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# Organizational Performance Indicator Framework (OPIF)

by

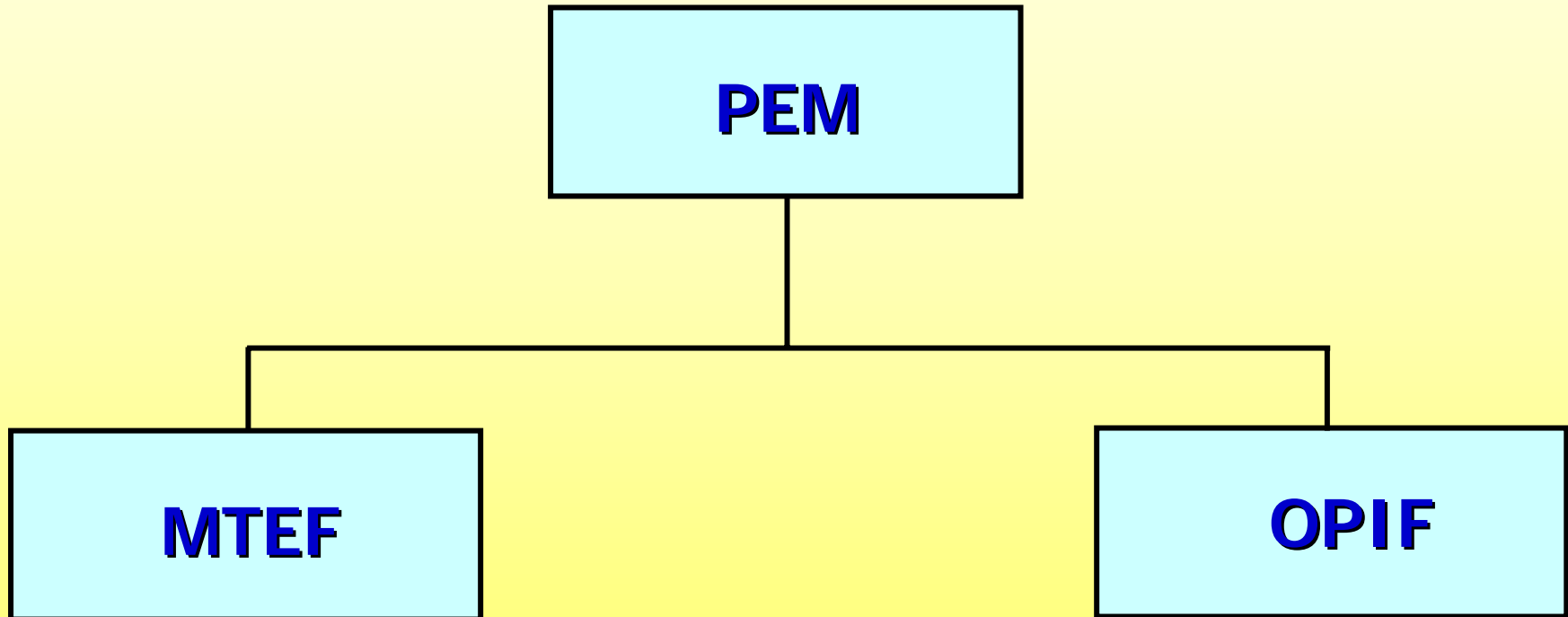
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# PEM Framework

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PEM – Public Expenditure Management

MTEF – Medium Term Expenditure Framework

OPIF – Organizational Performance Indicator Framework

# PEM Expected Results

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- **Aggregate fiscal discipline** - spending within affordable limits
- **Allocative efficiency** - spending on the right things
- **Operational efficiency** - providing goods and services at reasonable cost

