

Performance Informed Budgeting and Results-Based Performance Management System in the Philippines

APO Workshop on Results-Based Management (RBM) for
National Productivity Organizations and Public Sector Organizations

October 9, 2014

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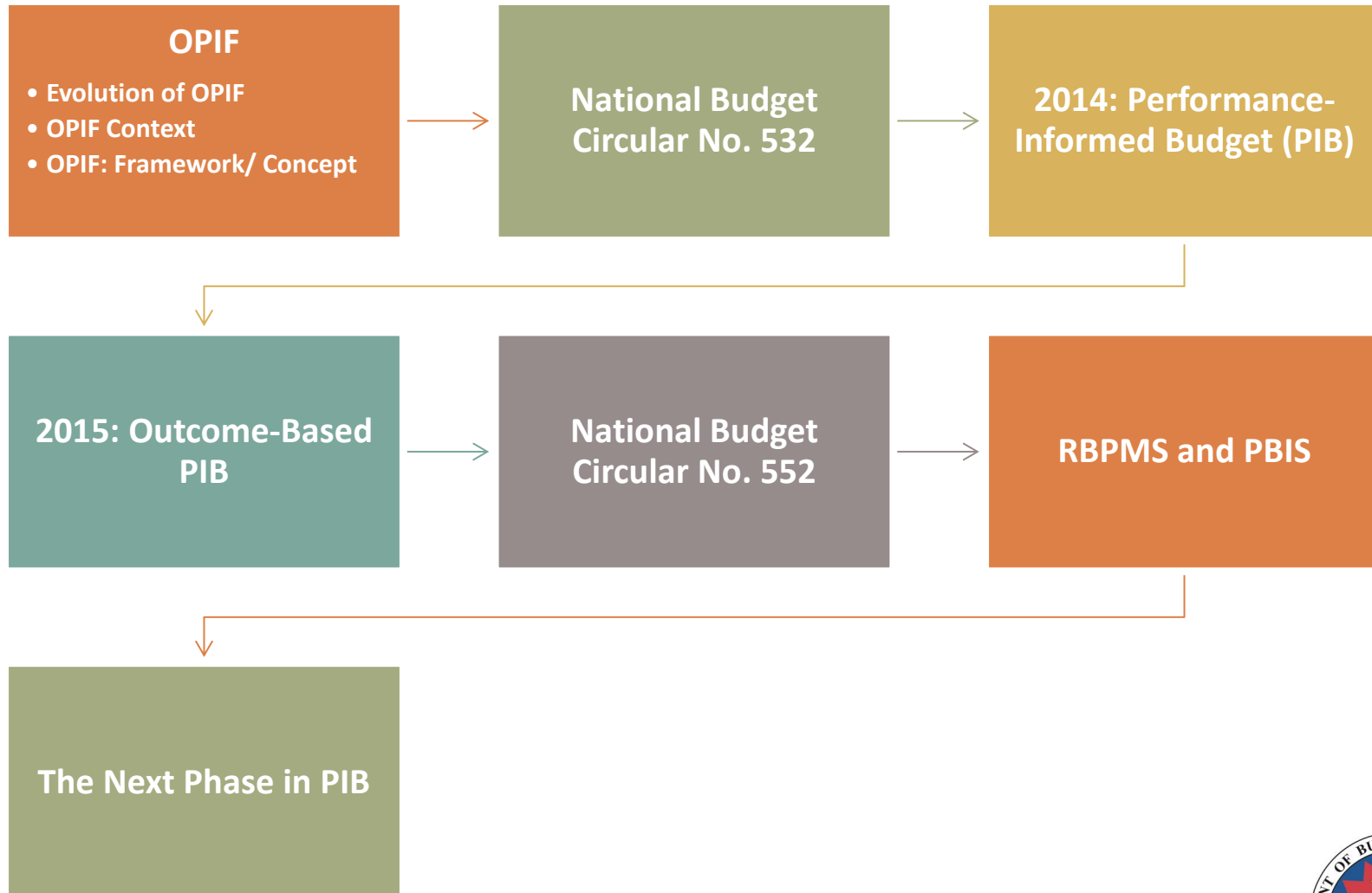
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Presentation Flow



Three Considerations



OPIF system is home-grown
and indigenized

Implementing OPIF is achieved
through

Learning
by doing...!

OPIF is a

**WORK IN
PROGRESS**



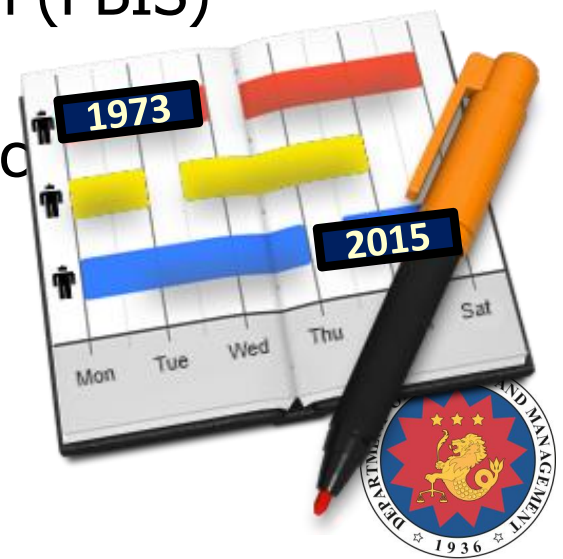
Evolution of Performance Budgeting

1. Performance Framework

- a. OPIF Piloted in 20 departments (2007)
- b. Government-wide Implementation of the OPIF (2008)
- c. OPIF Books of Outputs Published (2007-2012)
- d. AO 25 issued creating a Unified and Integrated Results Based Performance Management System (RBPMS) (2011)
- e. Performance-Based Incentive System (PBIS) Implemented in 2012: PBB & PEI
- f. Performance Contract for Cabinet Sec Adopted (2013)

2. PIB with MFOs & PIs (2014)

3. PIB with OOs & PIs (2015)



OPIF Context

OPIF is...

- One of the twin pillars of Public Expenditure Management (PEM) reforms
 - PEM seeks to change the orientation of government budgeting
 - Focus: 3 objectives



3 Key Objectives of PEM Reforms

Fiscal Discipline

“living within
one’s
means”

Allocative Efficiency

“spending on
the right
things or
right
priorities”

