

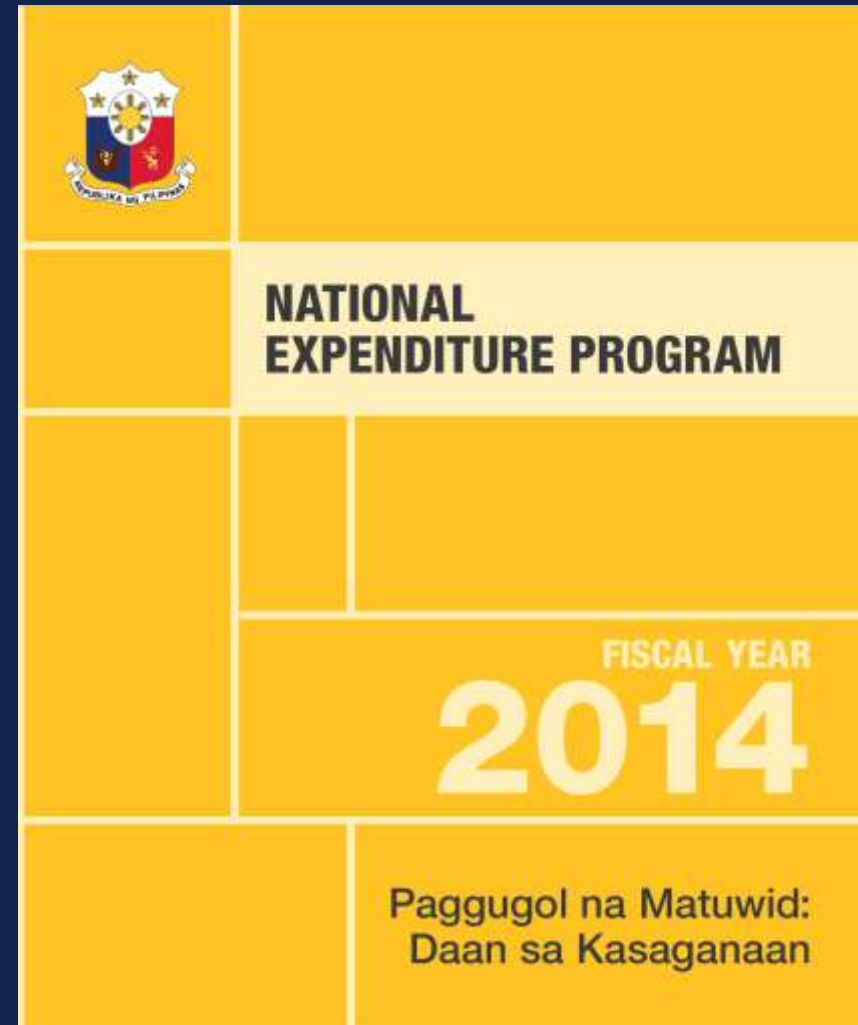


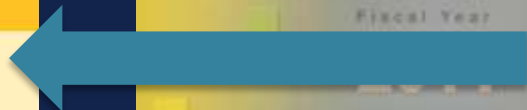
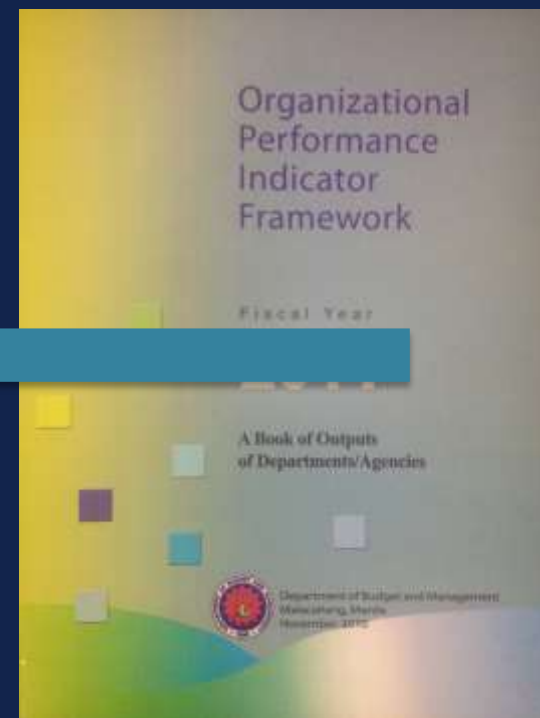
Performance Informed Budgeting (PIB): New Face of the Budget

