NATIONAL BUDGET CIRCULAR

No. ___569___
February 8, 2017

FOR: All Heads of Departments, Agencies, Commissions, State Universities and Colleges and Other Offices of Government; Heads of Government-owned and/or Controlled Corporations (GOCCs) with Budgetary Support from the National Government and All Others Concerned

SUBJECT: ADOPTION OF PROGRAM EXPENDITURE CLASSIFICATION-BASED PERFORMANCE-INFORMED BUDGETING (PREXC-PIB) FOR THE PREPARATION OF THE PROPOSED NATIONAL BUDGET FOR FISCAL YEAR 2018

1.0   POLICY STATEMENT

The government continues to explore measures that would improve accountability and integrity in the use of public resources by ensuring transparency, fiscal responsibility, results-orientation, efficiency, and effectiveness. To strengthen the integration of planning, budgeting, and performance management, the government will continue to use performance information as one of the bases to inform resource allocation and management through the Performance-Informed Budgeting (PIB).

The Proposed National Budget, starting in fiscal year 2018 onwards, will also adopt a budget structure based on a program expenditure classification (PREXC). Recurring activities and projects, that contribute to a common particular organizational objective or outcome shall be grouped into a program under that outcome. The PREXC will replace Major Final Outputs (MFOs) as the means of structuring the National Budget.

This is being done to better articulate in the agency budget the programs and strategies being employed by the agency to achieve its organizational outcomes.

The shift from the focus on agency outputs to programs or strategies provides a better handle in assessing agency performance and tradeoffs. More so, that performance information is provided for each program, revising the agency-wide approach under the Organizational Performance Indicator Framework (OPIF).

Adopting a PREXC-based PIB (PREXC-PIB) therefore, aims to facilitate the evaluation of the impact of agency strategies or interventions and provide better information for planning, prioritization, and the organizational management of agencies.

2.0 PURPOSE

2.1   To define PREXC-PIB and to re-define elements of the OPIF to reflect the shift to a PREXC-based budget structure;

2.2   To provide guidelines and instructions in shifting agency budgets from MFO-based classification to PREXC;

2.3   To provide standards and procedures in crafting performance indicators for programs;

2.4   To provide an update of the subsequent steps in the PREXC approval process;

2.5   To define the roles and responsibilities of the DBM and the Agencies in the execution of this policy; and

2.6   To outline the use of PREXC during preparation of the FY 2018 budget pursuant to Item 6.0 of National Budget Memorandum No. 127 (Budget Call for FY 2018) dated December 28, 2016.

3.0 COVERAGE

All Departments/Agencies, State Universities and Colleges (SUCs) and Government Owned and Controlled Corporations (GOCCs) receiving budgetary support. This will include the commissions/offices under the Constitutional Fiscal Autonomy Group, Congress and the Judiciary.

4.0 DEFINITION OF TERMS AND KEY ELEMENTS OF PREXC-PIB

4.1   **Activity** is a recurring work process that contributes to the implementation of a program or sub-program

4.2   **General Administration and Support** is a cost component of the agency budget which consists of the activities and projects dealing with the provision of overall administrative management and operational support to the entire agency operations.

4.3   **Operations** is the cost structure which consists of programs and corresponding expenditures that relate to the main purpose for which an agency has been created. It involves direct production of goods or delivery of services or direct engagement in regulations.

4.4   **Organizational Outcome (OO)** is a short to medium-term result produced by an agency that contributes to the achievement of its legislated mandate and is achieved through the delivery of its programs.

4.5   **Organizational Performance Indicator Framework (OPIF)** is an approach to expenditure management that directs resources toward results and measures the whole-of-agency performance through output and outcome indicators. It is a defined strategic results framework that related agency mandates to overall government priorities, as well as intended outputs and outcomes.

4.6   **Outcome** is any change, effect, or result brought about by an agency's programs or strategies upon individuals, social structures, or the physical environment.

4.7   **Output** is any good or service that an agency delivers to a target population or client group external to the agency.

