Integrating Performance in Budget Management

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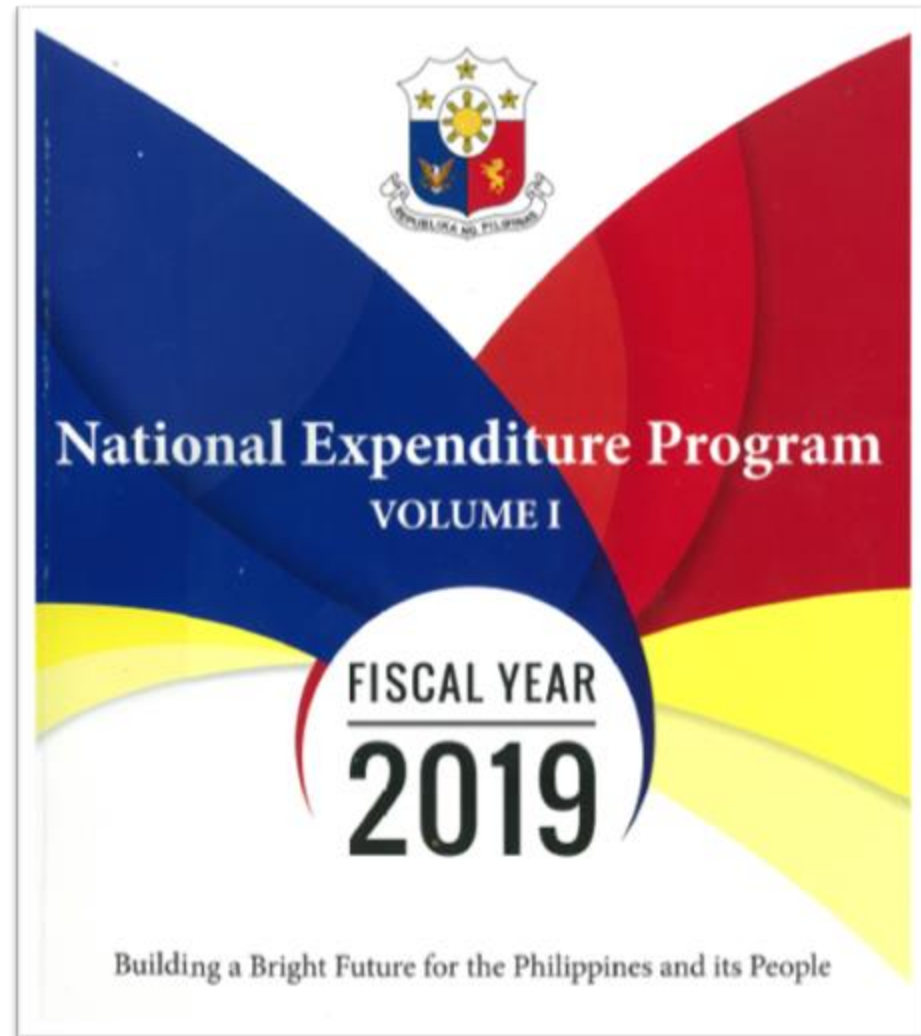*Budget & Management Bureau F*

The National Budget

The financial translation of approved plans, programs & projects for the fiscal year.

Consists of government's estimated income and planned expenditures.

A tool to enable government to achieve its development agenda & committed performance.

National Expenditure Program
VOLUME I

FISCAL YEAR
2019

Building a Bright Future for the Philippines and its People

Elements of Good Budgeting:

✔ Fiscal Discipline:
Spending **within means**

✔ Allocative Efficiency:
Spending on the **right priorities**

✔ Operational Efficiency:
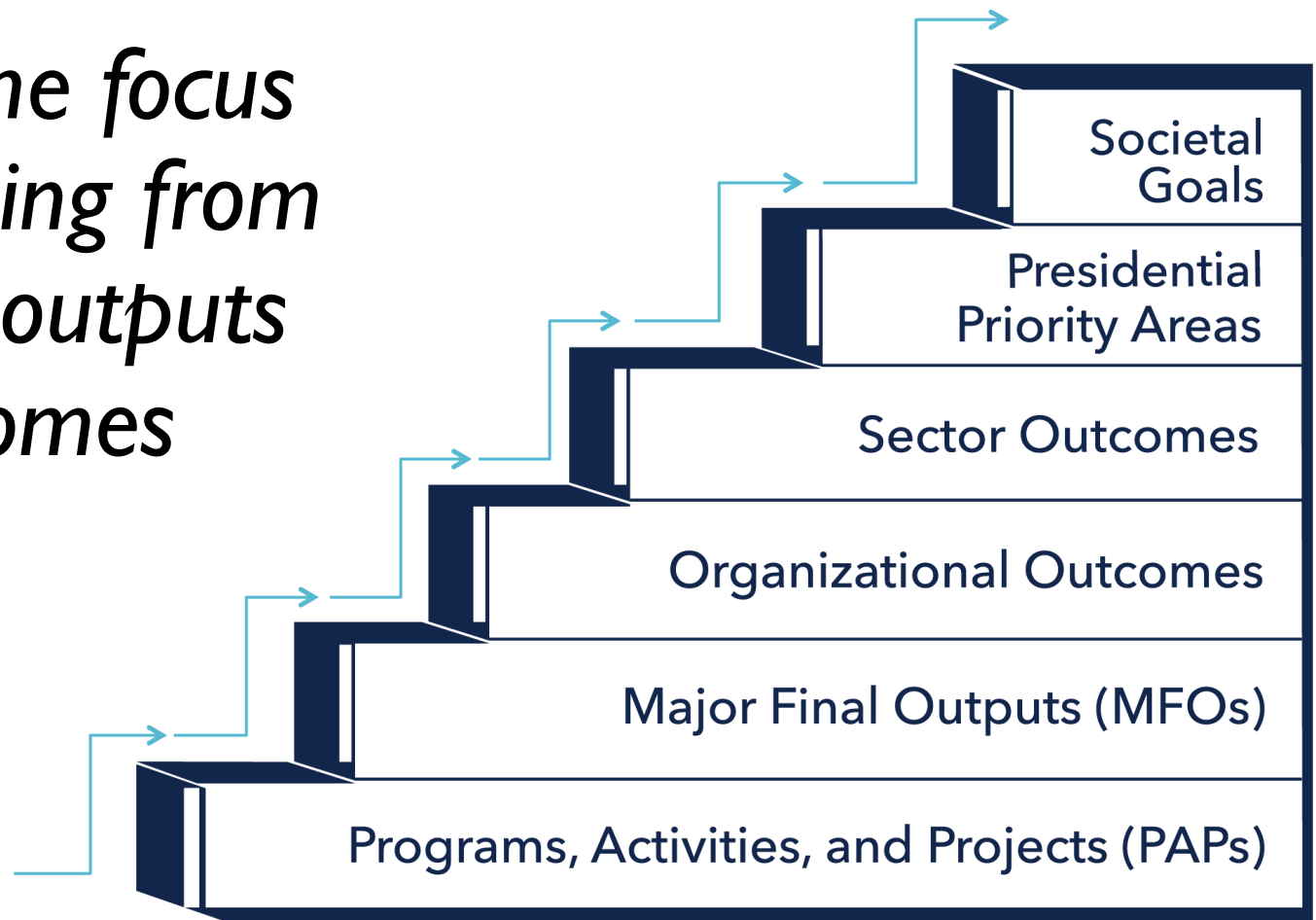Spending with **measurable results**