Budget Submissions to Congress



- President's Budget Message
- Budget of Expenditures and Sources of Financing
- National Expenditure Program
- Details of the 2014 Budget (Annexes)
- Staffing Summary







Journey towards Performance Budgeting (Early Years)

1954

- **introduced performance budgeting (RA 992)**
 - *based on functions, activities and projects in terms of expected results*

1976

- **enhancing the performance budgeting system (PD 999)**
 - *Recognized the need to orient government budgeting towards the achievement of explicit objectives and expected results*



Journey towards Performance Budgeting (Beginnings of PEM)

- Started in 1997; Public Expenditure Management (PEM) is a rational allocation system that ensures medium term financiability of government programs and projects, and that these programs/projects are effective in achieving strategic outcomes
- Seeks to achieve three basic outcomes:
 - a. Aggregate fiscal discipline (living within means)*
 - b. Allocative efficiency (spending on the right things)*
 - c. Operational efficiency (obtaining value for money)*



Journey towards Performance Budgeting (Beginnings of PEM)

- Philippine PEM reforms include:
 - *Budgeting along the medium term*
 - *Strengthening the plan-budget linkage, and*
 - *Reorienting public resource allocation system from input based outlook to one directed towards results and performance*
- Twin reforms under this Framework: *Medium Term Expenditure Framework (MTEF) & Organizational Performance Indicator Framework (OPIF)*



Journey towards Performance Budgeting (OPIF mainstreaming)

- A milestone document in performance budgeting came out in 2007 called the Performance Budgets of 20 Departments
- The Book of Outputs contains the Major Final Outputs and Performance Indicators of each Department/agency
- A logical framework (logframe) showing how each Department MFOs are linked to higher organizational and societal objectives

Three types of performance budgeting



- Presentational Performance Budgeting
- Direct Performance Budgeting
- Performance-informed Budgeting



PIB Definition

- “ A set of integrated processes that aims to improve the efficiency and effectiveness of public expenditure by linking the funding to the results, *making systematic use of performance information*, although not solely, in resource allocation and management”

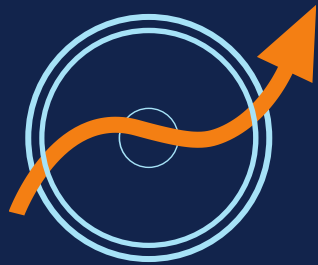


Where We Are Now On the Journey to Performance Informed Budgeting



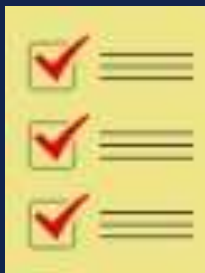
We are moving
from outputs to
outcomes

The New Budget We Need



Reflects **non-financial performance** information alongside budgetary allocations

Program, activity, and project clearly linked to major final **outputs** that agencies deliver to support broader **outcomes**



Focus on **measurable results**

Results Measures



OUTCOMES

5 Priority Areas of the Aquino Social Contract

Philippines Development Plan (PDP)

18 Sectoral outcomes with objectives & indicators

Organizational Outcomes

OUTPUTS

Major Final Output (MFO) with indicators of quality, quantity, and timeliness

Program, Activities and Project Levels (PAP)

