

The OPIF and the Performance Budget of Departments: An Explanation

The Organizational Performance Indicator Framework (OPIF) is one of two reform components* of the Public Expenditure Management (PEM) being implemented by the Government of the Philippines. Its mainstreaming into the Philippine budget process is being spearheaded by the Department of Budget and Management (DBM) in partnership and coordination with other oversight agencies, the National Economic and Development Authority (NEDA) and the Commission on Audit (COA), and the implementing departments.

OPIF: Performance Budgeting and Beyond

The OPIF is an approach to expenditure management that directs resources towards results and accounts for performance. It enables agencies to focus efforts and resources on core functions and on delivering high impact activities at reasonable costs and qualities.

In assessing agency performance, the OPIF adopts an analytical approach based on a logical framework linking societal and sectoral goals, organizational outcome/s, and major final outputs. Performance indicators are set to account for accomplishments based on pre-determined targets and measures.

Why OPIF. The OPIF is a generic road map – for the government as a whole, and for the department and its agencies. It defines and establishes where government and its instrumentalities should direct their development efforts and what priorities should resources focus on. A consequence of the OPIF process is the reconfiguration of the reporting process to more understandable and concrete terms, thereby enhancing transparency.

From the standpoint of oversight agencies, the OPIF focuses on policy objectives and identifies corresponding outcomes to be achieved. It guides policymakers and implementers in determining which outcomes and outputs shall be accounted for, reviewed, and monitored.

At the department/agency level, the OPIF is a guide in identifying outputs and determining programs/ activities/projects and strategies to achieve the desired outcome. It establishes the link between strategic planning and resource management and, thus, can direct resources to where they can best produce the desired output/outcome.

What it means to spending agencies. The OPIF clarifies roles, functions, and accountabilities between and among agencies. With better internal governance arrangements and systems to capture performance data, agencies are provided greater flexibility and control over their internal resource deployment.

* The other is the Medium-Term Expenditure Framework (MTEF), a top-down and bottom-up approach to budget preparation in which expenditures are driven by strategic and policy priorities, and disciplined by revenues. It links policies, plans, and the budget over the medium term.

Under the OPIF, spending agencies are enabled to manage performance expectations, counterparted by the responsibility to implement performance management linked to business and operational plans.

How oversight agencies relate to OPIF. The DBM, as an oversight agency, benefits through OPIF from enhanced transparency and improved reporting to the government and the public. It achieves operational efficiency, i.e., effectiveness of core business, and being able to do more with less. While it holds agencies accountable for their performance, it also helps them acquire the necessary governance arrangements to manage themselves, thereby transforming performance measurement into performance management.

The FY 2007 OPIF Book: An Advocacy

An early form of the OPIF was introduced in the 1998 budget with BP 206: *Agency Program/Activity and Major Outputs*. The present OPIF was introduced in the budget preparation process through the inclusion of Forms A and B in the 2005 Budget Call.

Form A (*MFO Budget Matrix*) established the linkage between P/A/Ps and the major final outputs (MFOs). Form B (*Agency Performance Measures*) presented the performance indicators and targets by MFO and the corresponding cost estimates.

MFOs refer to goods and services that an agency is mandated to deliver to external clients through the implementation of agency programs, activities, projects. It is the base level of the OPIF logframe upon which agencies are made accountable for.

The mainstreaming process. The mainstreaming of the OPIF in the 2007 budget preparation system involved an iterative and evolving process. A series of workshops, coordination and harmonization meetings, and discussions were conducted among the oversight group, the implementing agencies, and departments.

Key activities included identification and development of MFOs, harmonization of MFOs from the oversight and implementing standpoints, validation of the OPIF logical framework and alignment of agency MFOs with the ‘mother’ logframe/MFOs, and the P/A/Ps with MFOs. It also included identification of performance indicators in terms of outputs and desired impact/outcome.

The 2007 OPIF perspective. The OPIF, as applied in the 2007 budget preparation system, is the result of a preliminary effort and merits some improvement. But, mainstreaming the framework in the 2007 budget process and consolidating the results into one document – this OPIF Book – are significant steps forward. As the reform efforts mature, there may be a need to look back and validate the logical framework and its elements per the department mandate.

The Book accompanies and supports the major budget documents (the NEP, the President’s Budget Message, the 2007 Budget Executive Summary, and Staffing Summary) which are submitted by the President/DBM to Congress. It presents the proposed budget by MFOs, performance

indicators, and performance targets. Explanations on the logical framework and its elements as well as some background information on the department's legal basis and mandate are also included. The formulation of the logframe involves a number of iterations not only at the oversight and department levels but intra department as well. Agency and sub-department level MFOs and logical framework had to be harmonized and linked with that of the whole department.

As an initial effort, the OPIF development status varies among departments.

The logical framework and budget discussions of DepEd, DOF, DFA, DOH, DILG, DOJ, DOLE, DOST, DSWD, DOT, DTI, DOTC, and NEDA cover the Office of the Secretary*. A consolidation, harmonization and/or integration of the sub-department MFOs, performance indicators, and activities to reflect the whole department's will be the focus of this group's next steps.

Those of the DAR, DA, DBM, DOE, DENR, DND, and DPWH reflect the whole department, inclusive of attached agencies and line bureaus, if any.

Performance indicators and accompanying measures are the results of best efforts. In most cases, they do not yet reflect key outputs but are, at times, process outputs and work counts. Hopefully, as more iterations and evaluation are made, the representative indicators and measures will be derived.

Indeed, "the road to success is always under construction."

* Office of the Director General, in the case of NEDA. The ODG/OSEC generally includes the staff offices/services/bureaus and regional offices.