

PFM Committee



Partners

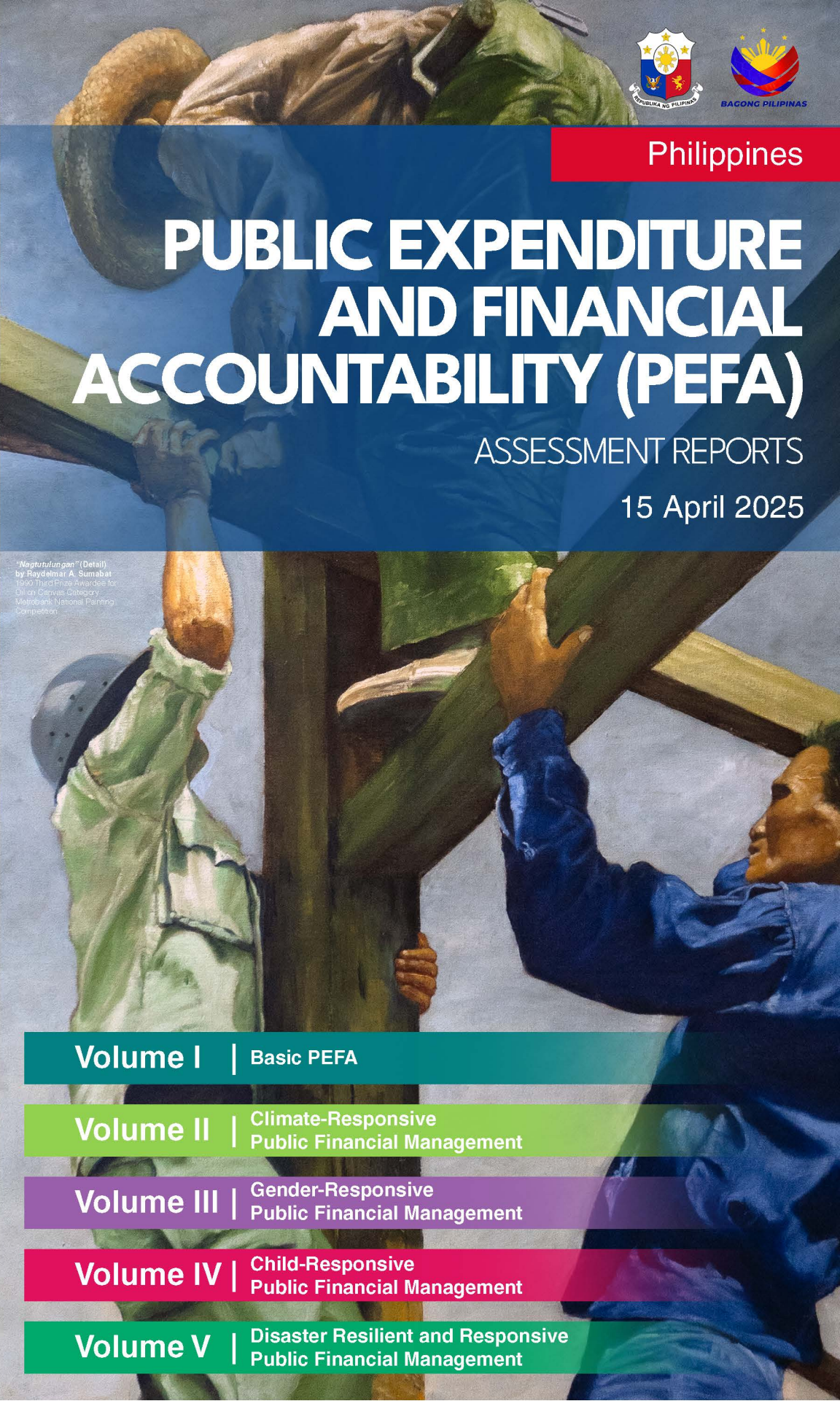