Results Framework



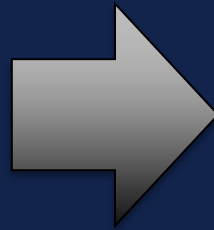
Results Chain



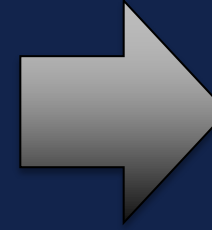
• Efficiency

• Effectiveness

Inputs



Outputs



Outcomes

Resources in the form
of money and people

Products and
Services

Results that government
is trying to achieve

Short term

Medium term

Long term



Linking Resources to Results:

The New Face of the NEP

Example: DPWH

Introduction

Agency Strategic Objectives



XVIII. DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

A. OFFICE OF THE SECRETARY

STRATEGIC OBJECTIVES

- MANDATE** : The Department of Public Works and Highways (DPWH) is one of the three departments of the government undertaking major infrastructure projects. The DPWH is mandated to undertake (a) the planning of infrastructure, such as national roads and bridges, flood control, water resources projects and other public works, and (b) the design, construction, and maintenance of national roads and bridges, and major flood control systems.
- VISION** : By 2030, DPWH shall be an effective and efficient government agency, improving the life of every Filipino through quality infrastructure.
- MISSION** : To provide and manage quality infrastructure facilities and services responsive to the needs of the Filipino people in the pursuit of national development objectives.
- KEY RESULT AREAS** :
1. Rapid, inclusive, and sustained economic growth
 2. Integrity of the environment and climate change adaptation and mitigation
- SECTOR OUTCOME** :
1. Performance of tourism, agriculture and industries improved
 2. Access to social goods and services improved
 3. Environmental quality improved
 4. Resilience to climate change and natural disasters increased
- ORGANIZATIONAL OUTCOME** :
1. Safe, fast, economical, and reliable inter-regional and inter-urban mobility of people, goods, and services
 2. Lives and properties protected against major floods
 3. Living condition of population enhanced through other infrastructure

Section 1: Expenditure Program



SECTION 1 : EXPENDITURE PROGRAM (in pesos)

No. / Code	GASS / STO / OPERATIONS / PROJECTS	2012 Actual	2013 Current	2014 Proposed
100000000	General Administration and Support	3,174,520,000	1,578,957,000	5,384,664,000
	PS	2,025,630,000	1,284,733,000	4,535,311,000
	MOOE	1,148,890,000	279,224,000	849,353,000
	CO		15,000,000	
200000000	Support to Operations	745,617,000	837,460,000	15,844,219,000
	PS	715,627,000	794,731,000	660,296,000
	MOOE	29,990,000	42,729,000	9,358,952,000
	CO			5,824,971,000
300000000	Operations	38,744,334,000	22,174,442,000	136,305,476,000
	PS	2,622,906,000	2,090,927,000	
	MOOE	18,500,290,000	12,398,202,000	
	CO	17,621,138,000	7,685,313,000	136,305,476,000
	Projects	114,626,789,000	144,339,037,000	42,731,194,000
	CO	114,626,789,000	144,339,037,000	42,731,194,000
TOTAL AGENCY BUDGET		157,291,260,000	168,929,896,000	200,265,553,000
	PS	5,364,163,000	4,170,391,000	5,195,607,000
	MOOE	19,679,170,000	12,720,155,000	10,208,305,000
	CO	132,247,927,000	152,039,350,000	184,861,641,000



Section 1: Expenditure Program Staffing Summary

STAFFING SUMMARY

2012

2013

2014

TOTAL STAFFING

Total Number of Authorized Positions

19,978

19,782

19,782

Total Number of Filled Positions

13,434

15,486

15,486



Section 1: Expenditure Program Operations by MFO

OPERATIONS BY MFO

PROPOSED 2014

	PS	MOOE	CO	TOTAL
MFO 1 : NATIONAL ROAD NETWORK SERVICES			91,126,208,000	91,126,208,000
MFO 2 : FLOOD MANAGEMENT SERVICES			28,870,595,000	28,870,595,000
MFO 3 : MAINTENANCE AND CONSTRUCTION SERVICES OF OTHER INFRASTRUCTURES			16,308,673,000	16,308,673,000

