



NATIONAL BUDGET MEMORANDUM

No. 101-A

July 15, 2008

FOR : All Heads of Departments, Agencies, Bureaus, Offices, Commissions, State Universities and Colleges, other Instrumentalities of the National Government and all Others Concerned

SUBJECT : REITERATION ON THE ADOPTION OF THE PERFORMANCE BASED BUDGETING APPROACH IN FY 2009

- 1.0 To strengthen performance based budgeting, DBM, for the past several years, has been advocating the Organizational Performance Indicator Framework (OPIF). Simply stated, OPIF process involves a review of existing budgetary programs and projects to ensure that these support their core mandated functions; joint identification by DBM and the agency of applicable and appropriate output/indicators to measure agency performance; and, the provision of budgetary support to enable the agency to undertake and achieve its targeted output/indicators taking into consideration their absorptive capacity and the historical cost in undertaking the same.
- 2.0 Under the FY 2009 Budget Call, the use of the OPIF as a tool in evaluating budgetary proposals of agencies for FY 2009 has been emphasized. The targeted output/indicator submitted to support the FY 2009 budget proposal shall be analyzed in relation with the agency's output/indicator accomplishments and financial performance in FY 2007 and FY 2008.
- 3.0 It has been noted, however, that in many instances, the FY 2009 budget proposals submitted to DBM do not clearly attribute the financial allocation proposed with the targeted output/indicator of the agency. Furthermore, there does not seem to be any effort to relate these budgets and targeted output/indicator with the past years' performance, as evidenced by fluctuating targets, as well as inconsistent cost estimates for the same targets on a year-to-year basis.
- 4.0 To promote and ensure the consistent application of a performance-based budgeting approach, all agencies that fail to support their budget proposals with the corresponding targeted output/indicator shall be limited to their FY 2007 actual expenditure levels, net of non-recurring expenditure items.
- 5.0 For information and compliance of all concerned.

ACCEPTED

ROLANDO S. ANDAYA, Jr.
Secretary