



Republic of the Philippines
DEPARTMENT OF BUDGET AND MANAGEMENT
Boncodin Hall, Gen. Solano St., San Miguel, Manila



CIRCULAR LETTER

No. 2012 – 9
Date: June 13, 2012

TO : Heads of Departments, Bureaus, Offices and Agencies of the National Government, State Universities and Colleges, Commissions of the National Government, Other Executive Offices, and All Others Concerned

SUBJECT : Organizational Performance Indicator Framework (OPIF) Reference Guide

1.0 Purpose

- 1.1 To facilitate the whole of government institutionalization of OPIF, we are hereby issuing the attached OPIF Reference Guide (hereafter referred to as the Guide) as a common reference material for all national government agencies, including State Universities and Colleges (SUCs) and Other Executive Offices (OEOs). Users of the Guide will be assisted in, among others, understanding key OPIF concepts and processes and applying OPIF to budgeting, planning, and reporting, monitoring and evaluation of agency performance.
- 1.2 OPIF is one of two major components of the Public Expenditure Management (PEM) reform program being implemented by the National Government. Together with the Medium-term Expenditure Framework (MTEF), OPIF serves as the primary vehicle for institutionalizing results-oriented budgeting in the whole bureaucracy. DBM is spearheading its mainstreaming in the budgetary and organizational processes of Departments/agencies, in partnership with other oversight agencies.
- 1.3 OPIF supports the Aquino Administration's efforts towards good governance as the way towards achieving the country's economic growth and poverty reduction objectives. At the department/agency level, it is a system of identifying Major Final Outputs (MFOs) which they are mandated to deliver to their external clients/stakeholders and determining priority programs/activities/projects (PAPs) to realize these outputs that will in turn help achieve desired socio-economic and development outcomes. In carrying this out, OPIF focuses the efforts and resources of spending agencies on high impact PAPs at reasonable cost and quality.

- 1.4 OPIF likewise supports the Administration's thrust towards transparency and accountability in public sector management. As an accountability mechanism, it defines the outputs and outcomes that Department Heads and agency managers are supposed to achieve for the budgets they get from Congress and sets the appropriate indicators and corresponding targets to measure performance. In this connection, OPIF as a framework for performance management improves the ability of spending agencies to deliver their goods and services to the public through a cascading process that assigns responsibilities and targets for service delivery throughout the whole organization down to the lowest units and individual employees.
- 1.5 As a transparency mechanism, OPIF brings light and clarity to what the government is specifically committed to do and has done with the people's money within one fiscal year. The OPIF Book of Outputs which spells out each Department and agency MFOs and Performance Indicators (PIs) is published annually together with the budget documents submitted to Congress and therefore available for public scrutiny and feedback.

2.0 **Applicability**

- 2.1 The Guide is applicable to all Departments and Agencies of the National Government including SUCs and OEO.
- 2.2 It is also applicable to other branches of government, and in line with the current Administration's policy of greater transparency and accountability in the budget process, the Senate and the House of Representatives, the Judiciary and Constitutional Commissions/Offices are encouraged to use the Guide in the crafting and/or revisiting of their OPIF set-up, i.e., logical framework, MFOs, PIs, as well as their PAPs structure, for inclusion in the annual OPIF Book of Outputs.
- 2.3 The Guide shall be used as the official technical reference in the review of agency MFOs, PIs and PAPs structure pursuant to NBC 532 dated November 28, 2011. Departments/Agencies, SUCs and OEOs which have not yet submitted their revised MFOs and PIs and restructured PAPs per said Circular are hereby reminded to submit the same right after the submission of the 2013 National Expenditures Program (NEP) to Congress in July, 2012.
- 2.4 The Guide shall also be referred to in the cascading of MFO targets that Departments/agencies will be required to undertake under the Results-Based Performance Monitoring System (RBPMS) that will be prescribed for the whole national government pursuant to Administrative Order No. 25 titled "Creating an Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting System" dated December 21, 2011.

3.0 **Responsibility of the Head of Agency**

- 3.1 As mandated by Executive Order No. 292 (Administrative Code of 1987), heads of departments, bureaus, offices or agencies of the national government shall

submit a report of their accomplishments, both financial and physical results, in accordance with such content and format as may be prescribed by the Secretary of Budget and Management. Such report shall be designed and used for the purpose of monitoring the efficiency and effectiveness with which budgeted funds are being utilized, and generally for verifying the attainment of goals established in the budget process. OPIF shall be the framework for reporting on physical accomplishments and the over-all results or impact of agency spending vis-à-vis the current administration's five(5) Key Result Areas of the President's Social Contract as enunciated in Executive Order No. 43.

- 3.2 The heads of agencies shall seriously undertake to strengthen their corporate planning process that will link organizational strategies to the delivery of MFOs and budget outcomes. Agency heads should constantly find ways of improving internal planning/programming processes and capacities to improve department/agency performance in terms of achieving the maximum physical targets. (Please refer to Chapter 5 of Guide on Cascading OPIF to Corporate Planning.)
- 3.3 Agency heads shall ensure that all organizational units and individual employees are aware of their roles and responsibilities in contributing to meeting OPIF targets and ultimately to sectoral and societal outcomes set out in the Philippine Development Plan (PDP). For this purpose, they shall set up their respective performance monitoring and evaluation system that is aligned with the RBPMS under AO 25 and the Strategic Performance Management System (SPMS) of the Civil Service Commission. A system of performance contracting between supervisors and employees across all levels of the organization is highly encouraged.

4.0 **Repealing Clause**

All existing guidelines used by other agencies of the government which are inconsistent with the Guide are hereby repealed, amended or modified accordingly.

5.0 **For strict compliance.**


FLORENCIO B. ABAD

Secretary