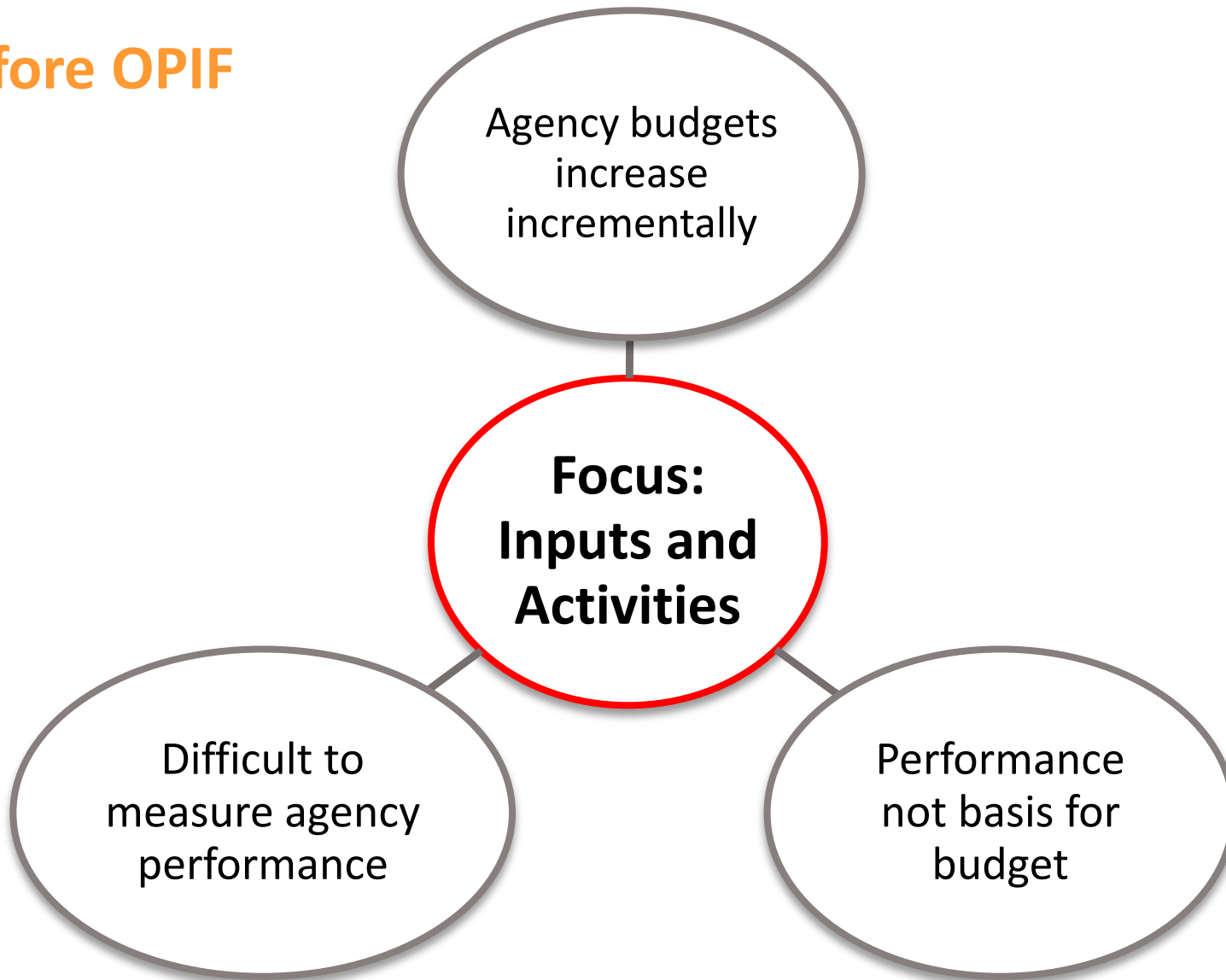
Operational Efficiency

“best value
for money”
or “spending
with
measurable
results”



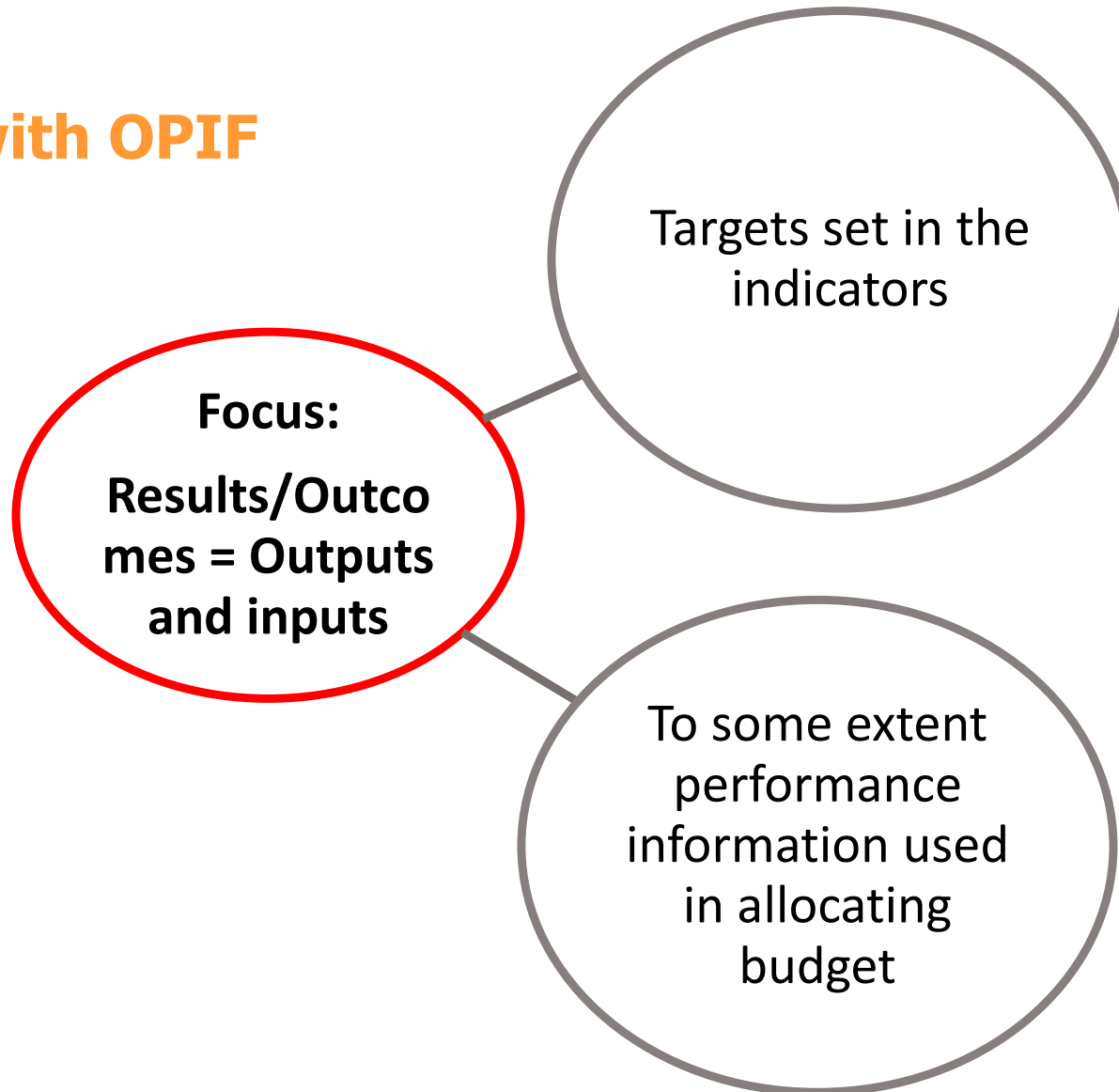
Significance of OPIF as a Budget Reform

Before OPIF



Significance of OPIF as a Budget Reform

Now with OPIF



OPIF



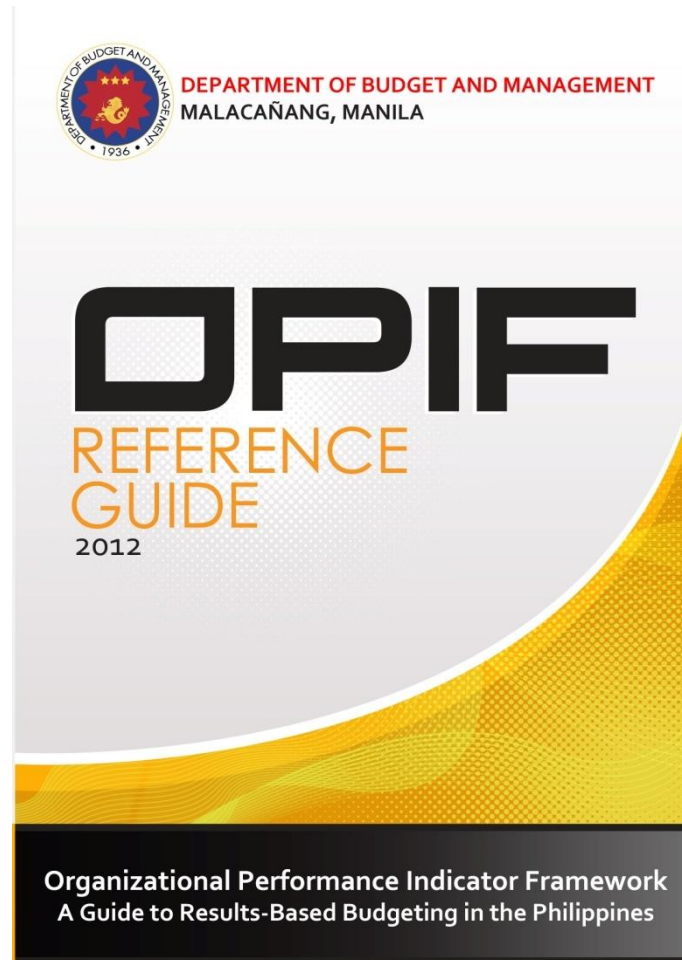
What is the OPIF Policy Framework?