Key Reforms

1. Performance Informed Budgeting: from OPIF to PREXC

2. Zero-Based Budgeting and Agency Performance Review

3. Agency Capacity for M&E

4. Results-Based Monitoring, Evaluation and Reporting (RBMER) Policy
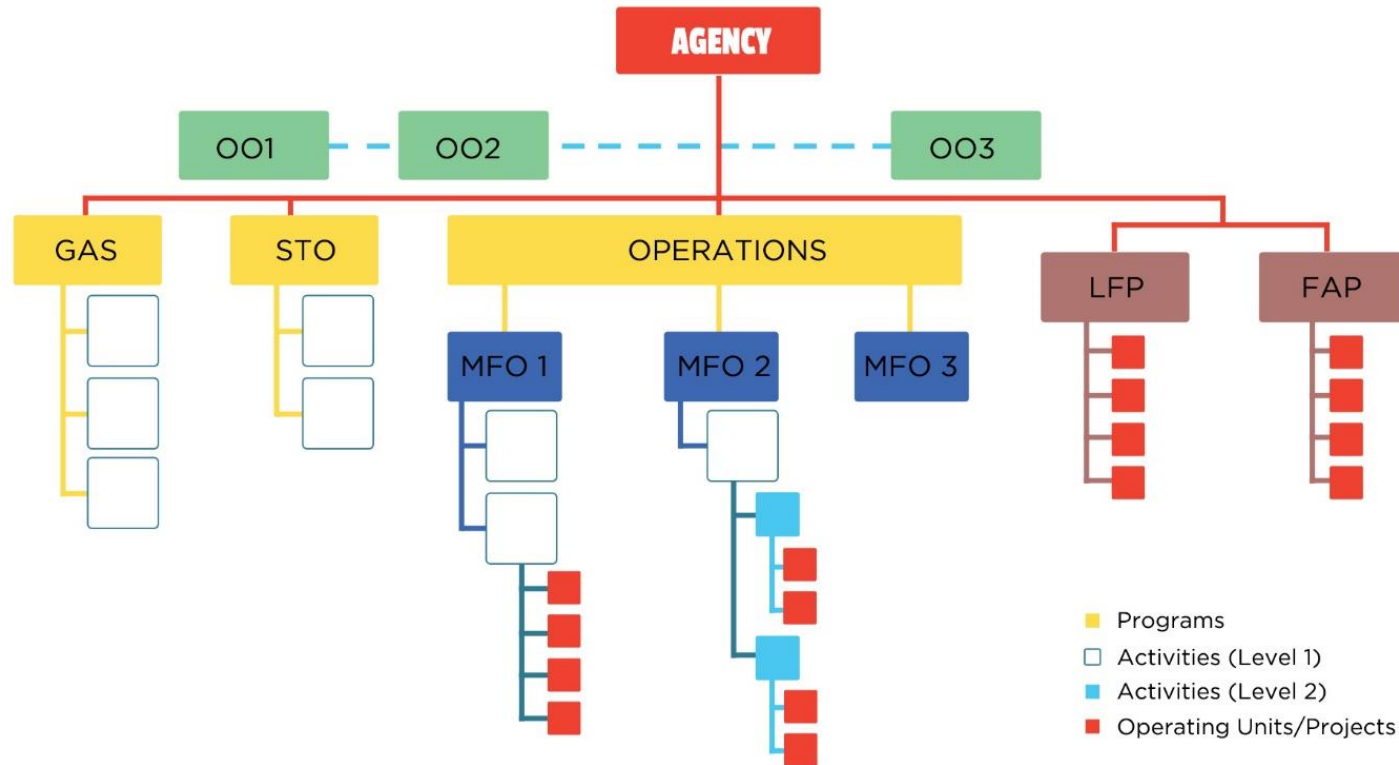
5. Digital Imaging for M&E (DIME)

Organizational Performance Indicator Framework

Shifting the focus of budgeting from inputs to outputs and outcomes

Societal Goals

Presidential Priority Areas

Sector Outcomes

Organizational Outcomes

Major Final Outputs (MFOs)

Programs, Activities, and Projects (PAPs)

MFO Based Budget Structure

After OPIF

- Review of OPIF Performance Indicators
- Performance Informed Budget
- Performance-Based Incentive System
- Program Expenditure Classification