NOTE : Net of RLIP



Section 1: Expenditure Program Summary of Projects

PROPOSED 2014

PROJECTS

PS

MOOE

CO

TOTAL

Locally-Funded Project(s)

21,895,864,000

21,895,864,000

Foreign-Assisted Project(s)

20,835,330,000

20,835,330,000

Section 2: by Central/Regional Allocation



SECTION 2 : EXPENDITURE PROGRAM BY CENTRAL / REGIONAL ALLOCATION, 2014 (in pesos)

REGION	PS	MOOE	CO	TOTAL
CENTRAL OFFICE	817,928,000	1,231,592,000	122,508,051,000	124,557,571,000
Regional Allocation (net of Central Office):	4,377,679,000	8,976,713,000	62,353,590,000	75,707,982,000
National Capital Region (NCR)	257,659,000	645,280,000	3,189,063,000	4,092,002,000
Region I - Ilocos	253,401,000	552,742,000	3,035,823,000	3,841,966,000
Region II - Cagayan Valley	249,510,000	429,846,000	2,688,715,000	3,368,071,000
Cordillera Administrative Region (CAR)	238,824,000	480,472,000	1,913,921,000	2,633,217,000
Region III - Central Luzon	354,327,000	727,095,000	4,149,233,000	5,230,655,000
Region IVA - CALABARZON	315,283,000	734,568,000	7,078,556,000	8,128,407,000
Region IVB - MIMAROPA	231,865,000	592,572,000	3,265,026,000	4,089,463,000
Region V - Bicol	364,405,000	607,950,000	4,768,637,000	5,740,992,000
Region VI - Western Visayas	314,926,000	710,186,000	5,426,619,000	6,451,731,000
Region VII - Central Visayas	303,995,000	626,833,000	4,152,848,000	5,083,676,000
Region VIII - Eastern Visayas	313,392,000	602,330,000	4,777,891,000	5,693,613,000
Region IX - Zamboanga Peninsula	242,238,000	405,231,000	3,306,397,000	3,953,866,000
Region X - Northern Mindanao	266,193,000	518,483,000	5,411,883,000	6,196,559,000
Region XI - Davao	227,007,000	504,182,000	3,553,220,000	4,284,409,000
Region XII - SOCCSKSARGEN	221,771,000	438,093,000	2,694,799,000	3,354,663,000
Region XIII - CARAGA	222,883,000	400,850,000	2,940,959,000	3,564,692,000
TOTAL AGENCY BUDGET	5,195,607,000	10,208,305,000	184,861,641,000	200,265,553,000
	=====	=====	=====	=====

NOTE : Net of RLIP

Section 3: Special Provisions



SECTION 3 : SPECIAL PROVISION(S)

1. Special Road Support Fund. In addition to the amounts appropriated herein, Nine Billion Nine Hundred Sixty Million Two Hundred Twenty Nine Thousand Pesos (P9,960,229,000) sourced from eighty percent (80%) collections from the Motor Vehicles User's Charge (MVUC), constituted into the Special Road Support Fund, shall be used for the maintenance of roads and bridges and improvement of road drainage in accordance with Section 7 of R.A. No. 8794: PROVIDED, That Five percent (5%) of the total road maintenance fund to be applied across-the-board to the allocation of each region shall be set aside for the maintenance of the roads which may be converted to, or taken over as, national roads during the current year, which shall be released to the Central Office of the DPWH for eventual sub-allotment to the regions and districts concerned. Any balance therefrom shall be restored to the regions on a pro-rata basis for the maintenance of existing national roads: PROVIDED, FURTHER, That a minimum of ninety percent (90%) of the total road maintenance fund may be contracted out to qualified entities, including LGUs with the capability to, and who will actually, implement the project by themselves, as determined by the DPWH, through the execution of a MOA. Any balance therefrom shall be used for maintenance of projects to be implemented by force account.