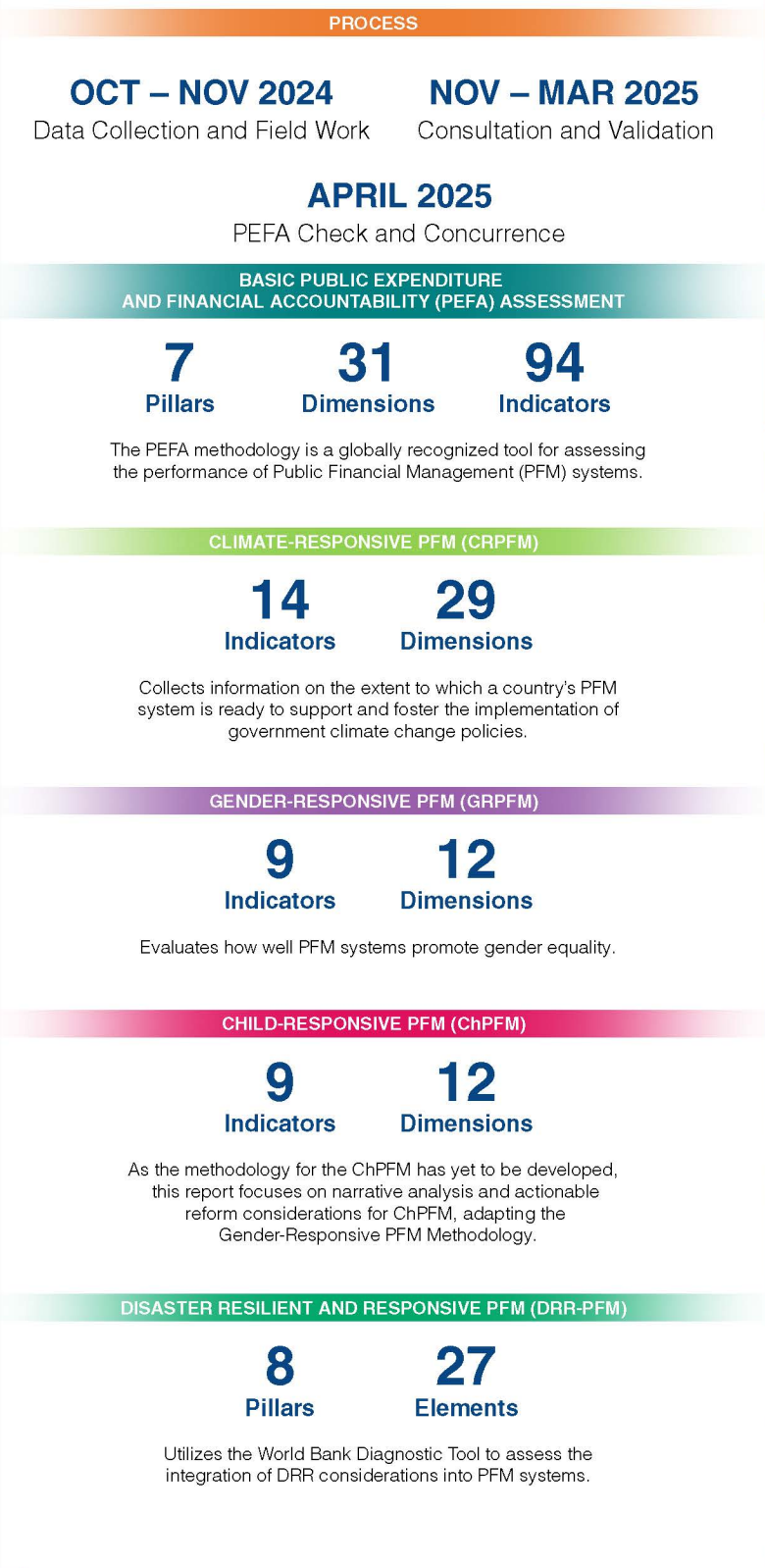