Program Expenditure Classification
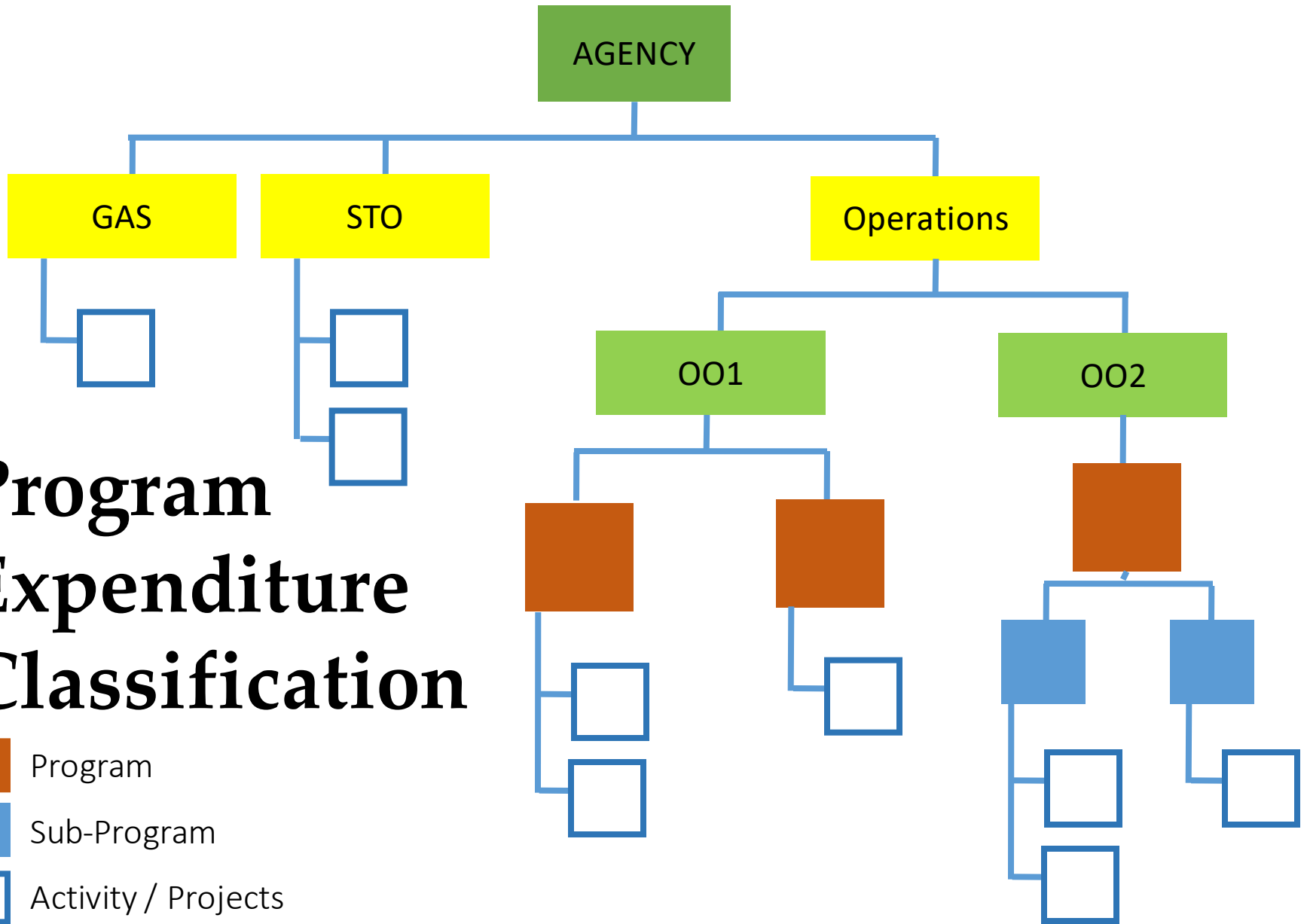
Zero-Based Budgeting

- Commissioned 36 ZBB Studies from 2011-15
  - Basis for termination, expansion, or modification of programs and projects
  - Independent validation of performance

- Criteria for Selection:
  - Potential leakage and inefficiency
  - Large magnitude of funds provided
  - Weak performance over past years
  - Priority programs

- 2016: Rapid Assessment of ZBB Process

Key Contributions of ZBB

- Terminated programs no longer delivering outcomes (Kilos Asenso)

- Expansion of performing programs (CCT, sitio electrification)