**Results Based
Budgeting
Framework**

**Expenditure
Management
Approach**

**Planning and
Budgeting Tool**

**Results-Based
Management
Tool**



NBC 532

NBC 532 (Guidelines on the Review of Major Final Outputs and Performance Indicators and Restructuring of Programs/Activities/Projects)

Issued November 28, 2011

Purpose:

- Provide policy guidelines and instructions in reviewing MFOs and specifying PIs and restructuring PAPs
- Define roles and responsibilities of DBM and departments/agencies in MFOs/Pis review and PAPs restructuring
- Set procedures and timetable for MFOs/Pis review and PAPs restructuring submission and approval

REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Malacañang, Manila

OFFICIAL RELEASE
Control Number: 104

No. **532**
Date: **Nov. 28, 2011**

National Budget Circular

TO : Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government and All Others Concerned

SUBJECT: **GUIDELINES ON THE REVIEW OF MAJOR FINAL OUTPUTS (MFOs) AND PERFORMANCE INDICATORS (PIs) AND RESTRUCTURING OF PROGRAMS, ACTIVITIES AND PROJECTS (PAPs)**

1.0 RATIONALE

1.1 It is the objective of the Government to use a results-based budgeting system or the Organizational Performance Indicators Framework (OPIF) as basis for allocating the budget and monitoring, reporting and evaluating department/agency performance.

1.2 As the basic element of OPIF, Major Final Outputs (MFOs) represent the core mandated functions of the department/agency. MFOs are the goods or services that a department/agency is mandated to deliver to external clients; and PAPs are the activities undertaken to produce, or drive the attainment of MFOs.

1.3 The main rationale of the Programs, Activities and Projects (PAPs) restructuring is to establish the link of the PAPs to the MFOs for better cost estimation and expenditure prioritization. Activities that do not fall within the legal mandate of a department/agency, or are not linked to an MFO should be considered for restructuring.

1.4 For this purpose, existing department/agency MFOs shall be reviewed, and changed, if necessary. The corresponding Performance Indicators (PIs) need to be established to specify the standard for MFO delivery. Further, the PAPs shall also be reviewed to strengthen their link with the MFOs and how effectively these drive the MFOs, or trigger a change in budget strategy and conduct of activities.

1.5 It is important that a common methodology be applied to MFOs/PIs review and PAPs restructuring in order to develop standards for OPIF throughout government.

1



2014: The Performance-Informed Budget (PIB)



VII. DEPARTMENT OF EDUCATION

A. OFFICE OF THE SECRETARY

STRATEGIC OBJECTIVES

MANDATE

The State shall protect and promote the right of all citizen to quality education at all levels and shall take appropriate steps to make such education accessible to all.

VISION

We dream of Filipinos who passionately love their country and whose values and competencies enable them to realize their full potential and contribute meaningfully to building the nation. As a learner-centered public institution, the DepEd continuously improves itself to better serve its stakeholders.

MISSION

To protect and promote the right of every Filipino to quality, equitable, culture-based and complete basic education where:

1. Students learn in a child-friendly, gender-sensitive, safe and motivating environment
2. Teachers facilitate learning and constantly nurture every learner
3. Administrators and staff, as stewards of the institution, ensure an enabling and supportive environment for effective learning to happen
4. Family, community and other stakeholders are actively engaged and share responsibility for developing life-long learners

KEY RESULT AREAS

Poverty reduction and empowerment of the poor and the vulnerable

SECTOR OUTCOME

Equitable access to adequate quality societal services and assets

ORGANIZATIONAL OUTCOME

Improved access to quality basic education

New Appropriations, by Program/Project
=====**Current Operating Expenditures**

	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
PROGRAM(S)				
100000000 General Administration and Support	P 6,344,839,000	P 2,123,456,000	P 400,000,000	P 8,868,295,000
200000000 Support to Operations	2,130,373,000	3,503,969,000	69,500,000	5,703,842,000
300000000 Operations	185,855,788,000	28,971,602,000	51,324,693,000	266,152,083,000
MFO 1: Basic Education Policy Services	76,844,000	248,232,000		325,076,000
MFO 2: Basic Education Services	185,778,944,000	21,276,300,000	51,324,693,000	258,379,937,000
MFO 3: Regulatory and Developmental Services for Private Schools		7,447,070,000		7,447,070,000
Total, Program(s)	194,331,000,000	34,599,027,000	51,794,193,000	280,724,220,000
TOTAL NEW APPROPRIATIONS	P194,331,000,000	P34,599,027,000	P51,794,193,000	P280,724,220,000

New Appropriations, by Central / Regional Allocation

REGION

Central Office

Regional Allocation

National Capital Region (NCR)

Region I - Ilocos

Region II - Cagayan Valley

Cordillera Administrative Region (CAR)

Region III - Central Luzon

Region IVA - CALABARZON

Region IVB - MIMAROPA

Region V - Bicol

Region VI - Western Visayas

Region VII - Central Visayas

Region VIII - Eastern Visayas

Region IX - Zamboanga Peninsula

Region X - Northern Mindanao

Region XI - Davao

Region XII - SOCCSKSARGEN

Region XIII - CARAGA

TOTAL NEW APPROPRIATIONS

Current Operating Expenditures

	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
P 181,349,000	P 6,973,051,000	P26,142,048,000	P 33,296,448,000	
194,149,651,000	27,625,976,000	25,652,145,000	247,427,772,000	
18,355,978,000	3,399,436,000	2,007,586,000	23,763,000,000	
12,543,682,000	1,600,975,000	969,760,000	15,114,417,000	
8,760,157,000	1,138,719,000	755,713,000	10,654,589,000	
4,826,159,000	693,931,000	535,750,000	6,055,840,000	
19,589,533,000	2,890,412,000	1,335,554,000	23,815,499,000	
20,878,889,000	3,169,917,000	3,415,627,000	27,464,433,000	
7,368,486,000	995,574,000	832,755,000	9,196,815,000	
14,939,789,000	1,901,124,000	2,093,649,000	18,934,562,000	
17,994,846,000	2,149,907,000	1,759,903,000	21,904,656,000	
14,237,166,000	2,177,047,000	2,698,430,000	19,112,643,000	
12,155,991,000	1,467,743,000	2,075,180,000	15,698,914,000	
8,766,575,000	1,120,597,000	1,156,023,000	11,043,195,000	
9,642,459,000	1,367,360,000	1,512,081,000	12,521,900,000	
8,887,750,000	1,309,435,000	1,693,329,000	11,890,514,000	
8,593,597,000	1,358,949,000	1,595,201,000	11,547,747,000	
6,608,594,000	884,850,000	1,215,604,000	8,709,048,000	
P194,331,000,000	P34,599,027,000	P51,794,193,000	P280,724,220,000	

Special Provision(s)

1. **Fees, Charges and Assessments of National Elementary and Secondary Schools.** The income earned by national elementary and secondary schools from fees, charges, and assessments collected in the exercise of their functions, such as, but not limited to, certification/authentication of Forms 137 and 138 and diplomas, sale of scrap materials, charges for lost identification cards, and such other services, shall be deposited in an authorized government depository bank and shall be used to augment the schools' MOOE and other instructional programs.

The DepEd shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on income and expenditure. The Secretary of Education 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 DepEd.

In case of failure to comply with the foregoing requirements, any disbursement in the subsequent quarters shall be void, except upon certification by the DBM and the Agency's web administrator or his/her equivalent that said report has been submitted and posted, respectively.

2. **Revolving Fund for Manufacturing and Production Programs.** All income earned by national schools under DepEd from manufacturing and production programs, including auxiliary services, constituted into a revolving fund, shall be deposited in an authorized government depository bank pursuant to LOI No. 1026 dated May 23, 1980. Said income shall be used for the following purposes: (i) to cover expenses directly incurred in said manufacturing and production activities; (ii) to cover student loans essential to support school-student projects or enterprises and other instructional programs of the school; and (iii) to augment scholarship to students who are directly involved in the manufacturing and production programs of the school, withdrawable upon the joint signatures of the authorized representatives of the school.