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ABOUT THE ASSESSMENT

Years covered: Fiscal years 2021, 2022, and 2023
Cut-off date: 30 October 2024



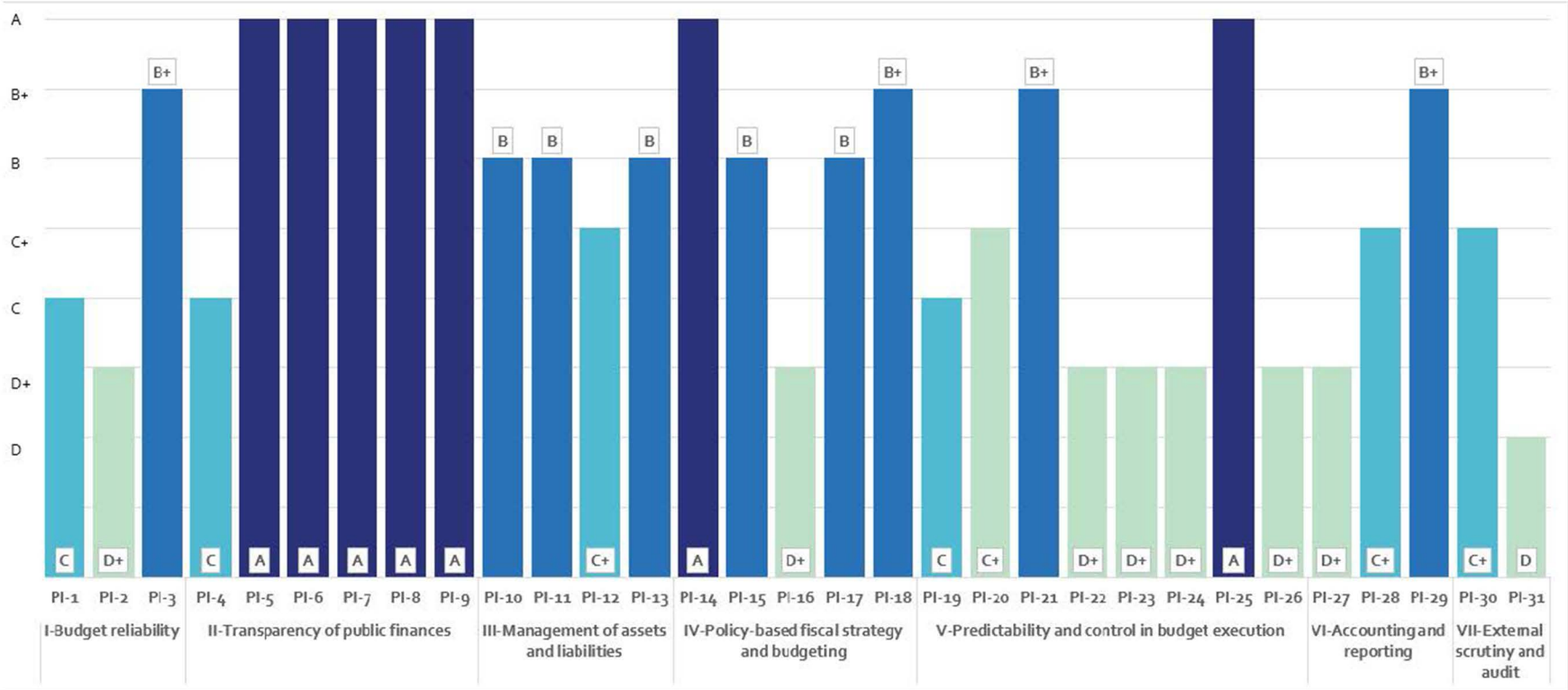
Volume I | Basic PEFA

Volume II | Climate-Responsive Public Financial Management

Volume III | Gender-Responsive Public Financial Management

Volume IV | Child-Responsive Public Financial Management

Volume V | Disaster Resilient and Responsive Public Financial Management

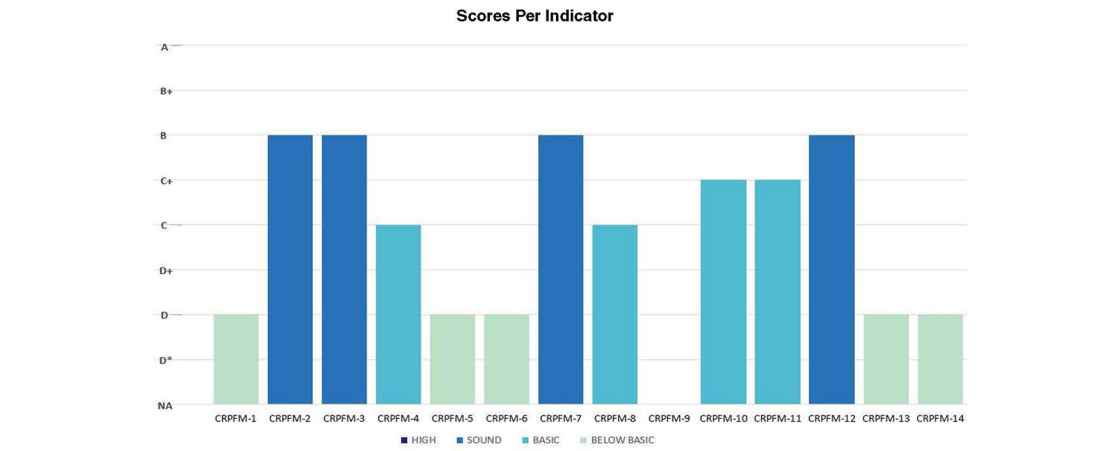


STRENGTHS

GAPS

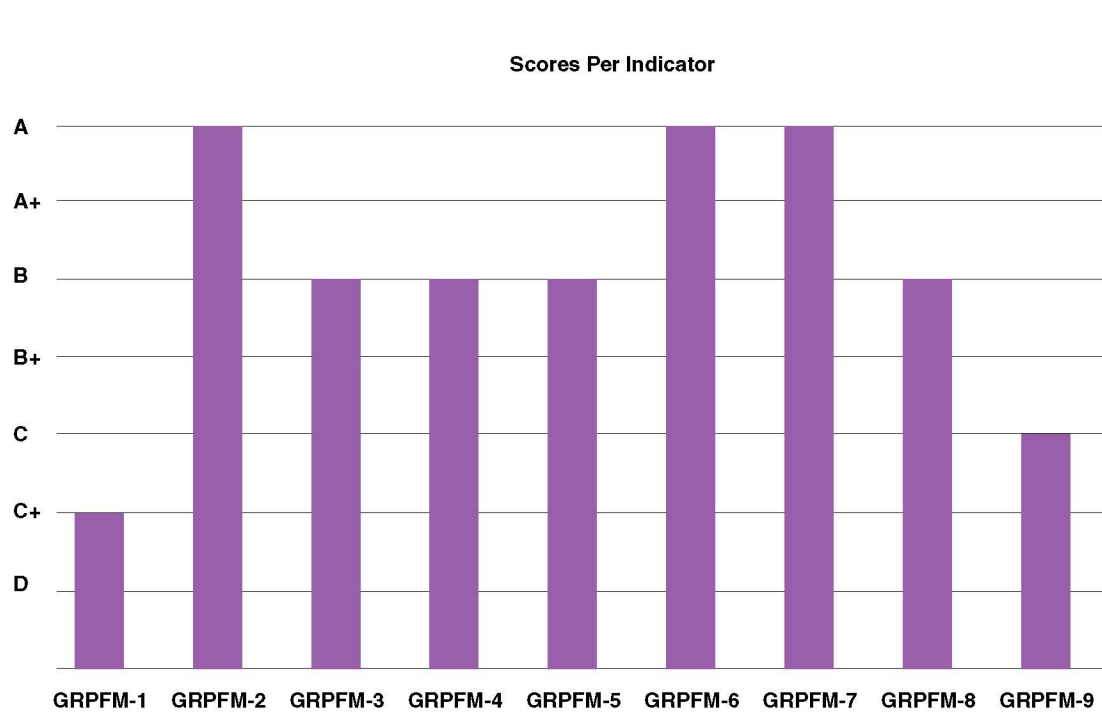
I- Budget Reliability	C+	Consistently strong revenue outturn, effective management of contingency reserves, and stable expenditure composition by economic type.	Large functional deviations in expenditure composition, indicating challenges in ensuring funds flow to policy-priority areas.
II- Transparency of Public Finances	B+	High-quality budget documentation and wide public availability of fiscal data, including timely publication of essential budgetary information.	Gaps remain in publishing certain assets and financial information (e.g., full TSA coverage), and some local data are only made available with delays or is incomplete.
III- Management of Assets and Liabilities	B	Published selection criteria for major investment projects, robust annual evaluations of project performance, and complete recording and reporting of debt and guarantees.	Limited rollout of the National Asset Registry System beyond major agencies and the absence of a formal multi-year debt strategy.