4.8   **Performance Indicator** is a characteristic or evidence that measures and illustrates the standard of performance by which an agency delivers its programs or outputs. Performance Indicators can measure the quantity, quality or timeliness of outputs and outcomes of an agency or a program and provide evidence that describes results such as economy, efficiency, and effectiveness. Output indicators are mostly within the control of an agency and are strongly linked to the budget. An outcome indicator measures how well a program has achieved its stated objective.

4.9   **Performance-Informed Budgeting** is a form of budgeting that relates fund allocation to measurable results in the form of outputs and outcomes. Resources are related to results in an indirect non-formulaic manner since the results, together with other information, are used, actively and systematically, to inform budget decisions.

4.10   **Program** is a group of activities and projects that contribute to a common particular outcome. A program should have the following: (1) unique expected results or outcomes, (2) a clear target population or client group external to the agency, (3) a defined method of intervention to achieve the desired result, and (4) a clear management structure that defines accountabilities.

4.11   **Program Expenditure Classification (PREXC)** is a form of structuring the budget into programs and outcomes. In comparison to the MFO-based budget, classifying expenditures by program has two benefits: (1) clarifying the objectives of government spending and the programs and strategies used by the agencies to accomplish them; and (2) allowing the monitoring of operational performance through performance indicators, which may relate to the inputs, outputs, or outcomes of a particular program providing a way to assess the success of the program and make adjustments during implementation, if necessary. An expenditure classification by program will contribute to improved transparency and accountability, and help better link inputs to objectives or outcomes.

4.12 **Program / Activity / Project (PAP)** is any work process or group of work processes undertaken to realize the outputs and outcomes of an agency. This is represented by an item of appropriation in the national budget.

4.13 **Project** is a special undertaking carried out within a definite time frame and intended to result in some pre-determined measure of goods and services.

4.14 **Program Expenditure Classification (PREXC) Structure** is a presentation of an agency's budget structured along PREXC. An agency's budget is arranged in a hierarchical manner to depict the logical relationship among programs, activities, and projects; and between programs and the agency's Organizational Outcomes.

4.15 **Program Profile (Form A)** is a template or report format that contains performance information for each program, including: the program title, the organizational outcome to which the program belongs, program objective statement, a brief program description, monitoring and evaluation and risk management strategies, and output and outcome indicators.

4.16 **Sub-program** is a program with either a more specific method of intervention or more defined target clients that is contained within a bigger program of an agency.

4.17 **Support to Operations** is a cost component of an agency budget which consists of activities and projects which provide staff, technical, and/or substantial support to operations, but do not produce goods or deliver services directed at a target population or client group external to the agency. This also includes expenditures that are indivisible across programs.

5.0   PREXC APPROVAL PROCESS

In 2015, through DBM Circular Letter No. 2015-11, briefings and handholding sessions were conducted to capacitate agencies in restructuring their budgets under PREXC. Technical assistance was provided to enable agencies to prepare their PREXC budget structures and the corresponding program profiles.

DBM, upon receipt of agency submission, provided comments and recommendations for revisions. After subsequent consultations, DBM issued confirmation letters to finalize the approved PREXC budget structure of agencies. These are then uploaded in the DBM budgeting systems for use in budget preparation and execution.

6.0   RESPONSIBILITIES

In the process of finalizing the PREXC of Agencies, the DBM and the Agencies have respectively undertaken the following responsibilities:

6.1   Department of Budget and Management (DBM)

6.1.1 The DBM shall provide technical assistance to agencies in the crafting of their PREXC budget structure and performance indicators.

6.1.2 It shall review the proposed PREXC budget structure, program profiles and the tracing forms submitted by Agencies.

6.1.3 It shall approve the Agency PREXC structures, in consultation with the Agencies.

6.1.4 It shall ensure that all policies and procedures related to the preparation and execution of the 2018 national budget are consistent with PREXC.

6.2 Agencies

6.2.1 Agencies shall craft their PREXC structure and submit to DBM following the format in the attached Annex A (PREXC Structure Illustration).

6.2.2 Agencies shall determine performance indicators for each program or sub-program and submit this by completing the attached form in Annex B (Program Profile) Form A.