- Recommendations for improving processes (quick response fund), targeting and data collection (employment programs), and

Agency Performance Review

- Determine the level of performance of each agency in terms of physical outputs as well as actual expenditures incurred vis-à-vis targets for the same period

- APR is a tool to:
  - Determine need for additional fund release
  - Measure agency performance
  - Know appropriate level of agency budget

# Efforts to Strengthen Agency M&E Capacity

- 2014: Assessment of M&E Capacity
  - DepEd, DoH, DSWD, DA, DPWH, DENR, DOTR, DILG

- M&E Capacity Building
  - Forty Nine (49) selected staff from DBM & IAs participated in the UNICEF-funded AIM-administered CCMEfR (DBM,DILG, DepED, DENR, DA, DOTr, DOH, DSWD, NEDA)
  - BMB-F technical staff attended M&E-related trainings at DAP, UP, PSRTI, and DLSU

2014 Snapshot: Agency M&E
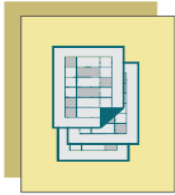
6 agencies **have baseline/benchmark and target values** for their indicators, but only three (3) have **means of verification for their indicators**.

8 agencies **have a Results Framework that includes indicators**. Indicators for seven (7) agencies could be **disaggregated geographically**, but only three (3) agencies have **disaggregation by sex**

<u>None</u> of the pilot agencies **have a department-wide M&E plan**

5 agencies **have a focal M&E unit**

7* agencies have systematic and regular collection of data to support M&E

1 agency 'mostly' relies on external sources for data on M&E.

All indicate **there is substantive demand for M&E information from senior officials, project managers, and other stakeholders**.
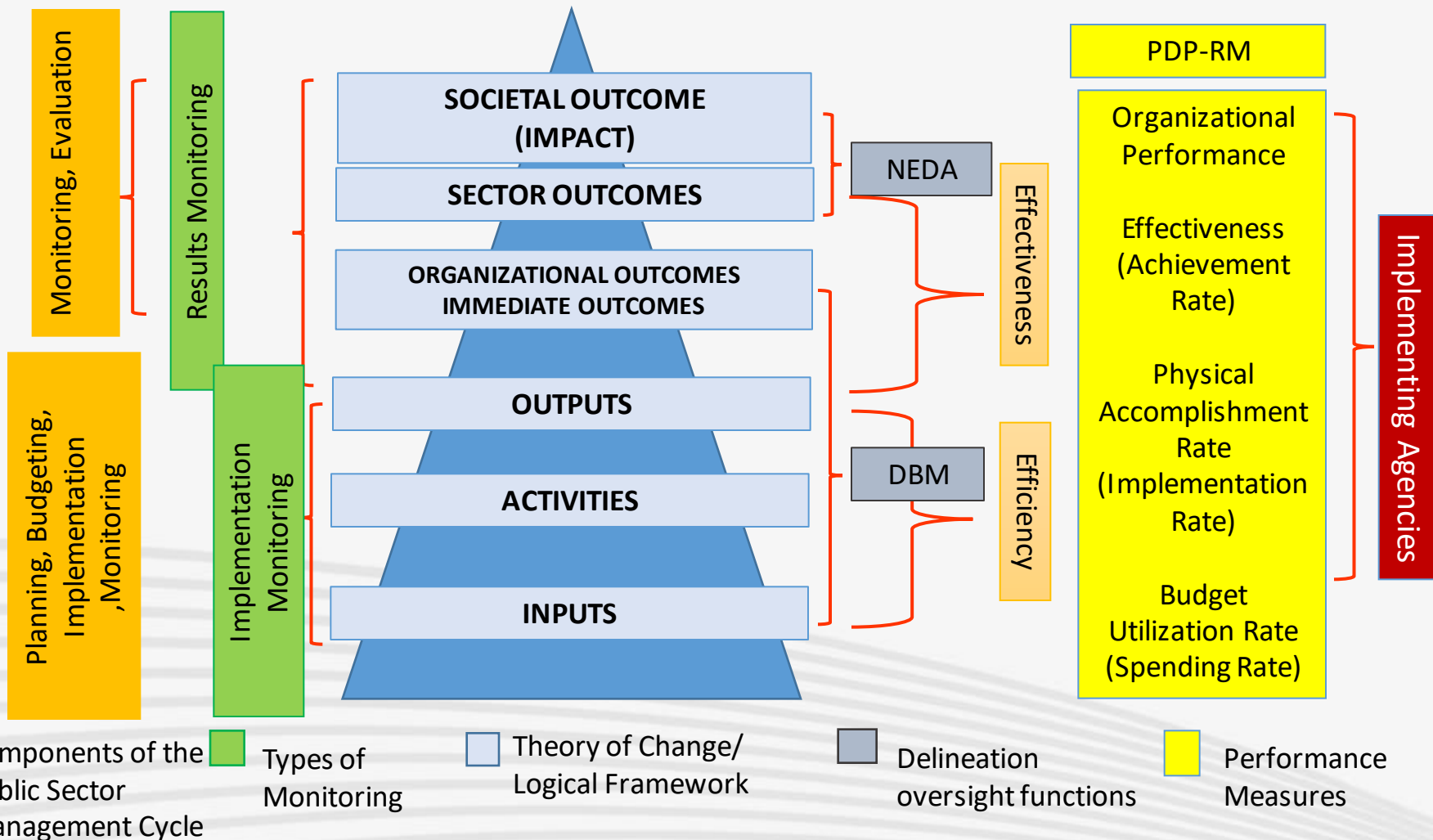
Results-Based Monitoring, Evaluation & Reporting Policy