IV- Policy-based Fiscal Strategy and Budgeting	B	Inclusion of macroeconomic forecasts, macro-fiscal sensitivity analysis, and adoption of time-bound quantitative fiscal targets in the government's medium-term fiscal framework.	Certain reporting, such as mid-year progress updates to the legislature, remains insufficient for robust legislative oversight of fiscal outcomes.
V- Predictability and Control in Budget Execution	C+	Clear segregation of duties, thorough commitment controls, and strong transfer of revenue collections to the Treasury Single Account (TSA). Ongoing internal oversight and compliance with payment rules help maintain budget.	Revenue arrears are high, with a substantial portion going beyond 12 months. Cash management outside the TSA remains difficult to reconcile.
VI- Accounting and Reporting	C	Use of Philippine Public Sector Accounting Standards (PPSAS) and regular publication of budget execution reports. Most agencies submit year-end financial data, facilitating the preparation of annual financial statements that follow local and international standards.	Some agencies' reluctance or delays in submitting financial data lead to inaccuracies in quarterly budget execution reports and hamper comprehensive, real-time consolidation.
VII- External Scrutiny and Audit	C	Broad coverage of external audits and prompt requirement for audited entities to respond to findings. Supreme Audit Institution's independence is enshrined in law, giving it wide access to government records.	The legislature has no formal scrutiny process or established timeline to review audit findings or make recommendations, limiting the impact of external audit on PFM improvements.