6.2.3 Agencies shall likewise accomplish Tracing Form 1 (Tracing from 2017 NEP to PREXC Budget Structure, Activity/Project Information) and Tracing Form 2 (Tracing from 2017 NEP to PREXC Budget Structure, Performance Information) as prescribed under Circular Letter No. 2015-11 dated September 11, 2015, attached as Annexes C and D. Similarly, the Matrix of Indicator Definitions (MID) attached as Annex E that shows the definition of each indicator (outputs and outcomes), the means of verification and the monitoring mechanism will have to be prepared by agencies.

6.2.4 Agencies shall submit these PREXC documents to DBM which will be concurred in and used in the budget submission for FY 2018 budget. The detailed guidelines on how to fill out the forms are indicated in Annex F – Instruction for Restructuring the Budget According to PREXC.

6.2.5 Agencies shall prepare and submit their 2018 budget proposal according to PREXC.

7.0 PREPARING THE FY 2018 NATIONAL BUDGET UNDER PREXC

7.1 Prior to submission of budget proposals to DBM, agencies should ensure that the following necessary steps are undertaken to facilitate the transition to the PREXC:

7.1.1 The new budget structure as approved by the DBM should be reviewed and cascaded to all organizational units. An agency's PREXC structure is built on its core mandate and objectives. To facilitate planning, unit heads and program managers should know the Programs that they contribute to.

7.1.2 The PREXC budget structure shall be the basis for the 2018 national budget. Agencies should ensure that all their internal budgeting systems are aligned with their PREXC structure. DBM shall provide agencies with the appropriate new Unified Accounts Code Structure (UACS) codes to be used for budgeting. These UACS codes and PREXC structures shall be uploaded by the DBM in the Online Submission of Budget Proposal (OSBP) System based on the PREXC budget structure confirmed with the Agencies.

7.1.3 To facilitate discussions and analyses, agencies are recommended to also re-craft their 2016 and 2017 budgets from MFO-based to PREXC structures. This is most useful for comparing the 2016 appropriations and actual obligations and the 2017 current year appropriations with the 2018 budget proposal. This will facilitate discussions during the Technical Budget Hearings with DBM and budget deliberations with the Legislature.

7.1.4 Agencies were recommended to maintain the current list of PAPs in their budget and consolidate those that are under the same program. Agencies that opted to split PAPs shall be required to ensure that the Personnel Services component of their budget are properly reflected in the Government Manpower Information System (GMIS). This should be updated as required under NBC No. 549 dated October 21, 2013 on Monthly Updating of the Personal Services Itemization and Plantilla of Personnel (PSI POP) Under the Webbased Application System.

7.1.5 A crucial component of PREXC is the inclusion of output and outcome indicators per program. It is recommended that unit heads and program managers be part of the formulation of these indicators and the subsequent setting of targets for consistency with program execution. In view of the formulation of the Philippine Development Plan (PDP) for 2017 – 2022, it is also recommended that indicators agreed in the PDP – Results Matrices and in the Sustainable Development Goals (SDGs) be used as bases for these indicators. Agencies without prior submission should finalize all Program Profiles (See format in Annex A) including the performance indicators and submit them to DBM on or before February 28, 2017 to facilitate approval.

7.1.6 To inform the public and other stakeholders of the programs of government, the DBM shall upload in its website all the program profiles and PREXC structure of agencies. Information on past

performance of agencies in meeting their MFO performance indicators targets shall likewise be included.

7.2   All agency budget proposals submitted to DBM shall be consistent with the approved PREXC budget structure. The OSBP, where all agencies are required to encode budget proposals, has been updated to incorporate the changes in all the budget forms due to PREXC. It shall contain the PREXC budget structure of all agencies.

7.3   Any new project and activity should be aligned to an existing program of an agency and should be reflected in the budget proposal. These new proposals shall be subjected to the Two Tier Budget Approach of the DBM.

