



PREXC

PROGRAM EXPENDITURE CLASSIFICATION
THE NEXT PHASE OF THE PERFORMANCE-INFORMED BUDGET



WHAT IS PREXC?

- PREXC is restructuring an agency's budget by **grouping all recurring activities as well as projects under** the different **programs** or key strategies being pursued by the agency to meet its objectives and mandates
- PREXC is **understanding what every program's objective** is and **providing performance indicators** (outputs and outcomes) for each

WHY DO THE PREXC APPROACH?

- 1 To identify the mandate-based programs and sub-programs of agencies and reflect them in the Budget
- 2 To help agencies better manage their finances and organizations to produce better results
- 3 To standardize the form of national budget and make it more understandable
- 4 To improve Performance-Informed Budgeting by facilitating the assessment of the effectiveness of the agency's strategies/programs

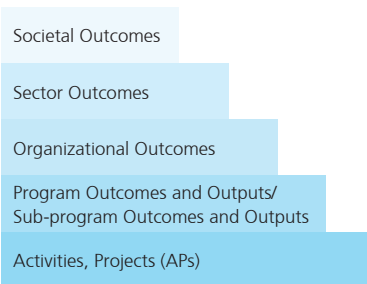


Figure 1: Logical Framework/Results Chain

HOW DO WE IMPLEMENT PREXC?

A. Group Activities and Projects under Programs or Sub-programs

- 1 Group activities and projects (Locally-Funded Projects (LFPs) and Foreign-Assisted Projects (FAPs)) that share common outcome.
- 2 Determine the program or sub-program based on the grouping done in Step 1. Provide a suitable name for the program or sub-program.
- 3 Each activity and project should fall under a program or sub-program.
- 4 Review Support to Operations (STO) activities. Transfer an activity that contributes to a specific program to that program or sub-program. Otherwise, retain the activity under STO.

B. Group Programs under the Organizational Outcomes (OOs) in the Category of Operations

- 1 Group the programs under the OOs to which they contribute.
- 2 Some OOs refer to clients/beneficiaries. Programs break these into more specific clients/beneficiaries.
- 3 Other ways of restructuring through PREXC
 - By form of intervention
 - By Major Final Outputs (MFOs) or service delivered to external clients
 - By function

C. Prepare Program Profile (Form A)

- 1 Make a Program Profile for each identified program or sub-program, if the latter is available.
- 2 Indicate the OO to which the program or sub-program belongs.
- 3 Provide the Program Objective Statement. The program objective captures the result or the change that the expenditure for a program would bring about. It should capture the essence of what a program seeks to accomplish.
- 4 Provide a program description with focus on the following:
 - Narrative of Program Strategy
 - Monitoring and Evaluation Arrangement/Plan
 - Risk Management Strategy
- 5 Identify performance indicators - Program performance indicators are measure of how a department /agency performs in delivering its outputs and outcomes given a particular cost. Identify at most three (3) indicators for both outcome and output.

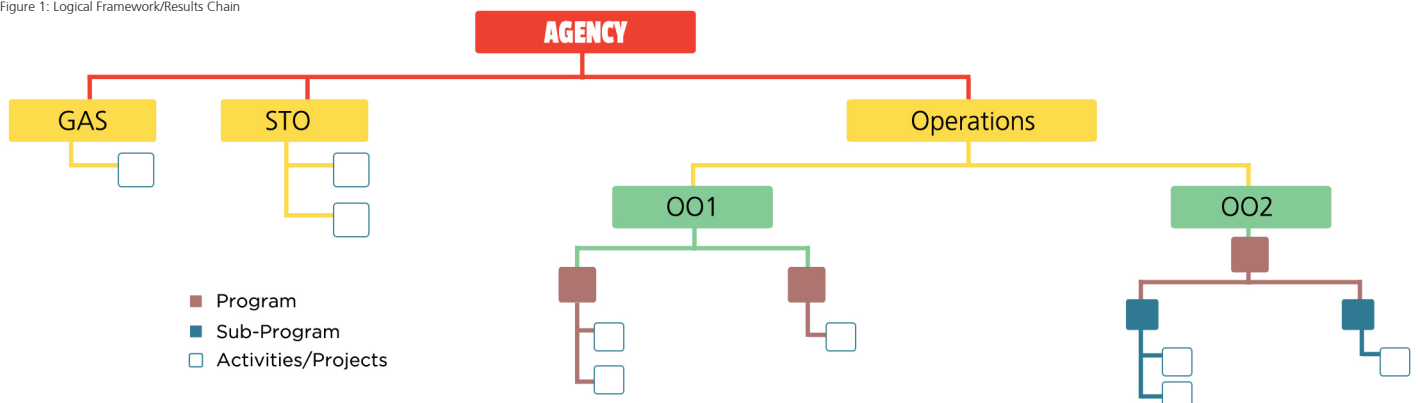


Figure 2: PREXC Budget Structure

PROPOSED NEP PREXC STRUCTURE (Based on 2016 NEP Levels)¹

XXIV. NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY A. OFFICE OF THE DIRECTOR-GENERAL

STRATEGIC OBJECTIVES

MANDATE : The NEDA, as mandated by the Philippine Constitution, shall function as the independent planning agency of the government. It was created in 1972 and reorganized on July 22, 1987 in accordance with Executive Order No. 230. The NEDA consists of two separate and distinct entities - the NEDA Board and the NEDA Secretariat. The power of the NEDA resides in the NEDA Board, which is primarily responsible for formulating continuing, coordinated and fully integrated social and economic policies, plans and programs. The NEDA Secretariat serves as the NEDA Board's research and technical support arm.