Any realignment from said Fund may only be undertaken within the first quarter upon prior approval of the Road Board, and used in accordance with Section 7 of R.A. No. 8794. The Secretary of Public Works and Highways shall inform the DBM, in writing, of every realignment within five (5) calendar days from its approval and shall post such realignment on the official website of the DPWH.

Releases from said Fund shall be subject to prior approval of the Road Board, and the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292, s. 1987.

The DPWH shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations, the Senate Committee on Finance and COA, quarterly reports on the financial and physical accomplishments on the utilization of said Fund. The Secretary of Public Works and Highways and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the DPWH.

Section 4: Performance Information



SECTION 4 : PERFORMANCE INFORMATION

MFO / PIs

2014 Targets

MFO 1 : NATIONAL ROAD NETWORK SERVICES

Length of national roads maintained	1,200 kms.
% of projects completed in accordance with plans and specifications	100%
% of projects completed within contract time	100%
Length of national roads constructed	605 kms.
Length of unpaved roads paved	1,022 kms.
Length of bridges constructed	8,391 lm.
% of projects completed in accordance with plans and specifications	100%
% of projects completed within contract time	100%

MFO 2 : FLOOD MANAGEMENT SERVICES

No. of flood control structures and drainage systems maintained	11
% of projects completed in accordance with plans and specifications	100%
% of projects completed within contract time	100%
No. of flood control structures constructed/rehabilitated	119
% of projects completed in accordance with plans and specifications	100%
% of projects completed within contract time	100%

MFO 3 : MAINTENANCE AND CONSTRUCTION SERVICES OF OTHER INFRASTRUCTURES

Length of access roads leading to airports constructed/improved	26 kms.
Length of access roads leading to sea ports constructed/improved	33 kms.
Length of access roads leading to tourist destinations constructed/improved	760 kms.
% of projects completed in accordance with plans and specifications	100%
% of projects completed within contract time	100%



Annex A Volumes 1 and 2 of the Restructured NEP



Details of the Budget Snapshot Operations-Programs & Activities per MFO

300000000	Operations		
301000000	MFO 1 : NATIONAL ROAD NETWORK SERVICES	<u>91,126,208,000</u>	<u>91,126,208,000</u>
301010000	Asset Preservation and National Roads Generated from Pavement Management System/Highway Development and Management-4 (HDM-4) Intermittent Sections	<u>22,170,549,000</u>	<u>22,170,549,000</u>
301010001	Preventive Maintenance	8,886,278,000	8,886,278,000
	National Capital Region (NCR)	<u>1,818,721,000</u>	<u>1,818,721,000</u>
	Central Office	656,684,000	656,684,000
	NCR Regional Office - Proper	247,183,000	247,183,000
	Las Piñas-Muntinlupa District Engineering Office	75,126,000	75,126,000
	Malabon-Navotas District Engineering Office	17,489,000	17,489,000
	Metro Manila 1st District Engineering Office	115,234,000	115,234,000
	Metro Manila 2nd District Engineering Office	30,828,000	30,828,000
	Metro Manila 3rd District Engineering Office	74,708,000	74,708,000



Sample: DPWH Annex

Snapshot of Program Details

301030000	Road upgrading (gravel to paved) based on Gravel Road Strategies, Traffic Benchmark (HDM-4 Project Analysis)	27,120,717,000	27,120,717,000
	National Capital Region (NCR)	12,805,794,000	12,805,794,000
	Central Office	12,805,794,000	12,805,794,000
	Region I - Ilocos	472,663,000	472,663,000
	Regional Office I - Proper	378,702,000	378,702,000
	Ilocos Norte 2nd District Engineering Office	77,290,000	77,290,000
	Ilocos Sur 2nd District Engineering Office	5,688,000	5,688,000
	La Union 2nd District Engineering Office	10,983,000	10,983,000
	Region II - Cagayan Valley	877,027,000	877,027,000
	Regional Office II - Proper	422,162,000	422,162,000
	Batanes District Engineering Office	25,095,000	25,095,000
	Cagayan 1st District Engineering Office	64,595,000	64,595,000
	Cagayan 2nd District Engineering Office	65,326,000	65,326,000
	Cagayan 3rd District Engineering		