Climate-Responsive Public Financial Management (CRPFM)



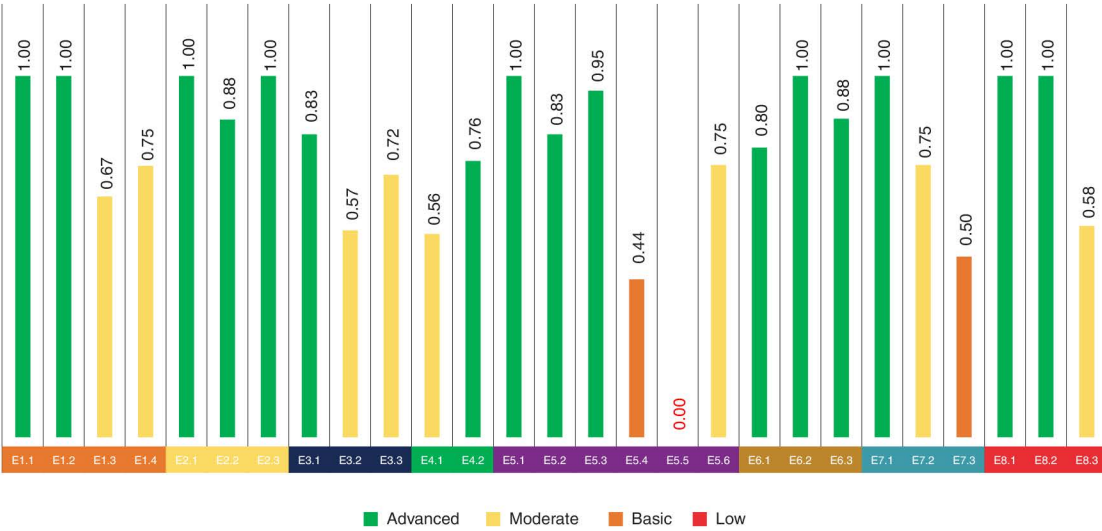
INDICATORS	STRENGTHS	GAPS
CRPFM-1. Budget alignment with climate change strategies	Awareness of Climate Change Prevalent. Climate-related investment projects are identified in the Philippine Development Plan (PDP) 2023-2028, the Philippine Public Investment Program (PIP), and the three-year rolling infrastructure program (TRIP).	Key Climate-Related Documents Lacks Alignment. The National Climate Change Action Plan (NCCAP) 2011-2028, National Adaptation Plan (NAP), and Nationally Determined Contributions (NDCs) call for alignment with the PDP.
CRPFM-2. Tracking climate-related expenditure	Climate Budget Identified, Tracked, and Monitored. The Climate Change Expenditure Tagging (CCET) system enabled the integration of climate change considerations into the budget process.	Climate Expenditure Tracking Needs Improvements. Compliance with CCET remains low, with only about 10 percent of spending units reporting their expenditures.
CRPFM-3. Climate-responsive budget circular	Climate Change Strategies Integrated in the National Budget Call. The National Budget Call for FY 2024 refers to the PDP and reflects that climate change is one of the national priorities.	
CRPFM-4. Legislative scrutiny	Specialized Committees on Climate Change Established in Congress. These specialized committees regularly hold public consultations on climate-related matters. Agency-Budget Notes (ABNs) on Performance of Climate-Related Programs Produced in Congress.	Formal Assessment of Climate-Related Expenditures Needs Integration in Congress. The existing committees in Congress do not formally evaluate the overall climate impact of the budget. Systematic Review of Audit and Evaluation Reports in Congress Necessitates Attention. There is no formal review of COA audit reports in Congress.
CRPFM-5. Climate-responsive public investment management	Climate-Related Aspects Integrated in the Planning Process of Investment Projects. Climate-related projects are identified in the PDP, PIP, and the TRIP to ensure alignment with the country's climate strategy.	Climate-related objectives for investment projects not incorporated in the regulatory framework. Climate-related criteria not considered in the project appraisal and selection process.
CRPFM-6. Climate-responsive non-financial asset management	The National Asset Registry System (NARS) Initiated. It serves as an inventory of critical and strategically important assets of the government. Legal Framework on Asset Management Established. The Philippine Government Asset Management Policy and National Asset Management Plan issued. NARS Portfolio Risk Report Developed. The risk report assesses how climate-related events could affect asset portfolio.	Exposure and sensitivity to climate variability, and transition risks not yet covered in the NARS. Climate-related criteria not considered in the project appraisal and selection process.
