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SDG Budget Tagging Exercise for the Philippines

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The National-Level SDG Budget Tagging Exercise seeks to build a common language that will allow users to capture how much public resources are proposed, allocated, and spent to achieve the Sustainable Development Goals; and, based on this information, help in promoting the prioritization of SDG-related Programs, Activities, or Projects (P/A/Ps) in medium-term development planning, investment programming, and budgeting.

Dr. Rosario Manasan, retired senior research fellow at the Philippine Institute for Development Studies; and Ma. Victoria Raquiza, Associate Professor at the University of the Philippines-National College of Public Administration and Governance, serve as JP INFF Consultants and main authors for the Budget Tagging Exercise. Dr. Rene Raya, Wilhelmina Cabo, Herisadel Flores, Alce Quitalig, Ardyn Albert Gonzales, Magnolia Jacinto, Maria Luz Anigan, Angelo Rafael Nacionales, Lydia Angeles, and Janet Carandang provided assistance to research and analyses on the SDG Mapping Exercise.

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Foreword

In 2015, the Philippines joined other United Nations (UN) member countries in adopting the Sustainable Development Goals (SDGs). These goals highlight aspirations to end poverty, promote human rights and gender equality, empower women, protect the environment, and achieve sustained economic growth. The effective and successful attainment of the SDG agenda is assessed through government spending and fiscal policy.

The Joint SDG Fund Programme on Reaping the Demographic Dividend and Managing the Socio-Economic Impact of COVID-19 by Applying an Integrated National Financing Framework in the Philippines OP INFF) aims to strengthen national planning systems, budgeting processes, and financing strategies. Such goals aim to achieve a more efficient allocation of resources and a diversified financing framework that would support the integration and fulfillment of COVID-19 strategies while simultaneously meeting the SDGs.

This report on SDG budget tagging presents a monitoring and evaluation system for SDG investment programming, budgeting, and reporting. This initiative aims to encourage public institutions to take ownership of the SDGs and emphasize the significance of tagging and tracking proposed plans and programs related to SDG achievement. This approach can strengthen upstream planning and prioritization of SDG expenditures. In addition, we view the SDG budget tagging exercise as part of the JP INFF as an opportunity to establish a shared vocabulary among government agencies and other partners in various sectors. This will aid in identifying and monitoring public investments that are essential to achieving the targets outlined in the Philippine Development Plan 2023-2028 and the SDGs.

The Philippine government expresses its sincere appreciation to the UN Joint SDG Fund, the UN Resident Coordinator's Office in the Philippines, the UN Development Programme (UNDP), the UN Children's Fund (UNICEF), and the UN Population Fund (UNFPA) for their support in facilitating this significant initiative.

We congratulate the JP INFF for taking the first steps towards advancing the significance of SDG achievement at the local level. With much enthusiasm, we hope to continue our journey with the help of the lead agencies of the programme, such as the UNICEF, UNFPA, and UNDP, towards promoting a better future for the Philippines.

HON. ARSENIO M. BALISACAN, Ph.D.
Secretary, National Development and Economic Authority

Foreword

One of the experts appointed by the United Nations High-level Advisory Board on Economic and Social Affairs, Marianna Mazucatto, wrote a book called "Mission Economy." In summary, it narrated what governments can learn from one of the most ambitious pursuits in history – the infamous Apollo mission.

The mission, in Mazzucato's view, bore a few lessons for the public sector in terms of approaching today's social and economic challenges. Among these lessons include the crafting of budgets with bolder ambition and clearer outcomes in mind. After all, today's challenges, articulated in each of the 17 Sustainable Development Goals (SDGs), are larger than literally shooting for the moon and returning safely back.

The cost of solving these challenges may seem like a moonshot. Even prior to the spread of COVID-19, the Organisation for Economic Cooperation and Development estimated the financing to achieve the SDGs to fall short by a staggering USD 2.5 trillion. Given how the pandemic scaled down or even reversed the progress made in some of the Goals, this gap could widen further by USD 1.7 trillion.

With seven (7) years left to achieve the 2023 Agenda for Sustainable Development, there is an urgent need to come up with bold and innovative ways to finance the Goals. What can drive governments and other actors into desired action is information. The more information they have, the firmer their grasp becomes of the urgency to mobilize public resources for the SDG Agenda and the challenges that need addressing to facilitate this.

Towards this direction, we pursued, under the Joint Programme on INFF, this National-level SDG Budget Tagging exercise. When fully adopted by the government, it provides a firm handle of the amount of resources being allocated and spent to meet the 2030 Goals.

The methodology used, as a test case, allows us to track the programs, projects, and activities of agencies, whose mandates directly or partially contribute to SDGs 3 (Good Health and Wellbeing), 4 (Quality Education), and target 5-6 under Goal 5 (Gender Equality). We hope that data generated from this demonstration will inspire greater ownership and drive for ambition among policymakers.

While we see the SDG Budget Tagging as a launchpad for bigger pursuits, it is grounded by years of actual experience in tagging public expenditures, such as the Colombia model, and our very own case of tagging expenditures for climate action.

Understanding the breadth of SDG spending is easier said than done, and our consultants for this exercise, Dr. Maria Victoria Raquiza and Dr. Rosario Manasan, were prudent enough to acknowledge this. Hence, the Budget Tagging exercise highlights a proposed roadmap on how to go about the tagging process from capacitating and even making champions out of its target users, all the way to its eventual adoption into policy.

We thank the Joint SDG Fund for making this publication possible, along with the other outputs of the Joint Programme on INFF. We also thank the Office of the UN Resident Coordinator in the Philippines, as well as our fellow participating agencies in this Joint Programme, UNICEF Philippines and UNFPA Philippines, for their technical support and invaluable feedback.