NBC No. 565 dated Dec. 02, 2016

Strengthen, streamline, & standardize the RBMER system evidenced by a **timely**, **useful**, **accurate, & credible reporting** of performance information to support policy & program improvement, expenditure management, and local and national decision-making.

RBMER Policy Framework

Monitoring, Evaluation

Planning, Budgeting, Implementation, Monitoring

Results Monitoring

Implementation Monitoring

SOCIETAL OUTCOME (IMPACT)

SECTOR OUTCOMES

ORGANIZATIONAL OUTCOMES IMMEDIATE OUTCOMES

OUTPUTS

ACTIVITIES

INPUTS

NEDA

DBM

Effectiveness

Efficiency

PDP-RM

Organizational Performance

Effectiveness (Achievement Rate)

Physical Accomplishment Rate (Implementation Rate)

Budget Utilization Rate (Spending Rate)

Implementing Agencies

Components of the Public Sector Management Cycle

Types of Monitoring

Theory of Change/ Logical Framework

Delineation oversight functions

Performance Measures

Republic of the Philippines
DEPARTMENT OF BUDGET AND MANAGEMENT

Measuring Performance Via APR

- Achievement Rate
  immediate outcomes / outputs vs. target

- Implementation Rate
  physical accomplishment vs. target/schedule

- Budget Utilization Rate
  financial utilization vs. allotments

Digital Imaging for Monitoring & Evaluation

- Monitoring & reviewing the performance of 12 big ticket programs/ projects

- Closely collaborating with DOST & UP for the validation of agency-reported accomplishments using remote-sensing technologies (i.e., LiDAR, satellites)