The DepEd shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on income of, and expenditure from, this fund. The Secretary of Education 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 DepEd.

In case of failure to comply with the foregoing requirements, any disbursement in the subsequent quarters shall be void, except upon certification by the DBM and the Agency's web administrator or his/her equivalent that said report has been submitted and posted, respectively.

3. **Revolving Fund for Rentals in the Use of Buildings and Facilities of Training Centers.** The income of Baguio Teachers Camp, National Educators Academy of the Philippines, Regional Education Learning Centers, Ecotech Center, Boracay National High School Hostel, Applied Nutrition Center, and National Science Teaching Instrumentation Center derived from rentals in the use of their buildings and facilities, board and lodging, and other sources shall be deposited in an authorized government depository bank and shall be constituted as a revolving fund for each of the training centers. Said income shall be used for the MOOE incurred for the board and lodging of teacher-occupants and Capital Outlays, which may be withdrawn without need of further disbursement authorization, subject to the guidelines issued by the DepEd and to pertinent accounting and auditing rules and regulations: PROVIDED, That no amount from such income shall be used to fund new and existing permanent and regular positions.

PERFORMANCE INFORMATION

KEY STRATEGIES

1. Invest in providing the necessary basic education inputs
2. Provide affirmative action to learners with special needs and/or learners in special circumstances
3. Engage the private sector in broadening opportunities for basic education
4. Utilize technology in expanding reach of basic education services
5. Develop an Enhanced Learner-Centered Curriculum
6. Provide relevant instructional materials and equipment
7. Improve quality of instruction and professional development of teachers
8. Improve internal systems and processes
9. Strengthen education leadership and management, and build people's capacities
10. Expand the network and participation of stakeholders and strengthen their participation

MAJOR FINAL OUTPUTS / PERFORMANCE INDICATORS

Targets

MFO 1: BASIC EDUCATION POLICY SERVICES

Number of plans and policies formulated, reviewed, issued and disseminated	2
% of stakeholders who rate the plans and policies as satisfactory or better	85%
% of policies updated over the last three (3) years	25%

MFO 2: BASIC EDUCATION SERVICES

Kindergarten and Elementary Education

Number of learners ages 5-11 years old enrolled in kindergarten and elementary education (in any learning system)	12,568,792
% of learners who scored average or better in the National Achievement Test (NAT)	84%
% of learners who completed the school year	79.56%

Secondary Education

Number of learners ages 12-15 years old enrolled in secondary education (in any learning system)	4,294,124
% of learners who scored average or better in the National Achievement Test (NAT)	50%
% of learners who completed the school year	75.02%

Alternative Learning System

Number of learners above 15 years old served thru Alternative Learning System (ALS) Program	331,150
% of ALS completers who passed the Accreditation and Equivalency Test	44%
% of ALS completers to total number of ALS learners within 10 months	75%

MFO 3: REGULATORY AND DEVELOPMENTAL SERVICES FOR PRIVATE SCHOOLS

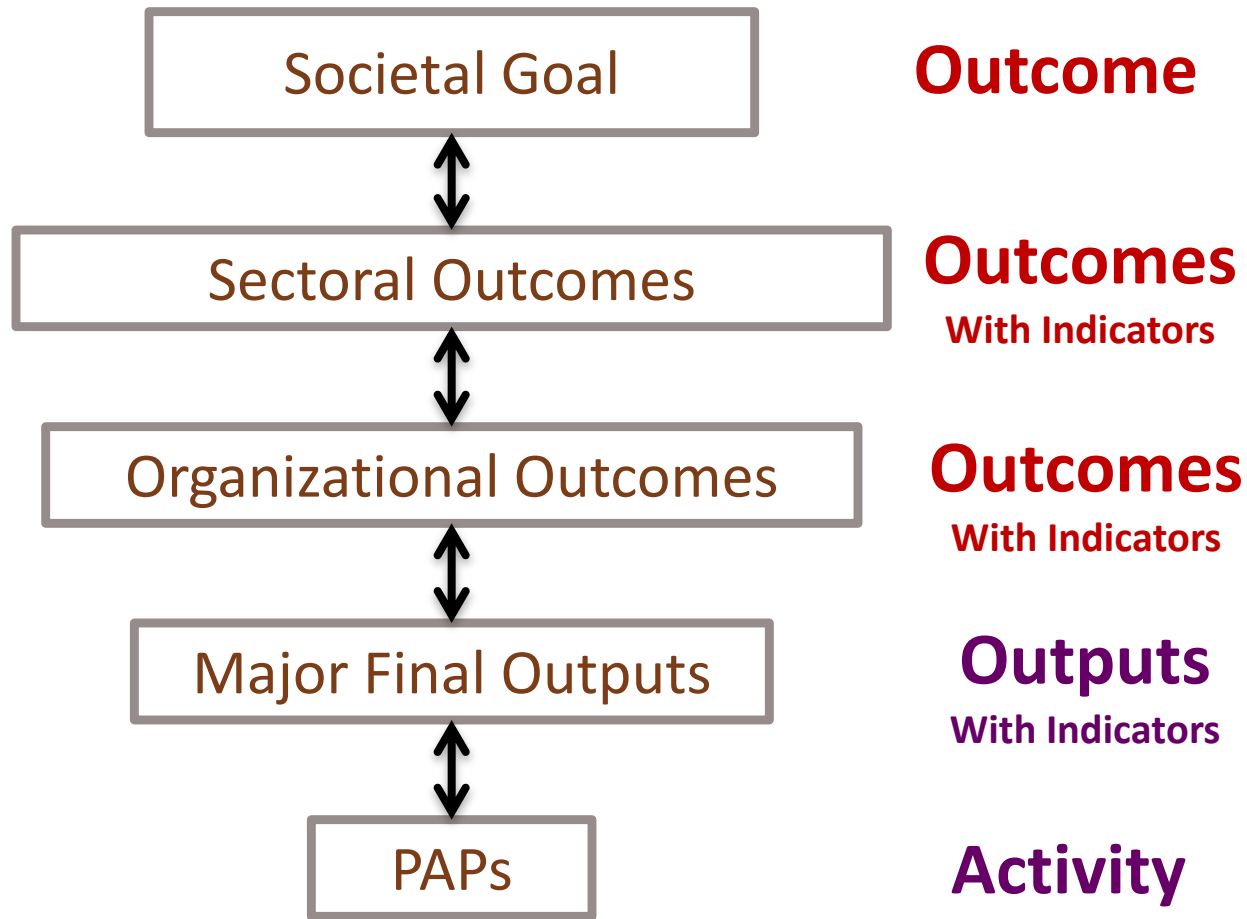
Number of grantees	1,044,899
% increase of grantees who scored average or better in the National Achievement Test (NAT)	2%
Ratio of completers to grantees	80%