CRPFM-7. Climate-related liabilities	Fiscal Risk Statement (FRS) Published. The 2023 FRS identifies and analyzes climate-related risks and acknowledges their adverse fiscal impacts. Climate-Related Liabilities Covered in the Legal Framework on Debt and Guarantees. Laws on government borrowings define authority, limitations, and ability to cover climate-related liabilities. Sustainable Finance Framework Enabled Access to Green Financing. This framework provides a methodology for identifying projects eligible for climate finance.	Impacts of climate-related fiscal risks on expenditures and revenues not covered in the FRS.
CRPFM-8. Climate-responsive public procurement	Regulatory Framework for Green Public Procurement Developed. Negotiated Procurement Existing. RA 9184 allows this procurement in case of emergency situations.	Comprehensive System on Reporting and Monitoring Green Public Procurement Operations Missing. The Agency Procurement Compliance and Performance Indicators (APCPI) System does not verify compliance with green specifications. Consolidated Report on Climate-Responsive Procurement Not Produced. The procurement monitoring reports did not capture information on climate-responsive and emergency procurement.
CRPFM-9. Climate-responsive tax administration	Prerequisites for Introducing Carbon Taxation Established. Evidenced with the development of Green House Gases (GHG) inventory.	Climate-related tax not levied in the Philippines.
CRPFM-10. Compliance of climate-related expenditure	System of Controls Defined in the Legal Framework and Controls Performed at the Commitment and Payment Stage. Existing Department of Budget and Management (DBM) financial management systems (i.e., eBudget System and Unified Reporting System) are established to support these controls.	Non-Compliance by agencies in COA Audit Reports. COA has reported that a number of government agencies are processing payments without proper documentation or prior authorization.
CRPFM-11. Climate-responsive fiscal decentralization	Legal Frameworks on Fiscal Decentralization Arrangement Established. The legal framework clearly defines climate-related mandates and competencies of Local Government Units (LGUs). Climate-related expenditures tagged at the local level and climate-related procurement framework for LGUs covered by the Procurement Law.	Guidance on Climate Change-Related Conditional Transfers Missing. While Department of Finance (DOF)-Department of Budget and Management (DBM) Joint Circular (JC) No. 2016-1 outlines the process for directly releasing funds from BTr to LGUs, this does not cover climate-related conditional transfers.
CRPFM-12. Climate-related performance information	Climate-Related Performance Information Captured in Performance-Informed Budgeting. Information covers climate-related objectives, key performance indicators, outputs, and outcomes.	Inconsistencies Among Performance Indicators in Relation to their Alignment with the NCCAP Observed and Not All Climate-Related Programs and Activities are Assigned Performance Information. This makes it difficult to assess impact and effectiveness of programs and activities.
CRPFM-13. Climate-related evaluation		No evaluations of climate-related programs and activities and contribution of tax policy to climate change carried out in the last three years.
CRPFM-14. Expenditure outturn for climate actions		Discrepancies Between the Budgeted Amounts and Actual Expenditures Over the Past Three Fiscal Years Observed. This is due to the carry overs of unused funds from the previous year to the next fiscal year.