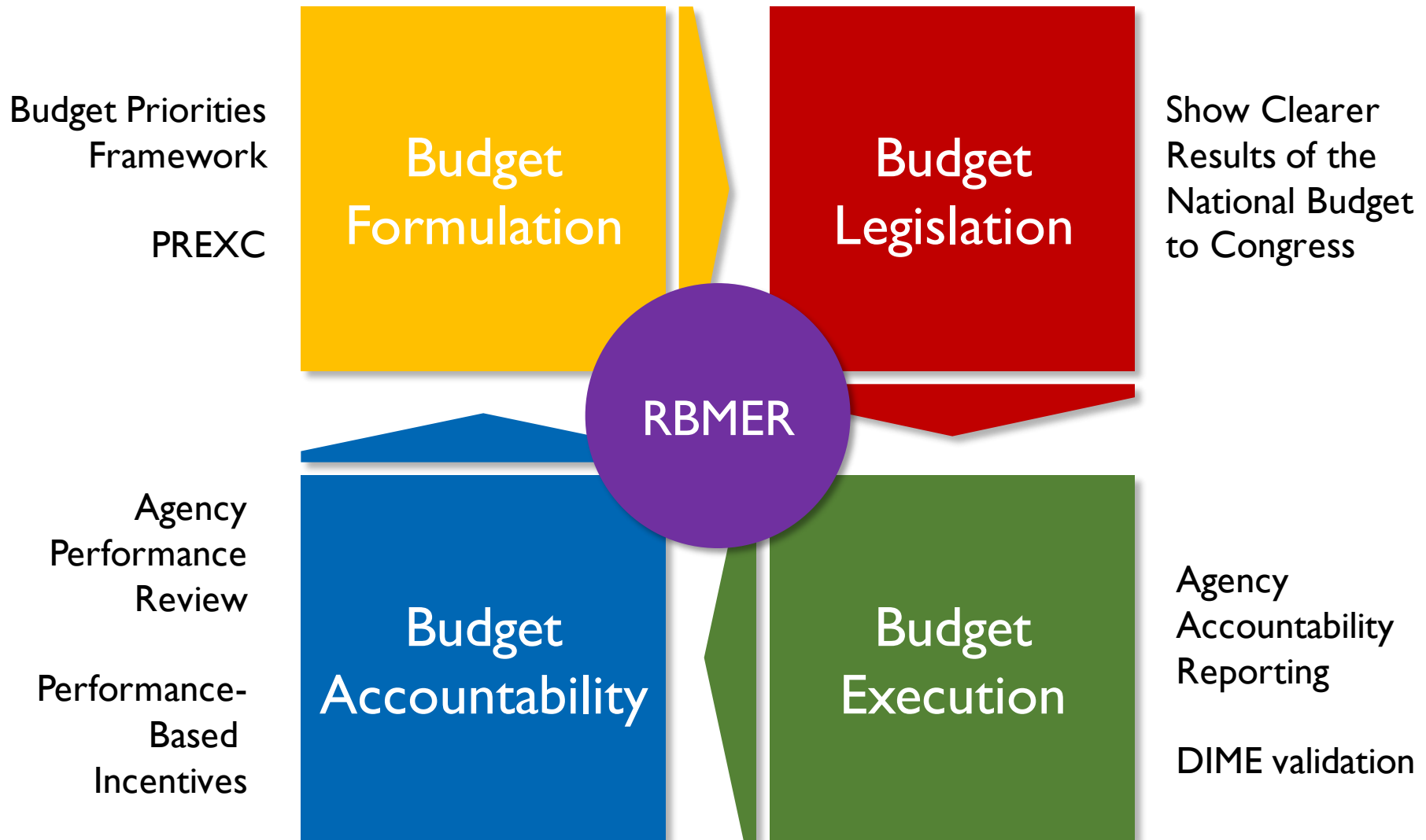- Prototype dashboard to be incorporated in the Project DIME system portal

Programs/Projects Covered by DIME

DEPT	PROGRAMS/PROJECTS	2018 FUNDING (In Billion Pesos)
DPWH	Access Roads leading to Seaports & Airports	6.2
DOTr	North-South Commuter Railway (PNR North)	16.5
DOH	Health Facilities Enhancement Program	29.0
DSWD	Conditional Cash Transfer Program	89.4
DepEd	Basic Education Facilities	105.9
CHED	Universal Access to Quality Tertiary Education	40.0
NIA	Irrigation Systems	28.0
DILG	Salintubig	1.4
DA	Farm to Market Roads	17.0
DENR	National Greening Program (NGP)	6.6
DICT	Free Wifi-Internet Access	1.7
DA-BFAR	Construction of Fish Landing Centers	4.2

Performance & the Budget Cycle

Budget Priorities Framework

PREXC

Budget Formulation

Budget Legislation

Show Clearer Results of the National Budget to Congress

RBMER

Agency Performance Review

Performance-Based Incentives

Budget Accountability

Budget Execution

Agency Accountability Reporting

DIME validation

Integrating Performance in the Budget Process

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