2015: Outcome-Based PIB

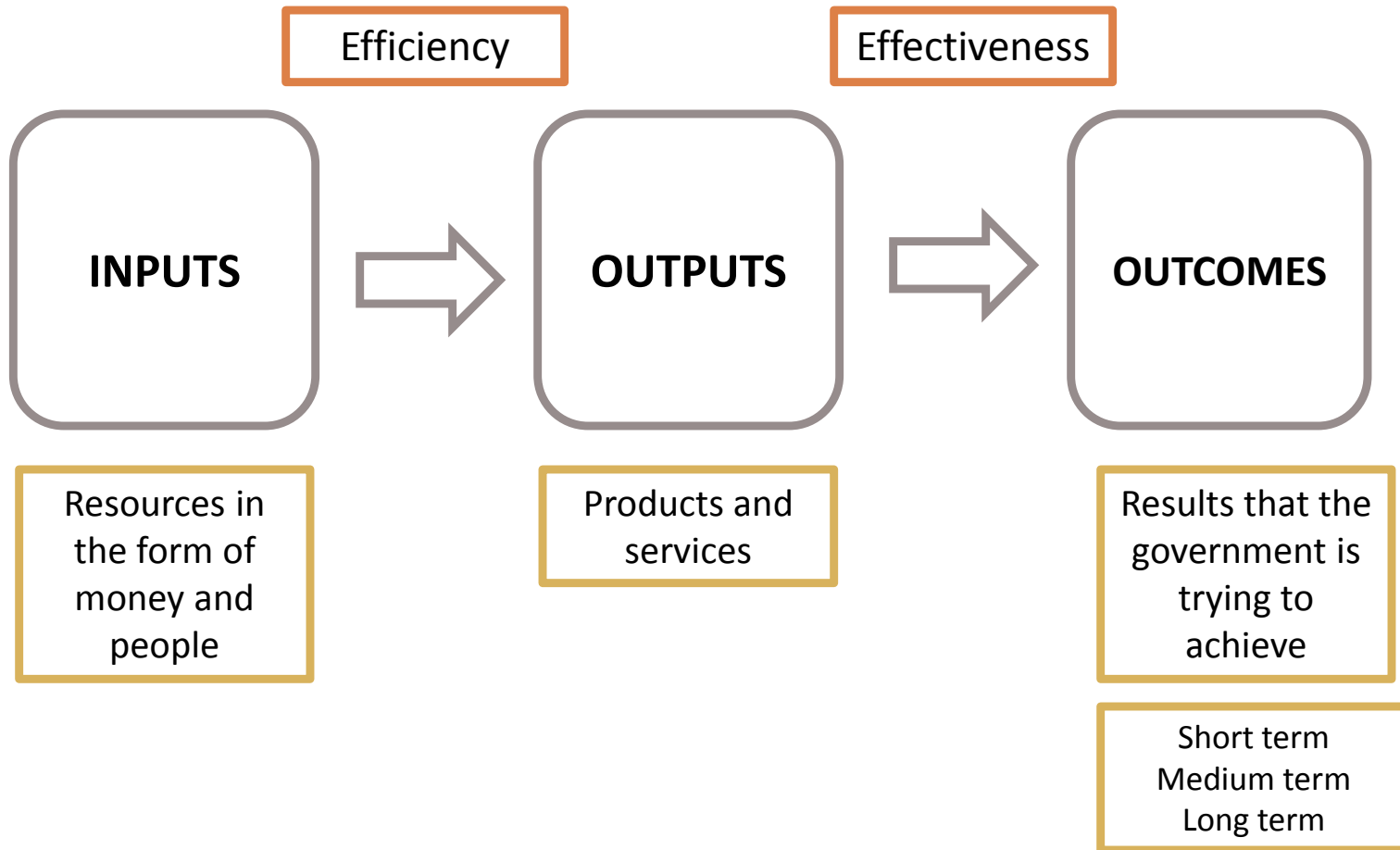
Moving from Outputs to Outcomes



Existing Performance Structure

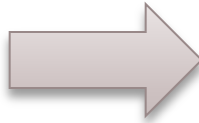


Results Chain



Outcomes

Short Term



**Medium
Term**



Long Term



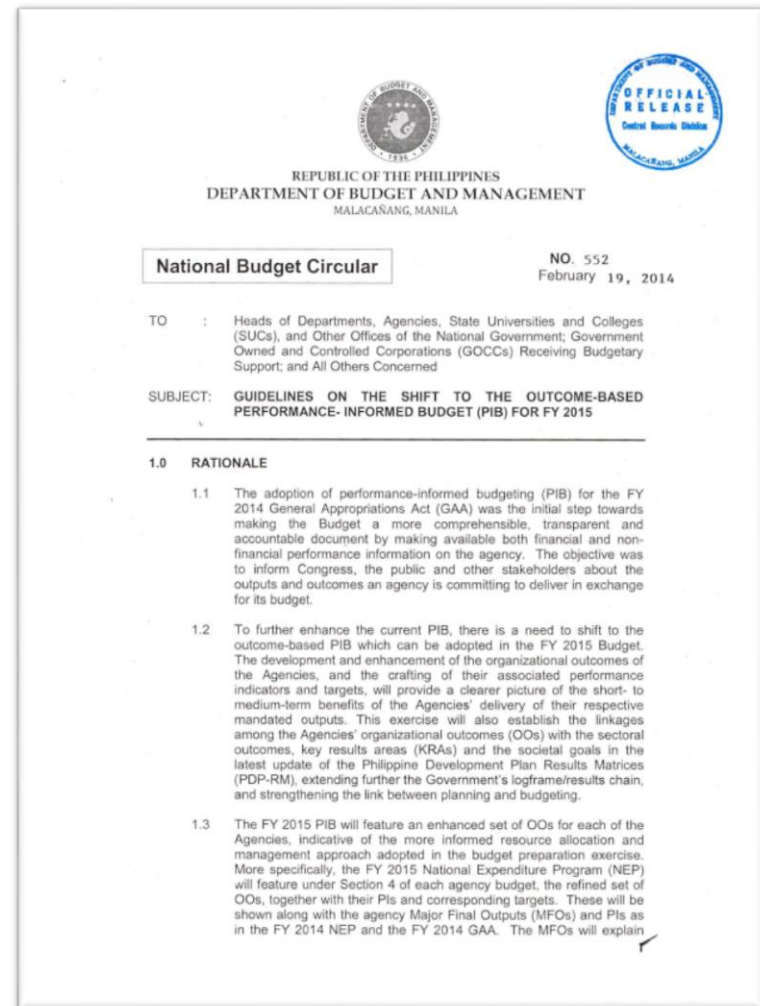
NBC 552

NBC 552 (Guidelines on the Shift to the Outcome-Based PIB for FY 2015)

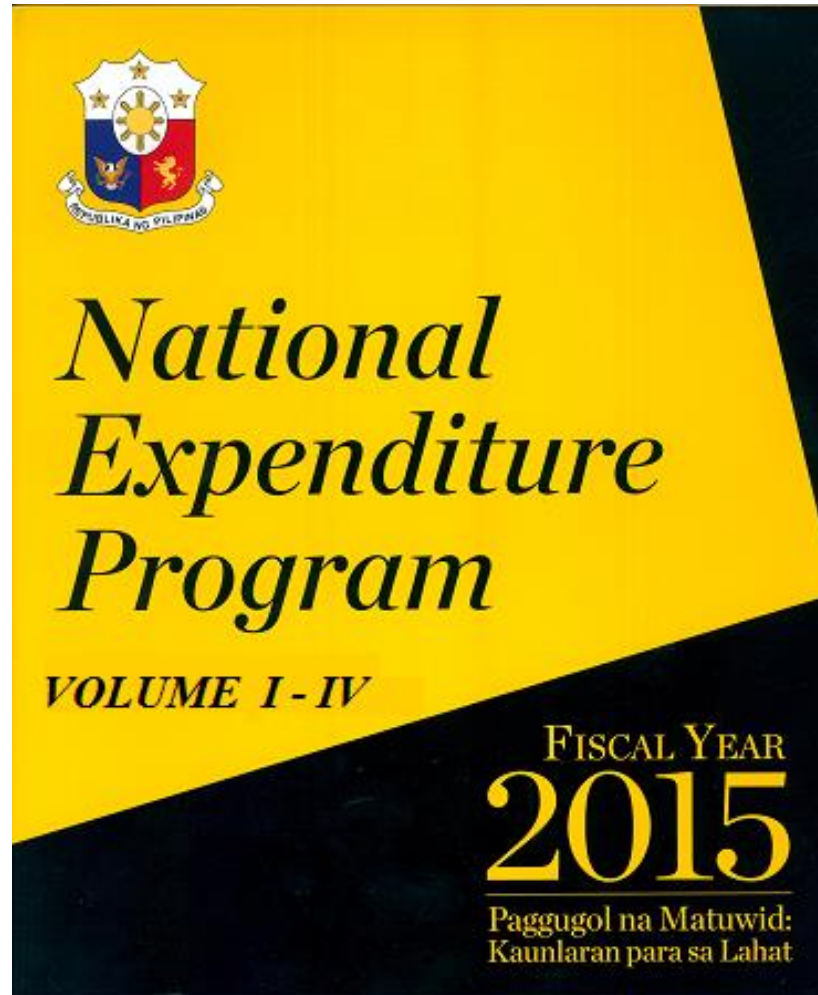
Issued on February 19, 2014

Purpose:

- Shift to outcome-based PIB will provide clearer picture of short- to medium-term benefits of Agencies' delivery of their mandate
- Establish and make explicit Agencies' intended results for better transparency and accountability
- Provide instructions on the refinement of the Organizational Outcomes (OOs) & their corresponding Performance Indicators (PIs)



2015: Outcome-Based PIB Moving from Outputs to Outcomes



2015 National Expenditure Program – Section 4

Department of Education (DepEd)

ORGANIZATIONAL OUTCOMES (Oos) / PERFORMANCE INDICATORS (PIs)

Baseline

2015 Targets

Access of every Filipino to a complete quality basic education achieved

Net enrollment rate increased

Kindergarten - 77% (2012)
Elementary - 95% (2012)
Secondary - 65% (2012)

Kindergarten - 100%
Elementary - 98%
Secondary - 70%

Adjusted net enrollment rate increased

Elementary - 97% (2012)
Secondary - 90% (2012)

Elementary - 99%
Secondary - 97%

Cohort survival rate increased

Elementary - 75% (2012)
Secondary - 78% (2012)

Elementary - 81%
Secondary - 83%

Preparedness of every graduate for further education and world of work ensured

Percentage increase in Grade 10 Achievement rate (NAT MPS)

2.5% (51.4%)

5% (62%)

Alternative learning system completers who passed the Accreditation and Equivalence test increased annually

Data is yet to be collected

2%



2015 National Expenditure Program – Section 4:

Department of Education (DepEd)

MFO / PIs

2015 Targets

MFO 1: BASIC EDUCATION POLICY SERVICES	
Number of plans and policies formulated, reviewed, issued and disseminated	2
% of stakeholders who rate the plans and policies as satisfactory or better	85%
% of policies of updated over the last three (3) years	25%
MFO 2: BASIC EDUCATION SERVICES	
Kindergarten and Elementary Education	
Number of learners ages 5-11 years old enrolled in kindergarten and elementary education (in any learning system)	15,148,560
% of learners who scored average or better in the National Achievement Test (NAT)	85%
% of learners who completed the school year	81%
Secondary Education	
Number of learners ages 12-15 years old enrolled in secondary education (in any learning system)	5,904,740
% of learners who scored average or better in the National Achievement Test (NAT)	52%
% of learners who completed the school year	78%
Alternative Learning System	
Number of learners above 15 years old served thru Alternative Learning System (ALS) Program	475,325
% of ALS completers who passed the Accreditation and Equivalency Test	47%
% of ALS completers to total number of ALS learners within 10 months	77%
MFO 3: REGULATORY AND DEVELOPMENTAL SERVICES FOR PRIVATE SCHOOLS	
Number of grantees	1,083,396
% increase of grantees who scored average or better in the National Achievement Test (NAT)	2%
Ration of completers to grantees	82%

Results-Based Performance Management System (RBPMS) and the Performance Based Bonus (PBB)



Inter-Agency Task Force on Harmonization of National Government Performance Monitoring, Information and Reporting Systems (Administrative Order No. 25, s. 2011)

Task Force Members:



NEDA



DOF



OP



DBM



PMS

Government Oversight Partners:



CSC



CESB



COA



Ombudsman



NCC



GCG



CHED

Technical Secretariat:



Objectives of AO No. 25



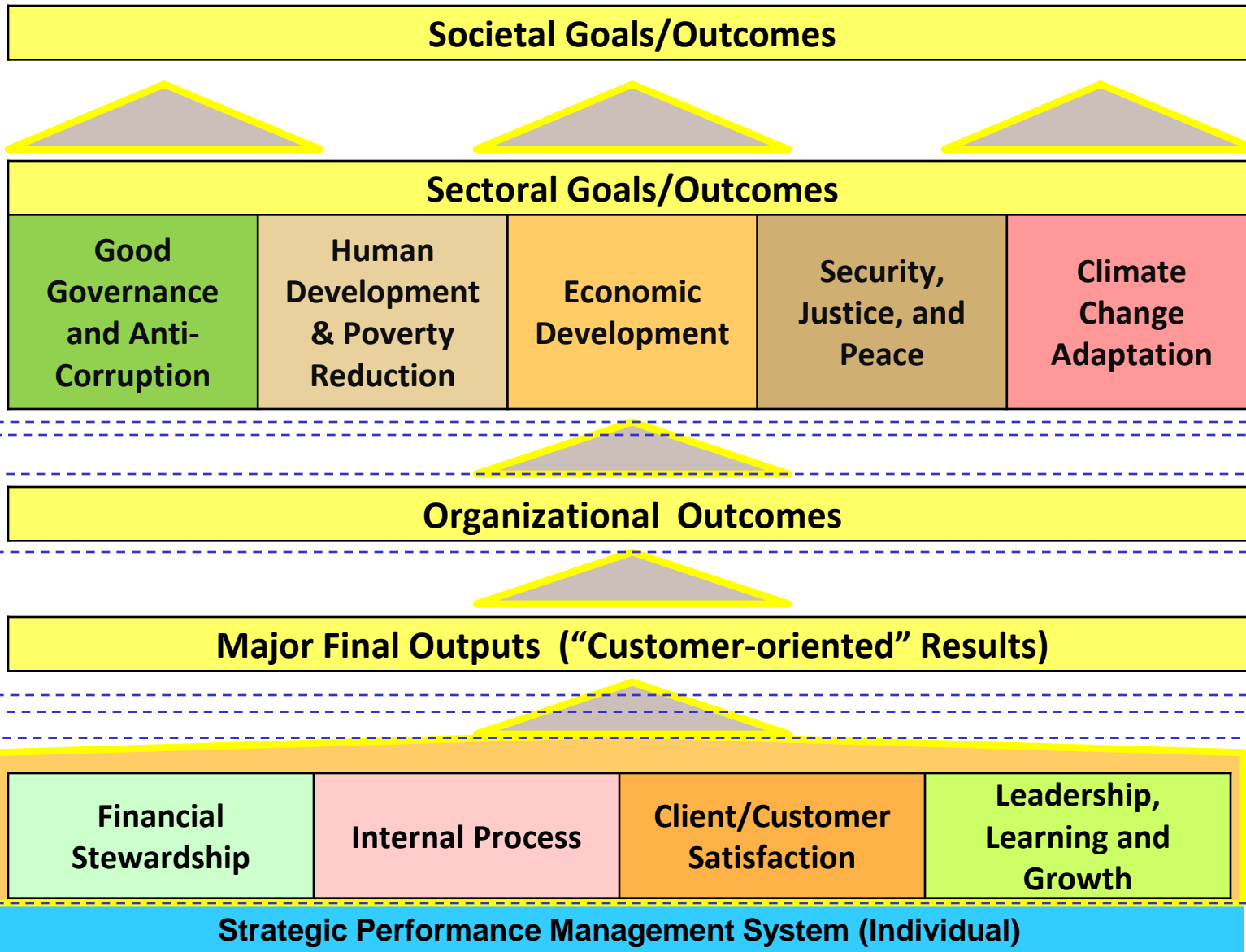
Rationalize, harmonize, streamline, simplify, integrate and unify the efforts of government agencies relative to the National Leadership's Agenda



Establish a unified and integrated Results-Based Performance Management System (RBPMS)

Use RBPMS as basis for determining entitlement to performance-based allowances, incentives, or compensation of personnel

Results Based Performance Management System



STR
SONA Technical
Report/
SER
Socio Economic
Report

P^PARC
Priority Program
Accountability
Report Card

MARC- I
MFO
Accountability
Report Card

MARC- II
Management
Accountability
Report Card

To qualify for PBB, agencies must meet at least 90% of P^PARC and MARC-I, and satisfy all MARC-II (GG conditions)

EO No. 80 Directing the Adoption of a Performance-Based Incentive System for Government Employees



“Dati, miski palpak ang palakad ng isang ahensya, very satisfactory pa rin ang pinakamababang rating ng empleyado... Nakakawawa tuloy ang mga mahusay magtrabaho... dahil parehas lang naman ang insentibo ng mga tamad at pursigido.

