-effectiveness of operations
- ▣ By enabling continuous monitoring, e.g. by appropriate phasing of the budget and comparison of budget with actual expenditures
- ▣ By highlighting areas for change i.e. reduce, consolidate or expand. <sup>2</sup>

2. Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, ST/SGB/2000/8, 19 April 2000, p.1

A Guide to Devolved Budgeting, Chartered Institute of Management Accountants, CIMA Education Group, p. 3

# What are results in results-based budgeting?



- Results are the **programme's intended benefits** for the end-users,
- Results are the **logical expected accomplishment** that occurs during or after the delivery of programme outputs.

Results involve a change in Knowledge, Skills, Attitude, Behavior, Condition, Policy etc

# What are the practical benefits of results-based management?



Results-based management can be applied many ways.  
*For example:*

- To **determine effectiveness** and continued relevance of activities
- To **provide feedback** to programmes for future actions
- To **focus** on policy issues
- To **promote support** for effective programmes
- To **develop and adjust** programme budgets