SECTION 1: EXPENDITURE PROGRAM (in pesos)

Sec. 1: Projects subsumed under Operations

Sec. 1: Budget for Operations is presented by Program

No./Code	GASS / STO / OPERATIONS	2016 ACTUAL	2017 CURRENT	2018 PROPOSED
00000100000000	Operations	661,464,000	797,080,000	856,486,000
	PS	334,346,000	311,993,000	379,807,000
	MOOE	318,275,000	470,027,000	476,679,000
	CO	8,843,000	15,060,000	

Note: Net of RLIP

Operations by Program	PROPOSED 2018			
	PS	MOOE	CO	TOTAL
Socio-economic Development Planning Program	349,047,000	500,397,000		349,444,000

SECTION 4: PERFORMANCE INFORMATION

Sec. 4: Performance (Output and Outcome Indicators) Information is shown by Organizational Outcome and Program

ORGANIZATIONAL OUTCOMES (OOs) / PROGRAMS/PERFORMANCE INDICATORS	Baseline	2018 Targets
Sound Economic and Development Management Effected		
SOCIO-ECONOMIC DEVELOPMENT PLANNING PROGRAM		
Policy and Planning Sub-program		
Outcome Indicators		
Percentage of policy recommendations adopted	100%	100%
Percentage of PDP end-of-plan targets achieved	90%	95%
Average client satisfaction rating of members of NEDA Board, SDC, CTRM, NLUC, RDCOM, PCSD, MICC, and RDCs with the secretariat services provided	95%	97%
Output Indicators		
Percentage of requests for policy recommendations on socio-economic and development matters prepared or reviewed within 10 working days from date of receipt	90%	93%
Number of plans (PDP, ASDFs, NFFP, RDPs, RSDFs, RPPFs, NPP) prepared/ updated and submitted within schedule to NEDA Board, RDCOM, NLUC, RDCs, and Secretary of Socio-economic Planning respectively, for approval	32	32
Number of economic reports prepared and submitted to the Office of the President within the prescribed reporting period	57	57

New Appropriations, by Cost Structure / Activities, Projects, by Operating Units

Activities/Projects (including LFPs and FAPs) are shown by Program under Operations

COST STRUCTURE		Current Operating Expenditures			
		Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
10000000000000 ^{2/3}	General Administration and Support ²	150,359,000	87,942,000	100,423,000	338,724,000
20000000000000	Support to Operations ²	23,611,000	40,873,000	33,062,000	97,546,000
30000000000000	Operations	349,047,000	500,397,000		849,444,000
31000000000000	Sound Economic and Development Management Effected	349,047,000	500,397,000		849,444,000
31010000000000	SOCIOECONOMIC DEVELOPMENT PLANNING PROGRAM	349,047,000	500,397,000		849,444,000
31010100000000	Policy and Planning Sub-program	182,446,000	232,666,000		415,112,000
310101100001000	Formulation and Updating of National, Inter-regional, Regional and Sectoral Socio-economic, Physical and Development Policies and Plans	88,206,000	33,763,000		121,969,000
310101100002000	Provision of Technical and Secretariat Support Services to the NEDA Board and its Committees and other Inter-Agency Committees	28,544,000	110,010,000		138,554,000
310101100003000	Provision of Support Services to Regional Development Councils	2,250,000	70,071,000		72,321,000
310101100004000	Provision of Advisory Services and Assistance to the President, Cabinet, Congress, Inter-Agency Bodies, and other Government Entities and Instrumentalities on Socio-Economic and Development Matters	62,733,000	11,430,000		74,163,000
310101200005000	Communication and Advocacy Program (CAP) Support Project	713,000	7,392,000		8,105,000
310102000000000	Investment Programming Sub-program ²	86,299,000	35,925,000		122,224,000
310103000000000	Monitoring and Evaluation Sub-program ²	80,302,000	231,806,000		312,108,000
	Total New Appropriations	523,017,000	629,212,000	133,485,000	1,285,714,000

Notes: /1 This illustration does not include all other details reflected in the 2016 National Expenditure Program (NEP) which will not change due to PREXC.
/2 Details of activities and projects under GAS, STO, and Sub-programs 2 & 3 not shown. Amounts indicated are the sum of appropriations for activities and projects of the said items.
/3 Proposed PREXC UAACS Codes for approval by the Budget Reporting and Performance Standards team of the PFM Committee.

BENEFITS OF PREXC

Links PAPs with Programs. Restructuring PAPs along PREXC will help establish the link of PAPs with the appropriate program, organizational and sectoral outcomes for better expenditure prioritization and management of results. Activities that are not linked or contributing to a program objective could belong to GAS or STO or may be eliminated or reconfigured to support successful programs.

Other benefits:

- Provides better performance information to improve monitoring and evaluation of results
- Improves linkage of the Output and Outcome indicators to the programs and their budgets
- Helps improve assessments of the efficiency and effectiveness of an agency's operations and of its budget utilization
- Allows Monitoring and Evaluation at the program level
- Shows budget utilization at the program level
- Improves decision-making by looking at programs holistically
- Improves prioritization