“Simula ngayong taon, magpapatupad tayo ng sistema kung saan ang bonus ay nakabase sa pagtupad ng mga ahensya sa kanilang mga target para sa taon. Nasa kamay na ng empleyado ang susi sa kanyang pag-angat.”

President Benigno S. Aquino III
2012 State of the Nation Address

Policy Framework

AO 25

- Results-Based Performance Management System

EO 80

- Performance-Based Incentive System

EO 99

- OP Planning Tool with Annual Targets for 2013 to 2015

Budget
Reform

- Performance Informed Budget



Performance-Based Incentive System



PBB

Performance-Based Bonus (PBB) – top-up bonus based on individual's contribution to accomplishment of Department targets



PEI

Productivity Enhancement Incentive (PEI) – across-the-board bonus of P5,000 per employee



Key Features of PBB

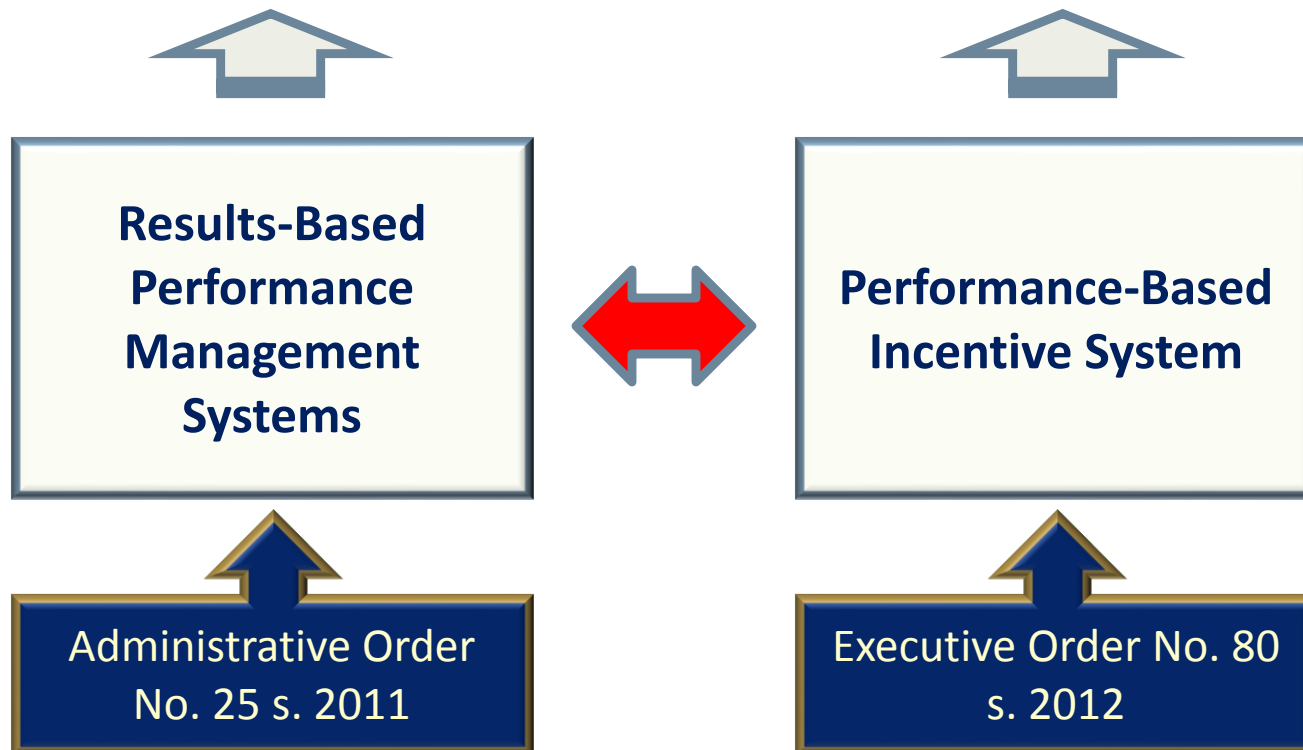
- Two-step system of ranking of delivery units and personnel
- PBB targets using verifiable and credible indicators of performance based on RBPMS pillars (OPIF, EO 43, PDP-RM, OP Planning Tool, AO 38 EODB, Good Governance conditions)



The Bottomline

“serbisyong ramdam ni Juana at ni Juan”

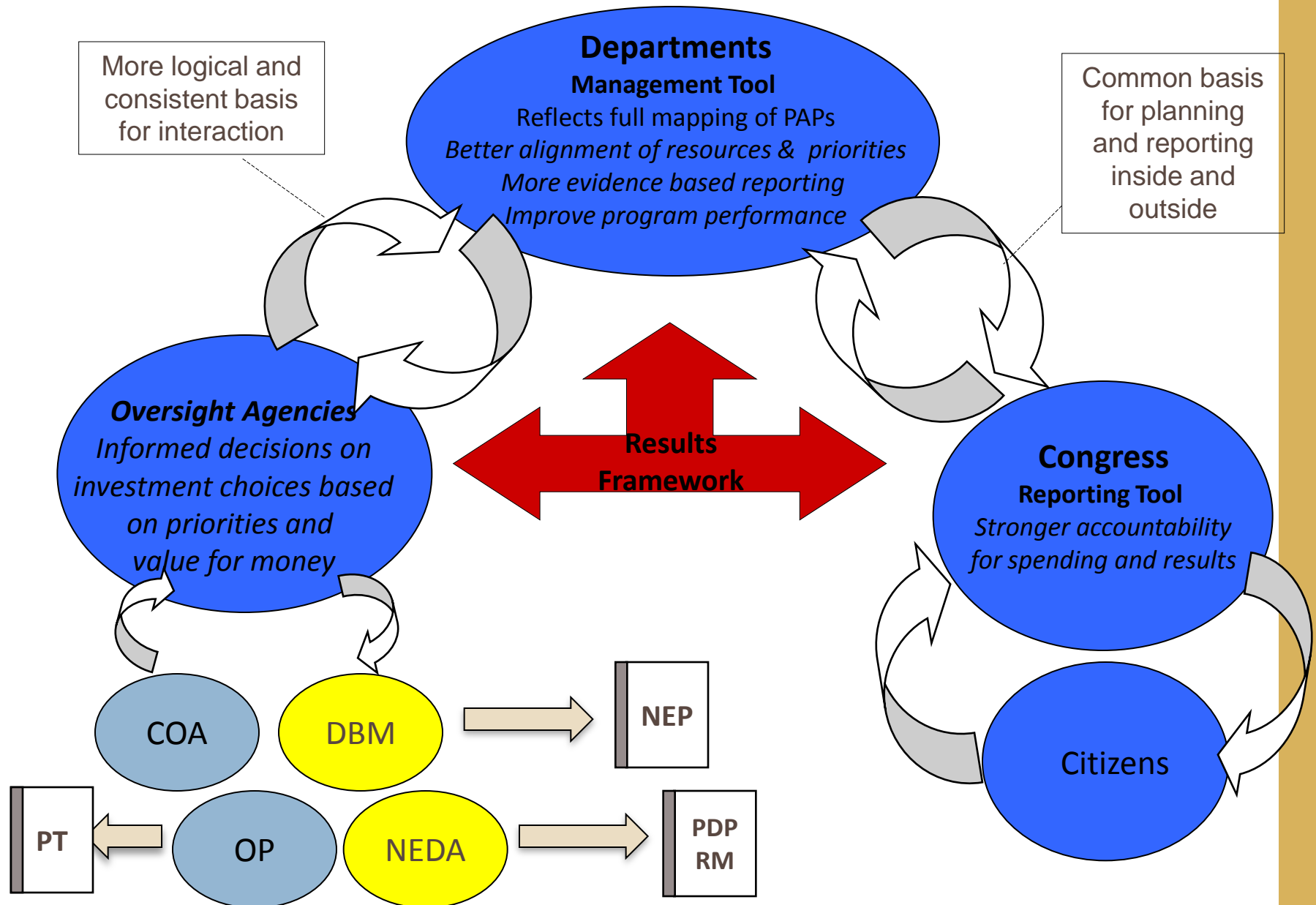
Citizen-centric service delivery



What's in it for you?