8.0   EFFECTIVITY

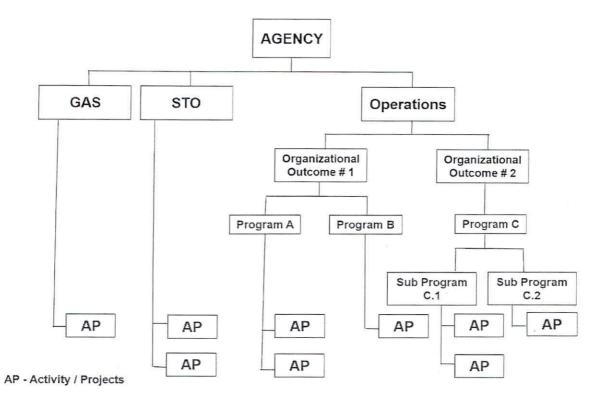This Circular shall take effect immediately.

BENJAMIN E. DIOKNO
Secretary

Department of Budget
and Management

OSEC-2017-001815

Illustrative Diagram of PREXC

Expenditure (Activities and Projects) restructured along Programs

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                              │  AGENCY  │
                              └────┬─────┘
         ┌────────────────┬────────┴──────────────────────────┐
    ┌────┴────┐      ┌────┴────┐                    ┌──────────┴──────────┐
    │   GAS   │      │   STO   │                    │     Operations      │
    └────┬────┘      └────┬────┘                    └──────────┬──────────┘
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         │                │            │  Organizational │          │  Organizational  │
         │                │            │   Outcome # 1   │          │   Outcome # 2    │
         │                │            └────────┬────────┘          └─────────┬────────┘
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AP - Activity / Projects

Form A

Program Profile[1]

A.	Title of Program / Sub-Program
B.	Organizational Outcome which the program addresses
C.	Program Objective Statement
D.	Program Description, narrative of the program strategy, monitoring and evaluation arrangements/plan, and risk management strategies
E.	Output Indicators (at most 3) [2] 1. 2. 3.
F.	Outcome Indicators (at most 3) [2] 1. 2. 3.

[1] This form will be accomplished for each of the programs/sub-programs of the agency

[2] Provide definition of the outcome and output indicators used for each program/sub-program under PREXC as well as the source or process of collection of data, unit of measurement and the means of verification. Indicate if the PIs currently used and where they are used: RM of NEDA, PIB, or PBB.

Tracing from 2016 NEP to PREXC Budget Structure

Activity/Project Information

Department/Agency:

Bureau of Internal Revenue (BIR)

UACS Code (1)	GAS, STO, OPERATIONS, PROJECTS (2)	Major Final Outputs (MFOs) (3)	2016 National Expenditure Program (NEP) Budget Structure (A) Program/Activity/Project (PAPs) (4a) PAP	(4b) Amount	Program Expenditure Classification (PREXC) (B) Activity/ Project (5a) PAP	(5b) Amount	Existing/ Proposed (6)	Comments (7)
000001000000000	GAS							
103001000100000			General Management and Supervision	xxxx	General Management and Supervision	xxxx	Existing	Subsumed under GAS
103001000200000			Human Resource Development	xxxx	Human Resource Development	xxxx	Existing	Subsumed under GAS
103001000300000			Planning and Policy Formulation	xxxx	Planning and Policy Formulation	xxxx	Existing	Transferred under the "Revenue Administration Program"
103001000400000 103001000500000 103001000600000			- - -	xxxx xxxx xxxx	- - -	xxxx xxxx xxxx	- - -	- - -
000002000000000	STO		-			-	-	Agency has no STO

Tracing from 2016 NEP to PREXC Budget Structure
Activity/Project Information

	2016 National Expenditure Program (NEP) Budget Structure (A)				Program Expenditure Classification (PREXC) (B)			
UACS Code (1)	GAS, STO, OPERATIONS, PROJECTS (2)	Major Final Outputs (MFOs) (3)	Program/Activity/Project (PAPs)		Activity/ Project		Existing/ Proposed (6)	Comments (7)
			(4a) PAP	(4b) Amount	(5a) PAP	(5b) Amount		
000003000000000	OPERATIONS							
101003010000000		MFO 1: Tax Collection Services						
101003010100000			Formulation, coordination, monitoring and evaluation of collection and assessment services, including formulation of procedures and policies on tax fraud investigation and intelligence operations	xxxx	Formulation, coordination, monitoring and evaluation of collection and assessment services, including formulation of procedures and policies on tax fraud investigation and intelligence operations	xxxx	Existing	Subsumed under the "Revenue Administration Program"
101003010200000			Issuance of tax rulings, decisions on appealed cases and assistance in the prosecution of civil and criminal cases	xxxx	Issuance of tax rulings, decisions on appealed cases and assistance in the prosecution of civil and criminal cases	xxxx	Existing	Subsumed under the "Revenue Administration Program"
101003010300000			-	xxxx	-	xxxx	-	-
101003010400000			-	xxxx	-	xxxx	-	-
TOTAL				xxxx		xxxx	--	-
				xxxx		xxxx		

