

PIB



PERFORMANCE-INFORMED BUDGETING

PIB is the new budgeting approach that uses performance information in the appropriations documents to link funding to results and to provide a framework for more informed resource allocation and management.

Purpose

The Government of the Philippines adopted the Performance-Informed Budgeting (PIB) Structure through the National Budget Memorandum (NBM) No. 117 in crafting the 2014 National Budget as a new approach for a more responsive, transparent and accountable public expenditure management system.

In the past, the National Budget contained incomprehensible numbers and line items which did not specify tangible results or expected outcomes. With the introduction of PIB, the government is changing the face of the budget. The PIB structure emphasizes the outcomes and outputs that government agencies commit to achieve using the resources allocated to them. Performance information includes the **purpose** for the funds, **outputs** to be delivered, **outcomes** to be achieved and **cost** of the programs, activities and projects (PAPs) which make the budget a comprehensible, transparent and accountable document accessible for every Juan.

More so, performance information – both financial and non-financial – enables government agencies to strengthen the link between planning and budgeting and to simplify the presentation of the budget. With its more meaningful presentation aligned to planned resources, the PIB empowers citizens in measuring each government agency's performance.

Status

The PIB Structure is already adopted in the National Expenditure Plan and General Appropriations Act of FY2014. To fully support the performance-informed budgeting system, the Government of the Philippines adopted the Budget Priorities Framework (BPF) through NBM No. 118 following NBM No. 117. The BPF sets the budget priorities for FY2014 in line with the five Priority Areas of President Aquino's Social Contract with the Filipino People. This will guide departments and agencies in strategically planning their respective activities for the year 2014. With this mechanism, strategic planning will be integrated with performance information.

Together with other reforms in public expenditure management, PIB allows us to exercise good governance with maximum impact.



The Performance Informed Budget

PFM Committee

Executive Order No. 55 s. 2011 mandated the PFM Committee composed of Commission on Audit (COA), Department of Budget and Management (DBM), Department of Finance (DOF) and Bureau of the Treasury (BTr) to oversee the integration and automation of government financial and information systems, and implementation of the PFM Reform Roadmap. The roadmap is implemented through six key initiatives: Budget Reporting and Performance Standards, Accounting and Auditing Reforms, Improvement of Treasury Cash Management Operations, Liability Management, Government Integrated Financial Management Information System, and Capacity Building.

Strengthening Performance Delivery through the New Face of the Budget

The New Face of the Budget:

Efficient Spending, Tangible Results and Transparent Resource Allocation

With the adoption of the PIB as a new budgeting approach, the government commits to deliver the following benefits:

- Reinforce the meaning of accountability as a commitment to perform
- Empower *citizens* to participate in budget use and allocation with more transparent, accountable and responsive budget documents
- Enable individual *agencies* to see opportunities on how activities fit in the broader development plan and how they could collaborate with other agencies in achieving a common goal
- Allow the *Executive Branch* to ensure that each peso spent is tightly linked to its priority outcomes, to reduce overlaps and to avoid duplicative or inefficient spending
- Enable *legislators* to have better information for evaluating the budget proposals of each department and agency
- Congress could better exercise its oversight function to check if agencies and departments deliver the results they committed to
- Ensure that agencies' projects and programs are properly aligned with the Administration's priority goals, objectives and programs

Changing the Face of the Budget

The GAA was traditionally a detailed line-item document containing all the appropriations assigned to different components and PAPs of the National Government. These are divided into New Appropriations and Current Operating Expenditures which are further separated into three components – Personnel Services, Maintenance and Other Operating Expenses and Capital Outlays.

With the adoption of the PIB structure, the New GAA will now present performance information aligned to planned resources which is more responsive, comprehensive and accessible to the people:

The New PIB Structure and the Results Framework

The New PIB structure follows the Results Framework or the Logical Framework (LogFrame) established for each department and agency through the Organizational Performance Indicator Framework (OPIF).

In the budgeting process, agencies are to specify their programs, activities and projects (PAPs). The PAPs are the agency's inputs and strategies to meet its Major Final Outputs (MFOs). Fulfillment of MFOs contributes to the Organizational and Sectoral Outcome toward the achievement of the Administration's Key Result Areas and Societal Goals.



- It presents non-financial performance information together with the allocated resources for the different PAPs.
- Instead of using a line-item after line-item, PAPs will be grouped according to the MFOs that the department seeks to achieve.
- Each agency's strategic objectives – mandate, vision and mission of each agency, as well as Presidential Key Result Areas and the sector and organizational outcome it wishes to achieve – are defined upfront.

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