# Organizational Performance Indicator Framework (OPIF)

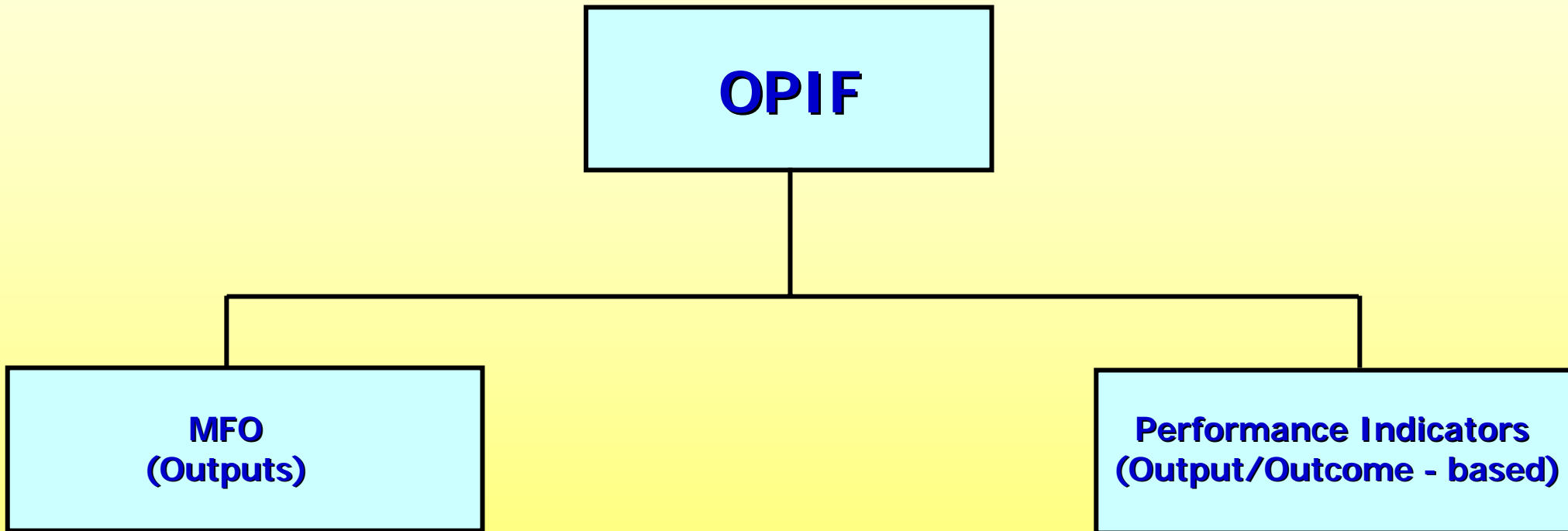
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**An expenditure management approach designed to:**

- ❑ Direct resources towards results**
- ❑ Account for performance**

# OPIF Key Elements\*

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\* Strategic Allocation of Resources per Major Final Outputs (MFO)

\* Performance Measurement System per output-outcome-based performance indicators

# ANALYTICAL FRAMEWORK

## Logical Framework (Logframe) Approach in OPIF Establishing Linkages between:



# Organizational Outcomes: Examples

- Department of Public Works and Highways:
  - “Improved national network for access and mobility of people, goods and services”
- Department of Labour and Employment:
  - ❖ “Jobs/ income for assisted individuals”

# Major Final Outputs (MFOs)

- **Goods and services** that a department or agency is mandated to deliver to **external clients**
  - ❖ Directly contributing to organizational outcomes
  - ❖ Through the implementation of programs, activities, and projects (PAPs)
- **Consumed** outside of the organization
- **Tangible** and more easily **quantified**
- **Within the control** of the department/ agency

# MFOs: Examples

- DSWD MFOs:

- ❖ Policies, plans and programs formulated for social welfare and development concerns
- ❖ Licences and accreditation issued to intermediaries; implemented and enforced
- ❖ Training and capability services to intermediaries
- ❖ Social welfare services delivered to center-based clients

- DPWH MFOs

- ❖ Properly maintained national roads
- ❖ Well-constructed/ improved/ rehabilitated national roads
- ❖ Properly maintained major flood control structures/ facilities
- ❖ Well-constructed / improved/ rehabilitated major flood control structures/ facilities
- ❖ Quality engineering and other specialized support services

# Programs/Activities/Projects (P/A/Ps)

- **Key policy, activities or integrated group of activities (programs) and projects undertaken by the department/agency to achieve MFOs**

# PAPs: Examples

- DOH PAPs for Health Regulation MFO:
  - ❖ Regulation of Food & Drugs including National Pharmaceutical Policy, Food Fortification & Salt Iodization
  - ❖ Regulation of Health Facilities & Services
  - ❖ Regulation of Health Devices & Technology
  - ❖ Quarantine Services & International Surveillance

# Where we are:

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## 1. Logical framework for 13 pilot departments and 2 agencies:

Department : (OSEC level): DPWH, DOE, DOH, DOT, DSWD DOLE,  
DFA, DOJ, DILG, DBM  
: (whole department): DA, DAR, DENR  
Agencies : PNP, NAPOLCOM

## 2. Finalizing OPIF documents for pilot department/agencies, for submission to Congress

## 3. Thru PEGR facility, BMBs "on the job" capacity building in full swing for logical framework of remaining 7 departments\*

## 4. 2<sup>nd</sup> wave of logical framework development for pilot departments to be undertaken (logframe for the whole department, i.e., including attached agencies)

## 5. Targeting an OPIF-based 2007 budget for 20 departments and all departments and agencies by 2008

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\* DTI, DOTC, DepEd; NEDA; DOF; DOST; DND

# Implications/Requirements

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## 1. MFO-budget structure alignment

- PAP-MFO linking
- “Serious” agency preparation & DBM evaluation of MFO Budget Matrices A & B
- Minor adjustments in BPMS (or addition of OPIF-based budget module)

## 2. Refinements / Enhancements of:

- MFO Performance indicators
- MFO targets & cost requirement

## 3. MFO-APR alignment

- Designing an OPIF-based APR

# Implications/Requirements

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## 4. Institutionalization of OPIF

- Mainstreaming OPIF APR in budget preparation and execution/review systems
- OPIF-perspective in inspectorate
- Continued and consistent advocacy to:
  - Agencies
  - Congress
  - Other stakeholders
- Integration in budget processes, policies & management decisions
- Making other reforms OPIF-based
  - Rationalization (EO 366)
  - MTEF/FE

**Where to from here?**

**Results- Based Budgeting  
and Performance  
Management**

# Ongoing PEM Reforms

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- **Forward Estimates**

- ❖ Rolling three-year expenditure estimates
- ❖ Expected financial implications of the budget-year policy decisions
- ❖ Help achieve funding predictability for output-based budgeting

- **Budget Strategy Paper**

- ❖ Outlines government's strategic directions on fiscal policy, developmental priorities and resource allocation

# **OPIF and Ongoing PEM and other Reforms**

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- **Linking OPIF and the Current Reforms in the Budget Process:**
  - ❖ **Integration with FEs and Budget Strategy Paper to provide greater funding and policy certainty**
  - ❖ **Improve allocative decisions following costings of MFOs**
  - ❖ **Greater transparency-Financial and Management Information System capable of processing performance information**
  - ❖ **Greater accountability through annual performance reporting**
  - ❖ **Tighter external audits, including performance audits**

# Transforming Performance measurement to Performance Management

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- **Process of transformation**
  - ❖ Undertake Department planning and address human resource issues
  - ❖ Develop Business Group Strategies and Operational Plans
  - ❖ Introduce individual performance agreements and personal development
  - ❖ Implement performance reviews
- **Capacity building, leadership and management culture**
  - ❖ Leadership and change management
  - ❖ Teamwork
  - ❖ Delegation, trust and empowerment
  - ❖ Learning organization

# Why OPIF Matters: the Government and Community

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- **Increased effectiveness for core business**
  - ❖ Integrate agencies' strategic and financial planning
  - ❖ Links operations and strategies
  - ❖ Links planning and budgeting processes
- **Improved efficiency in policy implementation and service delivery**
  - ❖ Managers focus on results - the how, what and why
  - ❖ Improved reporting and enhance transparency
- **Better resource allocation**
  - ❖ Improve the quality of budgetary decision-making

# Why OPIF Matters: Departments & Agencies

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- **Clarifies roles, functions, and accountabilities among agencies**
- **Predictable funding for core business**
  - ❖ Predicated on a reformed Plan-Budget process, better cash management, Contingency Reserve
  - ❖ Greater control over internal resource deployment
- **Manage performance expectations**
  - ❖ What is achievable and realistic within funding constraints
- **Communication tool**
- **Better workforce**
  - ❖ Encourage innovation
  - ❖ More job satisfaction

