

## INSIGHT FROM A DBM JUNIOR LEADER

### Public Expenditure Management Reform: Performance-Informed Budgeting

As defined by DBM, the PIB is a set of integrated processes that aims to improve the efficiency and effectiveness of public expenditure by linking funding to results by the systematic use of performance information in resource allocation and management. The National Budget Memorandum No. 117 dated March 1, 2013 PIB, which was first adopted in the GAA in 2014, aimed to strengthen the linkages among planning, budgeting and outcomes; simplify budget presentation; and enhance transparency and accountability in the allocation of limited resources. As the Senior Officials of the DBM would always say, “*Dapat May Kuwento ang Kuwenta* (Each peso should have a story).”

This reform was initially prescribed by foreign consultants and by the DBM as part of the on-going Public Expenditure Management Reforms (PEM), though there is no doubt that this is a very important reform.

The agencies expressed their desire to change some of the indicators of the PIB, which they could take ownership, since they believe that if they ‘owned’ the indicators, they will be committed to the people and be held accountable. The good thing about the PIB is that it would help the lawmakers, especially during budget deliberations, to have a better grasp of how the agencies spend their budgets. Otherwise, the agencies might regard these indicators as just a means to comply, a situation that is highly possible because the PIB is the basis of the Performance-Based Bonus.

The DBM has the capability to allow the agencies to make changes in their PIB so as to suit it to their local situations, and institutionalize it now that the reform is in its third year of implementation. Further, the DBM should allow the agencies to change their indicators in the PIB as long as it is in line with the mandate and P/A/Ps. The agencies would be more likely to use quantity indicators. The DBM nonetheless encourages

### By Junaid M. Karim<sup>1</sup>

the use of quantity and timeliness indicators in addition to the quality indicators since this will show what the agencies are really doing and how committed are they in implementing their programs and projects.

‘Reforming the reform, so to speak, is a major challenge that should be addressed and looked into. The lack of baseline information is one particular challenge, which is important in gauging the agencies’ targets and accomplishments in a specific period of time. Moreover, the quality of performance reflected in PIB may not be guaranteed. A mechanism to check and validate performance must be in place.

The PIB of the agencies should be revisited and re-assessed to ensure that the information being provided have concrete basis. This reform should be continued and adopted by the next administration because this is a concrete reform that will not just allow the agencies to show their worth, but as a whole, this will help the bureaucracy show the public that the government is serious in implementing programs.

<sup>1</sup> As of this publication, Karim is a Senior Budget and Management Specialist of the Budget and Management Bureau for Food Security, Ecological Protection, and Climate Change Management Sector.