Sample: DPWH Annex

Snapshot of Further Project Details

4. Construction and Maintenance of Bridges along National Roads	<u>12,332,502,000</u>
A. Replacement of Bridges (Temporary to Permanent)	<u>990,480,000</u>
I. <u>Central Office</u>	<u>324,360,000</u>
1. Region IV-B	<u>324,360,000</u>
a. Southern Mindoro DEO	<u>324,360,000</u>
MINDORO ORIENTAL (SECOND DISTRICT)	<u>324,360,000</u>
1. Lisap Br. along Calapan South Rd	<u>324,360,000</u>
II. <u>Regional Office Propoer</u>	<u>56,430,000</u>
1. Region XI	<u>56,430,000</u>
a. Davao Oriental 1st DEO	<u>56,430,000</u>
DAVAO ORIENTAL (FIRST DISTRICT)	<u>56,430,000</u>
1. Dakung Banwa Br. along Surigao del Sur Bdry-Davao Or Coastal Rd	<u>56,430,000</u>
III. <u>District Engineering Offices</u>	<u>609,690,000</u>
1. Cordillera Administrative Region	<u>60,174,000</u>
a. Ifugao 1st DEO	<u>29,070,000</u>
IFUGAO (LONE DISTRICT)	<u>29,070,000</u>
1. Bokiawan Br. along Banaue-Hungduan-Benguet Bdry Rd	<u>29,070,000</u>
b. Ifugao 2nd DEO	<u>13,914,000</u>

Details of the Budget Snapshot

Details of Projects



500000000	Foreign-Assisted Project(s)		
502000000	Flood Control and Drainage	<u>4,491,917,000</u>	<u>4,491,917,000</u>
502010000	Flood Control Structures/Facilities	<u>4,491,917,000</u>	<u>4,491,917,000</u>
502010001	San Roque Multi-Purpose Project, Flood Control Component (Reimbursement of Funds Advance by NPC) (JEXIM)	<u>73,000,000</u>	<u>73,000,000</u>
	National Capital Region (NCR)	<u>73,000,000</u>	<u>73,000,000</u>
	Central Office	<u>73,000,000</u>	<u>73,000,000</u>
502010002	Pasig-Marikina River Channel Improvement Project, Phase II, JBIC, 26th YCP, PH-P239	<u>82,829,000</u>	<u>82,829,000</u>
	National Capital Region (NCR)	<u>82,829,000</u>	<u>82,829,000</u>
	Central Office	<u>82,829,000</u>	<u>82,829,000</u>
502010003	Mt. Pinatubo Hazard Urgent Mitigation Project (Flood/Control Works in Porac-Gumain River and Pasac Delta Area), JBIC, 27th YCP, PH-P241, Pampanga	<u>463,588,000</u>	<u>463,588,000</u>
	National Capital Region (NCR)	<u>463,588,000</u>	<u>463,588,000</u>
	Central Office	<u>463,588,000</u>	<u>463,588,000</u>
502010004	Flood Risk Management Project (FRIMP) in Cagayan, Tagoloan and Imus Rivers, JICA, PH-P253	<u>1,550,564,000</u>	<u>1,550,564,000</u>
	National Capital Region (NCR)	<u>1,550,564,000</u>	<u>1,550,564,000</u>



Annex A Volumes 1 and 2

The old NEP with New Features:

- Operations, Programs and Activities Aligned to MFOs
- Simplified Language of Programs, Activities & Projects
- Adoption of the Unified Account Code Structure (UACS)



Next steps

- Further refinement of MFOs and PIs and linking to outcomes for the 2015 budget
- Setting up of a PI registry for performance monitoring
- Firming up the targets at the outcome/RM level
- Development of a program structure for the 2016 budget
- Change management program



What's in it for Us?