Tracing from 2016 NEP to PREXC Budget Structure

Activity/Project Information

Instructions:

[A] Inputs for this portion shall follow the budget structure as appearing in the 2016 NEP

[B] Inputs for this portion shall be based on the proposed PREXC budget structure submission of the agencies to DBM

[1] Indicate UACS code of GAS/STO/OPERATIONS PAPs as reflected in the 2016 NEP

[2] Indicate GAS, STO, OPERATIONS and PROJECTS (Locally Funded Projects and Foreign Assisted Projects) following the budget structure as appearing in the 2016 NEP

[3] Indicate MFOs under OPERATIONS

[4a] Indicate PAPs under GAS, STO and OPERATIONS as appearing in the 2016 NEP

[4b] Indicate amounts of PAPs indicated in column (4a) as appearing in the 2016 NEP

[5a] Trace the PAP in column (4a) in the proposed PREXC budget structure. Indicate the activity/project name in the PREXC budget structure submitted by the agency that it will correspond to. All PAPs in column (4a) should be accounted for in column (5a). If any of the PAPs or projects in column (4a) need to be split, these should be shown as 2 activities or 2 projects in column (5a). If 2 PAPs or 2 projects need to be merged, this shall be indicated in column (5a). However, these mergers shall be resorted to sparingly to facilitate Congress' understanding.

[5b] Indicate amount of corresponding activities and projects in column (5a). The totals in column (4b) must tally with those in column (5b).

[6] Indicate in this column whether the items in column (5a) are existing or proposed activities/projects. Existing activities/projects are those activities/projects adopted from the 2016 NEP. Proposed activities/projects are new activities/projects that are proposed to be created under the PREXC in FY 2017 due to the splitting of a PAP or project. Hence, the creation of new activities/projects under the PREXC does not entail additional budget for FY 2017.

[7] Indicate in this column comments pertaining to the activities/projects in column (5)
    Examples: Subsumed under GAS/STO/OPERATIONS and indicate the program
        Transfer of activities/projects from GAS, STO and OPERATIONS to GAS/STO and OPERATIONS, if applicable
        Renaming of activity/project
        If activity/project is proposed to be split or merged, include a justification for the creation/deletion of this new activity/project

Tracing from 2016 NEP to PREXC Budget Structure
Performance Information

Department/Agency:

Bureau of Internal Revenue (BIR)

2016 National Expenditure Program (NEP) Budget Structure (A)		Program Expenditure Classification (PREXC) (B)				
Organizational Outcome/ Major Final Outputs (MFOs) (1)	Performance Indicator (2)	Existing/ Proposed (3)	Program (4)	Performance Indicator (5)		Comments (6)
				Outcome	Output	
OO 1: Internal Revenue Collection Improved	1. Collection target attained	Existing	Revenue Administration Program		Audit effort: 8% of total collection goal	Indicator was reworded
	2. Percentage in number of new registered business tax payers increased	Existing	Revenue Administration Program		5% increase in number of registered business tax payers	Indicator was reworded
MFO 1: Tax Collection Services	1. Collection performance	Existing	Revenue Administration Program	Collection performance: Attained +/- 2% of assigned goal		Adopted as an outcome indicator
	2. Collection growth	-		-		Not adopted
		Proposed	Revenue Administration Program		Filing of rate cases: 36 per year	

