



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
MALACAÑANG, MANILA

**NATIONAL BUDGET CIRCULAR**

No. 560  
July 31, 2015

- TO :** Heads of Departments, Agencies, State Universities and Colleges, Other Offices of the National Government, and Government-Owned and/or -Controlled Corporations; Heads of Planning, Policy, Budget, Operations and Accounting Units, and All Others Concerned
- SUBJECT :** Implementing Guidelines on Monitoring and Evaluation (M and E) Expenses pursuant to Section 43, General Provisions, FY 2015 General Appropriations Act (GAA)

**1.0 Rationale**

A well-functioning M and E system supports the improvement of public service delivery by providing evidence-based information on the efficiency, effectiveness, and impact of government performance.

Through the systematic collection of data, the monitoring function tracks the progress of an ongoing program/project in terms of resource use and achievement of targets. Evaluation involves an objective assessment of a planned, ongoing or completed program/project, its design, implementation and results. Together, the M and E functions inform decision-making by integrating experience and lessons into improvements in resource management, program/project identification, design, and implementation.

To support the conduct of M and E activities, Section 43, General Provisions of Republic Act No. 10651 (FY 2015 GAA) provides that, "*The monitoring and evaluation expenses of the agencies mandated to implement and/or oversee the implementation of programs and projects shall not exceed three percent (3%) of the project/program costs.*" Accordingly, agencies should pursue their respective M and E plans in accord with the said provision and the guidelines set in this Circular.

**2.0 Objectives**

- 2.1. To prescribe guidelines in the utilization of the budget for M and E activities, pursuant to Section 43, General Provisions of the FY 2015 GAA;
- 2.2. To emphasize the importance of M and E Planning to support M and E expenditures; and

- 2.3. To set reportorial requirements which would enable Oversight and Implementing Agencies to track M and E activities and expenses.

### **3.0 Guidelines**

#### **3.1. M and E Expenses**

3.1.1. Pursuant to Section 43, General Provisions of the FY 2015 GAA, and to provide agencies with flexibility in allocating the M and E budget across programs/projects within a project category, such amount shall be derived from, and shall not exceed, three percent (3%) of the total annual program/project cost per project category.

- a. For purposes of this Circular, project categorization of all programs/projects refers to the Sub-Sector categorization under the Classification of Functions of Government (COFOG) as provided in Part VI of the UACS Primer<sup>1</sup>.

3.1.2. Expenses incurred, but not limited to the following, may be charged against the M and E budget:

- a. Hiring of personnel under casual or job order status;
- b. Travel expenses;
- c. Communication expenses;
- d. Professional Services (i.e., consultancy);
- e. Printing and publication expenses;
- f. Supplies and materials expenses (e.g., office supplies, fuel, and lubricant);
- g. Conduct of meetings and capacity-building of M and E personnel;
- h. Expenses for consultation with stakeholders;
- i. Data collection/processing/analysis; and
- j. Other incidental M and E expenses

3.1.3. Funding requirement for ongoing evaluation activities involving completing/completed programs/projects funded in RA No. 10651 (FY 2015 GAA) can be charged against the concerned agencies' regular program funds, or specific funds authorized for the purpose. In no case shall the cost of evaluation involving a completed program/project that is not included in the FY 2015 GAA can be funded from the 3% fund for M and E expenses

#### **3.2. M and E Planning**

3.2.1 A Monitoring Plan approved by the Head of Agency serves as the blueprint in tracking the progress of the implementation of a program/project. Thus, for the monitoring functions to be efficiently and effectively carried out, such a plan is very important.

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<sup>1</sup> The UACS Primer may be downloaded at [http://pfm.gov.ph/files/uacs\\_primer1.pdf](http://pfm.gov.ph/files/uacs_primer1.pdf)

It is presumed that implementing agencies have their respective plans as basis for the conduct of their monitoring activities. At the minimum, a Monitoring Plan must lay out the objectives of the program/project; the results – outputs, outcomes and impact - it aims to achieve; baseline information; the performance indicators and targets; and the method and frequency of monitoring.

3.2.2 Program/Project Monitoring - To help realize the intent of NBC No. 556 (Guidelines on the Release of Funds for FY 2015) that programs/projects be executed and planned results be delivered in a timely manner, implementing agencies should ensure the conduct of regular monitoring of programs/projects. Monitoring data and information feed the evaluation.

3.2.3 Program/Project Evaluation – Evaluation activities must be articulated in the agency's Evaluation Plan approved by the Agency Head.

### 3.3 Reportorial Requirement

3.3.1 Implementing agencies concerned shall submit to the DBM the following:

- a. Copy of the Program/Project Plan and/or M and E Plan per program/project as defined under Section 3.2 herein, submission of which should be 30 days from issuance of this Circular; and
- b. Year-end Report on the Allocation and Use of 3% M and E Expenses (template shown in Annex "A"), within 30 days following the end of the year.

## 4.0 Responsibility of the Head of Agency

The concerned head of agency shall ensure that M and E expenditures shall be made in accordance with pertinent laws and the provisions of this Circular. Non-compliance therewith may result to the imposition of administrative, civil and/or criminal liabilities under existing laws against the concerned officials and/or employees."

## 5.0 Saving Clause

Cases/matters not covered by the provisions of this Circular shall be referred to the DBM for resolution.

## 6.0 Effectivity

This Circular shall take effect immediately.

  
**FLORENCIO B. ABAD**  
Secretary



Report on the Allocation and Use of 3% Budget for M and E Activities  
 As of December 31, 2015  
 In Thousand Pesos

ANNEX A

Agency:

Particular	Appropriation	Allotment	M&E Expenses				Remarks
			Allocation for 3% M & E Expenses	Obligation (from the 3% M&E)	Balances	Obligation Rate (%)	
1	2	3	4 = 3*3%	5	6=4-5	7=5/4	8
Sector:							
Sub-Sector :							
MFO 1							
Program 1:							
LFP							
Project 1:							
Sub-Sector :							
LFP							
Project Title 1:							
Project Title 2:							
Prepared by:	In coordination with:	Certified Correct:	Approved By:				
_____ Planning Officer	_____ Budget Officer	_____ Finance Head/Director, FMS	_____ Agency Head/Department Secretary				

**Instructions**

The form shall be prepared by the Planning Officer in coordination with the Budget Officer, and certified correct by the Director of Financial Management Service. This shall be approved by Head of the Department/ Agency/ Authorized Representative.

Column 1 Particulars shall reflect all Programs and Projects, categorized into Sector and Sub-sector (using the COFOG categorization per the UACS Primer).

Column 2 Shall reflect the appropriations for each program/project per RA No. 10651 (FY 2015 GAA).

Column 3 Shall reflect the allotments released for each program/ project.

Column 4 Shall indicate the computed 3% M and E expenses of programs/projects categorized by Sub-sector.

Column 5 Shall indicate the actual obligations incurred from the allocated 3% M and E expenses.

Column 6 Shall reflect the balances of Allocation for 3% M and E Expenses (Column 4) at the end of the reporting period.

Column 7 Shall reflect the Obligation Rate (Obligation vs Allocation for 3% M and E Expenses).