Congress and Senate



▶ One document containing information on financial and performance information

▶ A better understanding of what individual agency appropriations will achieve for the people they represent

▶ Information for legislators to hold Government to account for how they spend citizen's money

Citizens



- ▶ More importantly, it is the people that we want to **empower** with the new face of the Budget

- ▶ Now armed with this information, citizens (either directly or through civil society and the media) will be able to see how their government spends their money and hold them to account



From

PAGBA (Philippine Association of
Government Budget Administrators,
Inc.)



To

PIGBA (Performance Informed
Government Budget Administrators,
Inc.)



If you always do what you've
always done, you'll always get
what you've always got –

Anonymous



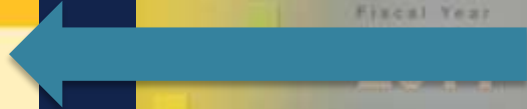
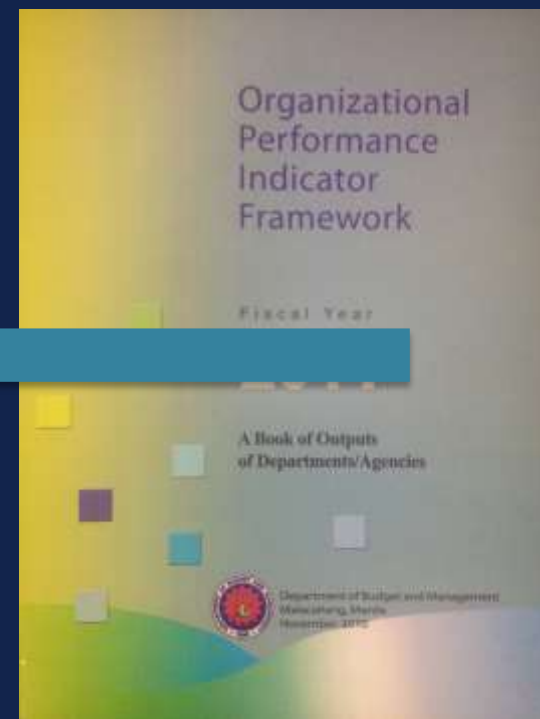
Thank you!



OTHER SLIDES



We are moving
from outputs to
outcomes



Details of the FY 2014 Budget



“The details of the budgetary programs and projects authorized herein as Annex A (Volumes 1 and 2) ... shall be considered an integral part of this Act.”

- Proposed General Provisions, Section 3



MFO Performance Indicators

		Examples
QUANTITY	Number of units or volume of outputs delivered during a period of time	DepEd: Number of learners aged 5-11 years old enrolled in kindergarten & elementary education
QUALITY	How well an output is delivered, and how these are perceived by clients	DPWH: % of projects completed in accordance with plans & specifications
TIMELINESS	Availability of the output as and when required by the client	DAR: Percentage of hectares distributed within 12 months from issuance of Notice to Coverage



OPIF Strength and Weakness

- OPIF is a building block to performance budgeting, but has limits
- The strength of OPIF over the past budgeting system is also its weakness: its performance information is solely output focused, lacks outcome information thus preventing analysis on the effectiveness of the programs
- Output focus provides ease in establishing accountability but might displace goals of departments and their intended impact on the wider society



OPIF Strength and Weakness

- It could only focus on relatively easy measure outputs, and cross-cutting issues could be ignored
- Or worse, output-alone focus may lead to perverse incentives to program managers
- Lacks clarity between concepts of MFO, program and activity



Journey towards Performance Budgeting (Scaling Up)

Introduction of the PIB in the 2014 Budget

Outcomes