# Why OPIF Matters: Employees

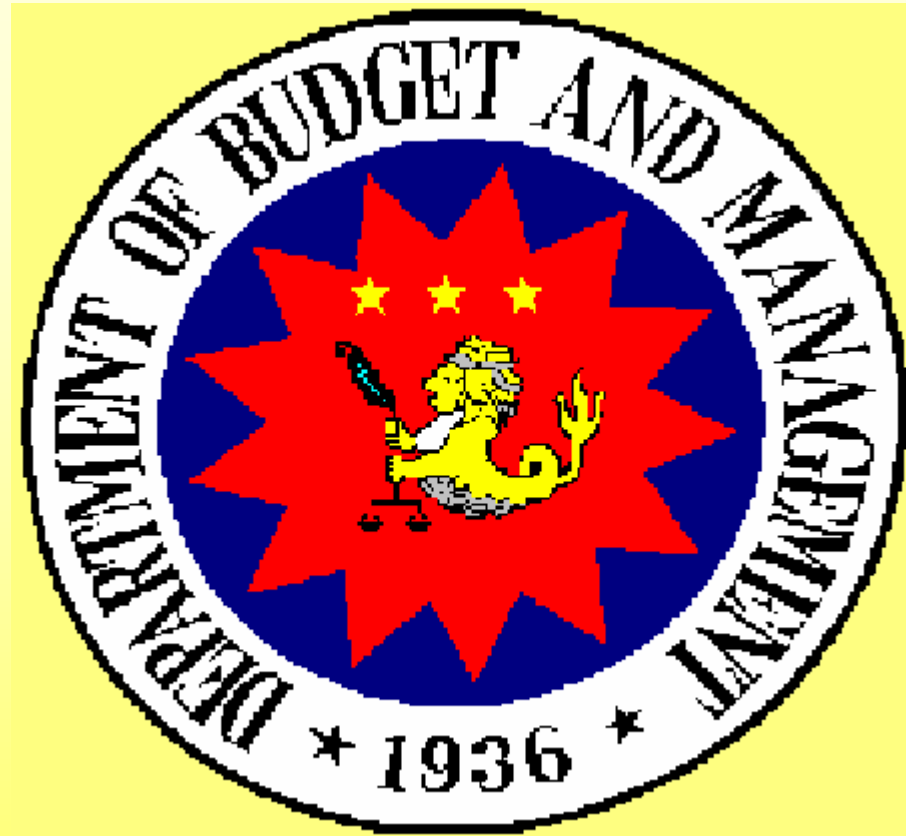
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- **Clarity of objectives**
  - ❖ Through the business planning and performance management process, employees can see how their activities contribute to organizational outcomes
- **Better job satisfaction**
  - ❖ Better task delegation, clear links to corporate goals
- **Performance Incentives**
  - ❖ potential to provide rewards for performance
- **Career Development**
  - ❖ Better communications between managers and staff, regular and effective performance feedback, personal development an integral part of performance management