Gender-Responsive Public Financial Management (GRPFM)



INDICATORS	STRENGTHS	GAPS
GRPFM-1. Gender impact analysis of budget policy proposals	Structured Gender Analysis of Spending in Place. The Philippines assesses gender impacts of new expenditure proposals using tools like the Harmonized Gender and Development Guidelines (HGDG) and the National Evaluation Policy Framework (NEPF).	Revenue Policy Not Assessed for Gender Impact. No requirement exists for gender analysis in proposed changes to revenue policy.
GRPFM-2. Gender-responsive public investment management	Gender Considered in Investment Appraisal. All major public investments include gender impact assessments validated by the Investment Coordination Committee (ICC) and disclosed publicly.	
GRPFM-3. Gender-responsive budget circular	Gender Requirements in Budget Circulars Enforced. Budget circulars require agencies to include gender impacts and sex-disaggregated data in new spending proposals.	Reductions in Spending Not Gender-Assessed. The circular does not require gender analysis of proposed expenditure cuts.
GRPFM-4. Gender-responsive budget proposal documentation	Gender Priorities Reflected in Budget Documents. Budget proposals include gender equality priorities, budget measures, and policy impact assessment.	Gender and Development (GAD) Assessment Results Not Published. HGDG assessments of major programs and projects are not published.
GRPFM-5. Sex-disaggregated performance information	Sex-Disaggregated Output Data Available. GAD Plans and Accomplishment Reports include sex-disaggregated data on planned and actual outputs.	Outcome-Level Reporting Absent. Reports lack data on planned and actual gender-related outcomes.
GRPFM-6. Tracking budget expenditure for gender equality	GAD Budget Clearly Tagged and Monitored. GAD expenditures are tracked via the chart of accounts and monitored through the Philippine Commission on Women's (PCW) GAD Budget Report.	
GRPFM-7. Gender-responsive reporting	Gender Reports Regularly Published. Annual reports provide gender-related outcomes and expenditure data, including sex-disaggregated employment information.	
GRPFM-8. Evaluation of gender impacts of service delivery	Gender Evaluations Conducted in Key Sectors. Evaluations have been conducted for major sectors like education, health, and social welfare.	Audits Focus Only on Compliance. COA's audits do not assess the effectiveness or impact of gender interventions.
GRPFM-9. Legislative scrutiny of gender impacts of the budget	Gender Considered in Budget Scrutiny. Legislative review addresses gender concerns in budget proposals through expert advice and committee processes.	Audit Reviews Lack Gender Perspective. Legislative scrutiny of audit reports does not include a review of the gender impacts of service delivery programs.

Disaster Resilient and Responsive Public Financial Management (DRR-PFM)



Child-Responsive Public Financial Management (ChPFM)

As the methodology for the ChPFM has yet to be developed, the Gender-Responsive PFM framework was adapted, focusing on narrative analysis and actionable reform recommendations, rather than scoring the indicators. The assessment showed that ChPFM in the Philippines is still emerging at the national level, with no overarching policy guiding child-focused budgeting. While foundational elements such as child-focused laws, strategic plans, and local tagging efforts exist, critical gaps remain in budget impact analysis, expenditure tracking, and legislative oversight.

INDICATORS	STRENGTHS	GAPS
ChPFM-1. Analysis of impacts on children of budget policy proposals	Strategic Plans Include Child-Focused Outcomes. Social sector agencies have strategic plans with outcome and impact indicators related to children, and the Congressional Policy and Budget Research Department (CPBRD) analyzes budget impacts on child programs.	Child Impact Not Required in Budget Policy Proposals. Revenue and expenditure proposals lack mandatory ex-ante analysis of child-related impacts, and strategic plans are not linked to expenditure plans.
ChPFM-2. Child-responsive public investment management	Gender Guidelines Used with Some Child Focus. The Harmonized Gender and Development Guidelines (HGDG) is applied to evaluate gender responsiveness of investment proposals, occasionally capturing child benefits.	No Requirement for Child Impact in Investments. There are no guidelines mandating child impact analysis in public investments, limiting coverage to child-specific projects.
ChPFM-3. Child-responsive budget circular	Local Budget Calls Require Allocation for Children. Local Government Units (LGUs) are mandated to allocate 1% of their internal revenue allotment to child protection programs.	National Budget Call Lacks Child Impact Requirements. The National Budget Call does not require agencies to include child-related information or age-disaggregated data in their submissions.
ChPFM-4. Child-responsive budget proposal documentation	Children's Priorities Reflected in Budget Documents. The FY 2024 People's Budget and Technical Notes highlight child-related priorities in education, health, and social protection.	General Appropriations Act (GAA) Lacks Requirement for Child-Focused Allocations. The GAA does not mandate agencies to budget for programs addressing children's concerns.
ChPFM-5. Analysis of age-disaggregated performance information	Some Agencies Provide Age-Based Output Data. The Department of Education (DepEd), Department of Health (DOH), and Department of Social Welfare and Development (DSWD) offer limited age-disaggregated information in planning and reporting.	Data Gaps and Weak Alignment Persist. There is limited use of age-disaggregated data and weak alignment between budgets and child-related performance targets.
ChPFM-6. Tracking budget expenditure for children's welfare and development	LGUs Begin Tagging Child-Related Spending. Local governments track budget allocations for children through the Child-Friendly Local Governance Audit (CFLGA).	No National System for Tracking Child Spending. The national government lacks an institutionalized system to track and report on child-related expenditures.
ChPFM-7. Child-responsive reporting	Government financial and citizen audit reports are beginning to reflect child-related expenditures, particularly through agencies with child-focused mandates.	No Comprehensive Child-Related Reporting. Government lacks unified reporting on overall child-related expenditures and their policy impacts.
ChPFM-8. Analysis of impact on children of service delivery	Programs are Periodically Evaluated. Government projects and programs are evaluated at least once during or after their life cycle.	Limited Child-Focused Evaluations. There is insufficient assessment of how service delivery programs respond to children's needs.
ChPFM-9. Legislative scrutiny of impacts on children of the budget	Congress Considers Child Impacts in Budget Review. Both Houses use budget briefs and committee hearings to consider the effects of programs on children.	Audit Oversight Lacks Child Lens. Audit reports lack analysis of impacts on children, and budget brief access and participation in hearings are limited.