Tracing from 2016 NEP to PREXC Budget Structure

Performance Information

2016 National Expenditure Program (NEP) Budget Structure (A)		Program Expenditure Classification (PREXC) (B)				
Organizational Outcome/ Major Final Outputs (MFOs) (1)	Performance Indicator (2)	Existing/ Proposed (3)	Program (4)	Performance Indicator (5)		Comments (6)
				Outcome	Output	
		Proposed	Revenue Administration Program		Percentage increase in tax effort as a percent to Gross Domestic Product	

Instructions:

A   Performance information for this section will be based on Section 4 of the 2016 NEP

B   Performance information for this section will be based on the proposed PREXC Form A submitted by the agencies to DBM

1   Indicate the organizational outcomes and MFOs as indicated in the 2016 NEP

2   Indicate the performance indicators for the items in column (3). All organizational outcome and MFO indicators shall be listed in this column.

3   Indicate in this column whether the performance indicator indicated in column (4) are existing or proposed. Existing indicators are those indicators appearing in the 2016 NEP include minor revisions/rewording. Proposed indicators are new indicators proposed under PREXC for FY 2017.

4   Identify the program that the indicator in column (4) belongs to.

5   Indicate whether the performance indicator is an outcome or output indicator of the program indicated in column (6). The revised/reworded performance indicator statements should be stated in this portion as well as the definitions of the indicator, and how it is derived or measured and sources of data

6   Indicate in this column comments pertaining to the performance information in column (5).
Examples: Indicator was revised/reworded or not adopted.
          Adoption of an output indicator as an outcome indicator and vice versa

Matrix of Indicator Definitions

Department/Agency:

Program/Subprogram	Output/Outcome indicators	Definition	Means of Verification	Monitoring Mechanism

Instructions for Restructuring the Budget According to PREXC

This section provides detailed instructions for accomplishing Form A (Program Profile), Tracing Form 1 (Tracing from 2016 NEP to PREXC Budget Structure, Activity/Project Information) and Tracing Form 2 (Tracing from 2016 NEP to PREXC Budget Structure, Performance Information), and Matrix of Indicator Definitions (MID).

1.0 Review the existing budget structure of the agency

    1.1 Obtain a copy of the current National Expenditure Program (NEP) or the current General Appropriations Act (FY 2016 GAA)

    1.2 List all the activities under General Administration Services (GAS), Support to Operations (STO) and Operations by Major Final Outputs (MFOs) including the Locally-Funded Projects (LFPs) and Foreign-Assisted Projects (FAPs).

2.0 Group Activities and Projects under Programs or Sub-programs

    2.1 Group the activities and projects (LFPs and FAPs) listed in the previous item that share a common outcome.

    2.2 Determine the program or sub-program based on the grouping done in Step 2.1. Provide a suitable name for the program or sub-program. This should be specific to the agency as opposed to generic program names.

    2.3 Each activity or project in the list under Step 1.2 should fall under a program or sub-program.

    2.4 Review activities under STO. If an activity contributes to a specific program, transfer it to that program or sub-program. Otherwise, retain the activity under STO.

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

    3.1 Group the programs under the OOs to which they contribute.

    3.2 Some OOs refer to clients/beneficiaries. Programs break these into more specific clients/beneficiaries.

    3.3 Other ways of restructuring through PREXC:
        3.3.1 By form of intervention
        3.3.2 By Major Final Outputs (MFOs) or service delivered to external clients
        3.3.3 By function

4.0 Prepare the PREXC budget structure

    4.1 The outputs in Steps 1.0 to 3.0 will be used in crafting the PREXC budget structure as illustrated in Annex A.

5.0 Prepare Program Profile (Form A)

    5.1 Make a Program Profile for each identified program or sub-program, as applicable.

    5.2 Indicate the OO to which the program or sub-program belongs.

5.3 Provide the Program Objective Statement. The program objective captures the result or the change that the expenditure for a program or sub-program would bring about. It should capture the essence of what a program or sub-program seeks to accomplish.