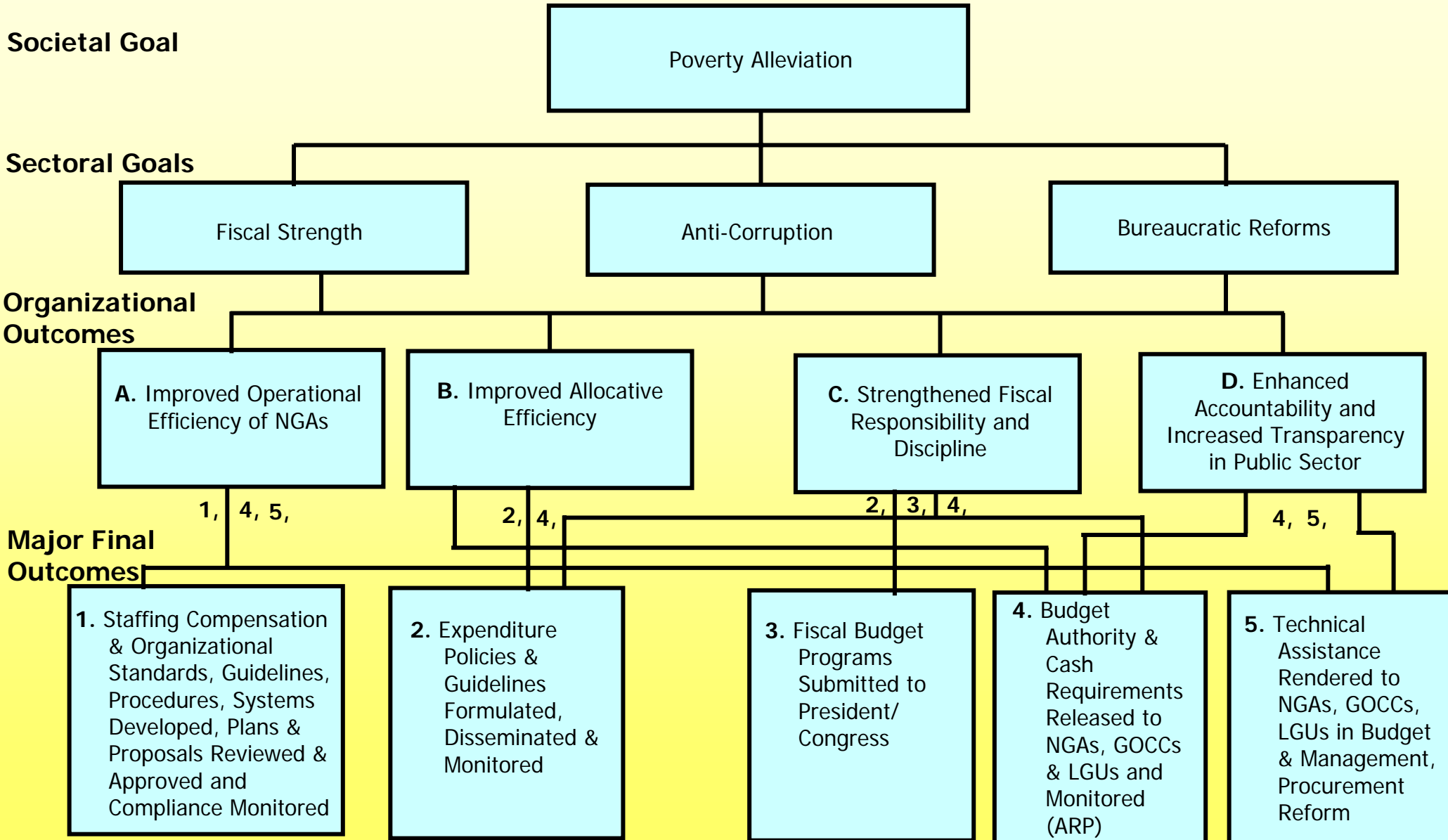
# Final Thoughts

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- **Results based budgeting and Performance Management is a long-term agenda, not a short-term measure**
- **Leadership is a precondition for effective reform**
- **Reform must be a continuous process, not a one-time fix**
- **This is a reform process that requires commitment by all**



# PROPOSED LOGFRAME FOR OPIF DEPARTMENT OF BUDGET AND MANAGEMENT



# Draft Performance Indicators

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## **MFO 1: Staffing, Compensation and Organizational Standards, Guidelines, Procedures, Systems Developed, Plans & Proposals Reviewed & Approved and Compliance Monitored**

- a. Number of policies, standards, procedures, guidelines, systems developed**
- b. Deviations from prescribed processing time**
- c. Number of major & minor plans & proposals reviewed & approved/denied**

## **MFO 2: Expenditure Policies and Guidelines Formulated, Disseminated & Monitored Refinements / Enhancements of:**

- a. Number & types (Fiscal & Operational) of policies & guidelines formulated**
- b. Deviations from set deadlines**
- c. % of 1<sup>st</sup> time acceptance by “clients” (DBCC)**

## **MFO 3: Fiscal & Budget Programs Submitted to President/Congress**

- a. Deviation from legal deadline**
- b. Deviation of budget submitted from levels set by DBCC**

# Draft Performance Indicators

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## **MFO 4: Budget Authority & Cash Requirements Released to NGAs, GOCCs, & LGUs and Monitored (APR)**

- a. Percentage of adherence of actual releases with budget program approved by DBCC in terms of allotment and cash allocation**
- b. Deviation from set time standards for budget releases**
- c. Deviation from set time standards for COBs & LGUs budget review**
- d. Percentage of reviews (COBs & LGUs) completed by set deadlines (from date submitted?)**

## **MFO 5: Technical Assistance to NGAs, GOCCs, LGUs in Budget & Management, Procurement Reform**

- a. Number of organizations & type assisted**
- b. Number of persons (male, female) given technical assistance**
- c. Person-days of training & subject areas**
- d. Level of beneficiary satisfaction person days of technical assistance & subject areas**
- e. Level of skills/knowledge (5<sup>th</sup> P.D. – Advanced, 2-4P.D. – Intermediate, 1<sup>st</sup> P.D. – Basic) given in trainings**