PILLARS	STRENGTHS	GAPS
DRR-PFM-1. DRRPFM institutional Arrangements	Institutions exist. This provides an overarching governance framework for DRM that is PFM-compliant.	Disintegrated Confirmatory Factor Analysis (CFA) function for DRRM. Coordination of the CFA function for DRRM is not integrated across the Department of Budget and Management (DBM), Department of Finance (DOF), Bureau of the Treasury (BTr), and the Department of Economy, Planning, and Development (DEPDev).
DRR-PFM-2. Resilient Information Systems and Records	There is a robust legal and regulatory framework for DRRM. The strong legal and regulatory framework addresses IT risks and incorporates strategies for PFM functions to be sustained post-disaster.	Inadequate testing of the resilience of the IT system. The testing of the IT systems should be mainstreamed to improve planning for IT resilience.
DRR-PFM-3. Planning and Budgeting for Disaster Risk Management	The capacity for fiscal risks assessment of natural hazards is well-developed. Fiscal risks associated with natural hazards, such as direct costs and investment costs for repair and reconstruction, are assessed and quantified. The government provides disaster funds to strengthen disaster resilience and responsiveness at the national and local levels. These comprised of the National Disaster Risk Reduction and Management Fund (NDRRMF), the Local Disaster Risk Reduction and Management Fund (LDRRMF), Quick Response Fund (QRF), and Unprogrammed Appropriations.	The government favors risk retention over risk transfer. The appropriated disaster funds are constantly being funded due to this disaster risk financing (DRF) strategy.
DRR-PFM-4. Disaster-informed Public Investment and Asset Management	The capacity for disaster-informed public investment and asset management can benefit from the existing systems and policies. These include the National Asset Registry System (NARS), National Building Code (NBC), Green Building Code (GBC), Comprehensive Land Use Plan (CLUP), and the risk transfer mechanisms developed by the Government Service Insurance System (GSIS).	Weak integration of disaster risks in public investment programs. Project appraisals do not always consider land issues, resettlements and detailed designs, and risk mitigation.
DRR-PFM-5. Budget Management, Control, and Reporting during Disasters	The Treasury Single Account (TSA) allows all receipts and expenditures that go through this account to be accounted for. Insurance payouts are also recorded as trust receipts.	Internal Audit of DRRM is lacking. This explains the weaknesses in internal controls during disaster response and recovery as reported by Commission on Audit (COA).
DRR-PFM-6. Disaster-Responsive Public Procurement	There is a strong legal framework and regulatory institution for procurement. Strengths include emergency/expedited procurement, provision of training by the Government Procurement Policy Board - Technical Support Office (GPPB-TSO) for government employees, and preparation of Philippine Bidding Documents (PBD) for procurement of common use supplies, infrastructure projects, and consulting services contracts.	Insufficient coordination of disaster response procurement activities. The performance management provisions should also be applied to goods and infrastructure, as currently being applied in consulting services contracts.
DRR-PFM-7. Disaster-Responsive Audit and Oversight	Fiscal Transparency is evident. As the COA reports, and other reports (e.g., Citizen's Budget) are publicly available, and the legislature conducts public hearings on disaster-related concerns.	The main challenge relates to participation and legislative scrutiny. There is no formal framework for public participation and the legislature does not act on COA reports or apply any actions to disincentivize the issues with internal control.
DRR-PFM-8. Social Inclusion	Institutional coordination for social inclusion is commendable. There is a strategic partnership among the Department of Social Welfare and Development (DSWD), the Office of Civil Defense (OCD), and other government agencies to integrate social inclusion in DRM.	Ineffectiveness of budgeting for social inclusion. Social inclusion priorities are not stated in the budget to monitor performance on achieving the referenced policy priorities. No policy analysis of the impact of policies on social inclusion. Evaluation is not an institutionalized or well-developed mechanism for gauging the effectiveness of the measures to mainstream social inclusion.