5.4 Provide a program discussion with focus on the following:

    5.4.1 Narrative of Program Strategy
    Who are the beneficiaries of the program, what are the components of the program or strategies employed and method of delivery, and what units in the agency are involved in program implementation

    5.4.2 Monitoring and Evaluation (M&E) Arrangement/Plan
    How is the progress of the program to be monitored, types of report generated, kinds of analyses done on the reports and by whom, units responsible for acting/deciding on the results of the M&E, including at the management level

    5.4.3 Risk Management Strategy
    List down the existing and potential causes, sources, incidents and consequences which could affect the attainment of objectives, and the measure to be taken to address them

5.5 Identify performance indicators. Program or sub-program performance indicators are measures of how a department/agency performed in terms of efficiency and effectiveness, in delivering its outputs and outcomes given the existing resources. Identify at most three (3) indicators for both outcome and output per program or sub-program, as applicable. Outcome indicators are measures of the effectiveness of the program while output indicators are measures of the efficiency of the program.

    5.5.1 Existing outcome and output indicators that are applicable to particular programs are recommended for adoption. This will allow agencies to track their performance over the years and build on the same to ensure effective and efficient delivery of services.

    5.5.2 Choose an output indicator pertaining to a service or activity under the program that has the larger share of the budget.

    5.5.3 Outcome indicators that are the direct result of the corresponding output indicators may be crafted.

    5.5.4 Output indicators are usually quantitative in nature especially for line agencies while outcome indicators are qualitative and may measure the accessibility of the service or program.

6.0 Prepare Tracing Form 1 (Tracing from 2016 NEP to PREXC Budget Structure, Activity/Project Information) as prescribed under Circular Letter No. 2015 – 11 dated September 11, 2015.

6.1 Fill out the tracing form by putting in required information from the 2016 NEP: UACS code for GAS, STO, Operations, Projects and the MFOs and the respective Program/Activity/Project (PAPs) under them including the corresponding amount.

6.2 Fill out the PREXC columns by putting in the corresponding PAP for each of the PAP under the 2016 NEP columns. If any of the existing PAPs needs to be split, the splitting should be shown as two (2) or more separate activities under the PREXC columns. If two (2) or more activities under the 2016 NEP columns need to be merged, it should be indicated under the Comments column of the tracing form.

6.3 Projects (LFPs and FAPs) may not be split, merged or reworded under PREXC. They may only be grouped under a program or sub-program, as applicable.

6.4 Indicate the amount of corresponding activities and projects under columns 4a and 4b. To ensure that each activity and project is accounted for, the totals for the amounts in both columns should tally.

6.5 Under the Comments column, indicate whether the activities/projects in column 5a are existing or proposed. Existing activities/projects are those adopted from the 2016 NEP. Proposed activities/projects are those proposed to be created under PREXC due to the splitting or merging of existing PAPs.

7.0 Prepare Tracing Form 2 (Tracing from 2016 NEP to PREXC Budget Structure, Performance Information) as prescribed under Circular Letter No. 2015 – 11 dated September 11, 2015.

7.1 Fill out the tracing form by putting in the required Performance information under the 2016 NEP: organizational outcome, major final output, performance indicators.

7.2 Fill out the PREXC columns by indicating whether the performance indicator (PI) is existing or proposed. Existing indicators are those appearing in the 2016 NEP which include those with minor revisions/rewording. Proposed indicators are new indicators proposed for PREXC.

7.3 Indicate the program for which the indicator is crafted. Identify whether the indicator is an output or an outcome indicator by placing them in the corresponding column.

7.4 Indicate under the Comments column whether the indicator is new/revised/reworded or adopted or not adopted.

8.0 Prepare the Matrix of Indicator Definitions (MID).

8.1 Fill out the MID by listing down the program or sub-program under the first column and the corresponding output and outcome indicators under each.

8.2 Write the definition of the indicators or how they will be computed like ndicators that are in the form of percentage.

8.3 Indicate a means of verification under the corresponding column to show how the indicator will be measured and what reports will be used to verify the indicator. Include the frequency with which said reports are submitted and to whom they are submitted.

8.4 Place in the last column how the indicator will be monitored including the M&E method that will be used.

9.0 Submit the PREXC Structure, Tracing Forms 1 and 2 and the Matrix of Indicator Definition (MID) to DBM for review and approval.