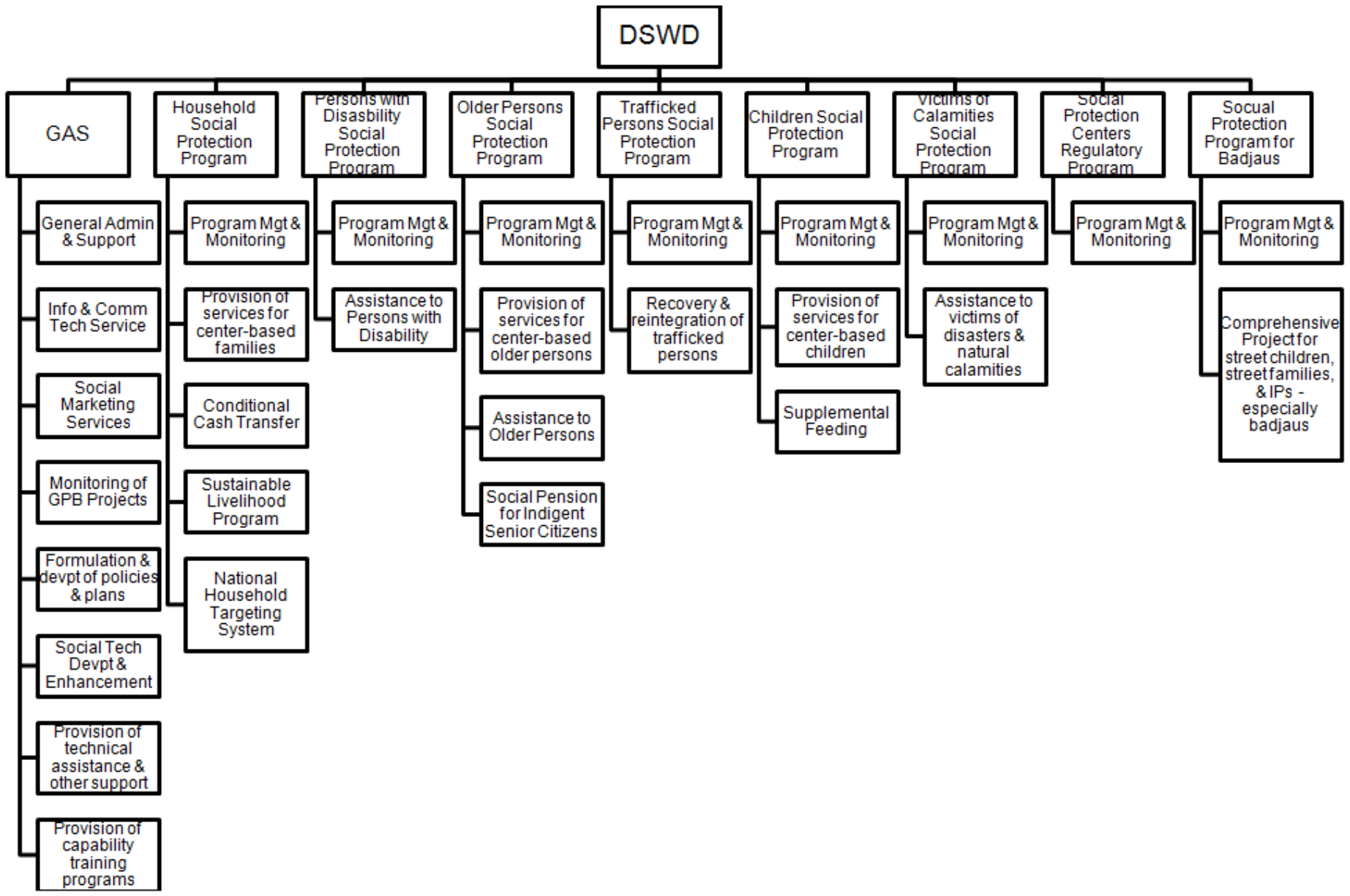
Well Structured Information Helps Decision-Making



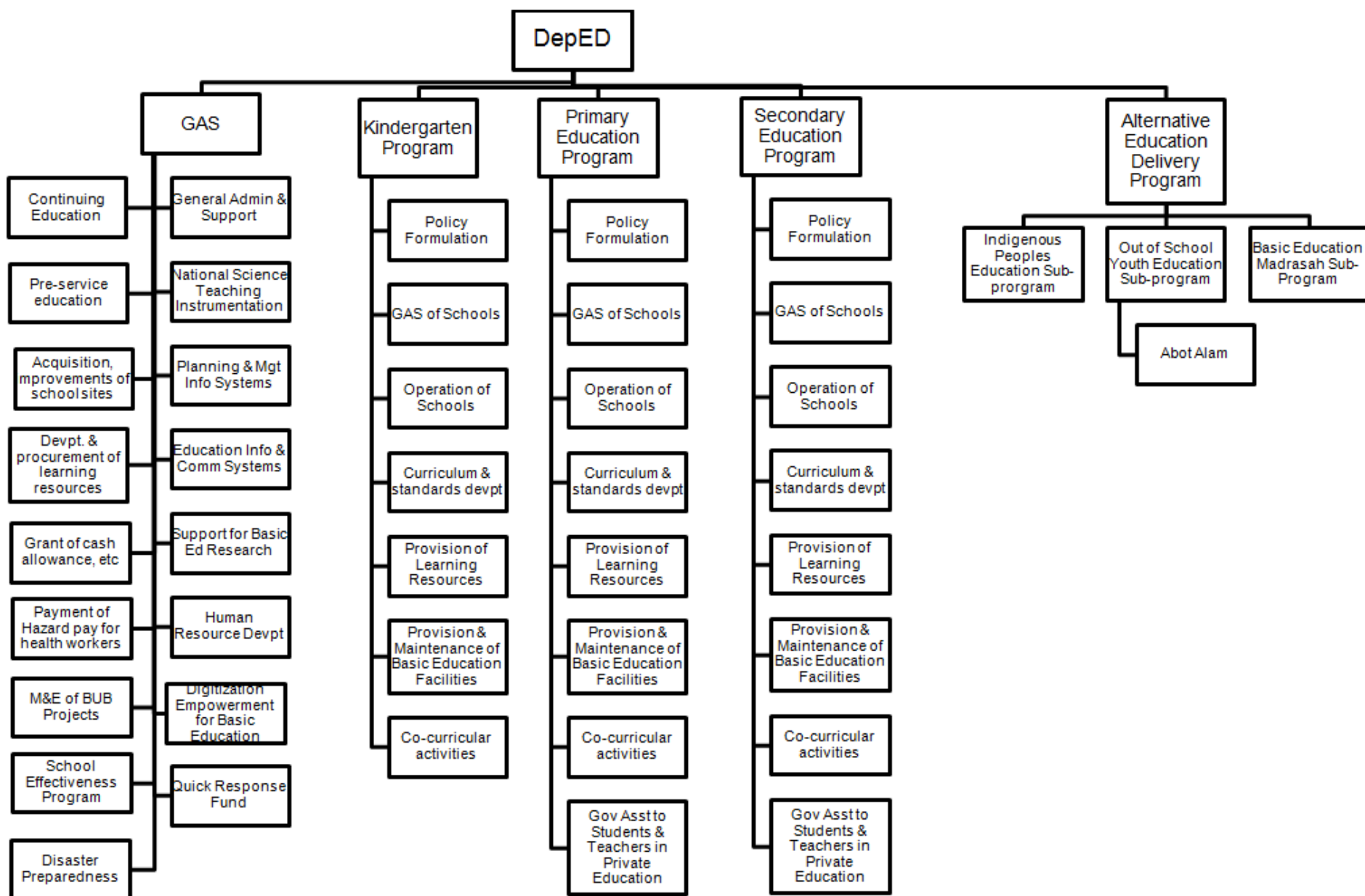
The Next Phase in Performance Informed Budgeting



Proposed Program Structure for Department of Social Welfare and Development



Proposed Program Structure for Department of Education



Thank you!