In essence, it is our hope for this SDG Budget Tagging work, and the wealth of information it can provide, to inspire broader government ownership in the 2030 Goals. We hope this will significantly contribute to the trillion-dollar moonshot towards a future that truly leaves no one behind.

DR. SELVA RAMACHANDRAN
Resident Representative, United Nations Development Programme

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Acronyms and Abbreviations

Two-Tier Budgeting Approach	2TBA
Adolescent Sexual and Reproductive Health	ASRH
Alternative Learning System	ALS
Annual Investment Program	AIP
Annual average growth rate	AAGR
Anti-retroviral treatment	ART
Asian Development Bank	ADB
Bangsamoro Autonomous Region in Muslim Mindanao	BARMM
Bangsamoro Umpungan sa Nutrisyon	BangUN
Batangas State University	BatStateU
Budget Accountability Report	BAR
Budget and Management Bureau(s)	BMB(s)
Budget and Treasury Management System	BTMS
Budget Preparation	BP
Budget Priorities Framework	BPF
Budget of Expenditures and Sources of Financing	BESF
Budgetary Support to Government Corporations	BSGC
Bureau of the Treasury	BTr
Capital Outlay	CO
Classification of Functions of Government	COFOG
Climate Budget Tagging	CBT
Climate Change Adaptation	CCA
Climate Change Commission	CCC
Climate Change Expenditure Tagging	CCET
Climate Change Mitigation	CCM
Civil Society Organization(s)	CSO(s)
Commission on Audit	COA
Commission on Population and Development	POPCOM
Community Learning Centers	CLC
Core Investment Programs/ Projects	CIP
Coronavirus Disease	COVID-19
Department of Budget and Management	DBM
Department of Education	DepEd
Department of Finance	DOF
Department of Health	DOH
Department of Social Welfare and Development	DSWD
Development Budget Coordinating Committee	DBCC
Expanded Modified Direct Payment Scheme	ExMDPS
Feasibility Study	FS
Financial Accountability Report	FAR
General Administration and Support	GAS
General Appropriations Act	GAA
GAA as Allotment Release Document	GAARD
Ghana Integrated Financial Management Information System	GIFMIS
Government Financial Institutions	GFI
Government-Owned-and-Controlled Corporations	GOCCs
Health Facilities Enhancement Program	HFEP
Integrated National Financing Framework	INFF
Internal Revenue Allotment	IRA
International Monetary Fund	IMF

Investment Coordination Committee	ICC
Joint Memorandum Circular	JMC
List of Due and Demandable Accounts Payables with Advice to Debit Account	LDDAP-ADA
Local Government Unit(s)	LGUs
Major Final Output(s)	MFO(s)
Maintenance and Other Operating Expenditures	MOOE
Medium-Term Expenditure Framework	MTEF
Medium-Term Fiscal Plan	MTFP
Millennium Development Goal(s)	MDG(s)
National Budget Circular	NBC
National Budget Memorandum	NBM
National Climate Change Action Plan	NCCAP
National Climate Change Policy	NCCP
National Demographic and Health Survey	NDHS
National Development Planning Framework	NDPF
National Economic and Development Authority	NEDA
National Economic and Development Authority - Infrastructure Committee	(NEDA) INFRACOM
National Expenditure Program	NEP
National Government Agencies	NGA(s)
National Nutrition Council	NNC
Nationally Determined Contributions	NDC
Notice of Cash Allocation	NCA
Online Submission of Budget Proposal System	OSBPS
Organization for Economic Co-operation and Development	OECD
Organization for Economic Co-operation and Development- Development Assistance Committee	OECD-DAC
Organizational Performance Indicator Framework	OPIF
Pantawid Pamilyang Pilipino Program	4Ps
People Living With HIV	PLHIV
Performance Informed Budgeting	PIB
Personnel Services	PS
Philippine Commission on Women	PCW
Philippine Development Plan - Results Matrices	PDP-RM
Philippine Government Internal Audit Manual	PGIAM
Philippine Health Insurance Corporation	Philhealth
Philippine National Health Accounts	PNHA
Philippine Public Sector Accounting Standards	PPSAS
Philippine Statistics Authority	PSA
Program, Activity, or Projects	PAP(s)
Public Expenditure Management	PEM
Public Financial Management	PFM
Public Investment Management Assessment	PIMA
Public Investment Program	PIP
Public Investment Program Online	PIPOL
Public-Private Partnership	PPP
Program Expenditure Classification	PREXC
Quality Assurance Review Form	QARF
Regional Development Investment Program	RDIP
Republic Act	RA

Responsible Parenthood and Reproductive health	RPRH
Statement of Appropriations, Allotments, Obligations, Disbursements and Balances	SAAODB
Supreme Court	SC
Sustainable Development Goals	SDG
Support to Operations	STO
Three-Year Rolling Infrastructure Program	TRIP
Treasury Single Account	TSA
Unified Accounts Code System	UACS
Unified Reporting System	URS
United Nations	UN
United Nations Children's Fund	UNICEF
United Nations Development Programme	UNDP
United Nations Framework Convention on Climate Change	UNFCCC
World Bank	WB

CHAPTER 1
Roadmap to Building the Capacity to Track SDG Budget Allocations and Strengthening the Linkage Between the Planning and Budgeting Systems

1.1 Introduction

Background and context. The Joint SDG Fund Joint Programme on Reaping the Demographic Dividend and Managing the Socio-Economic Impact of COVID-19 by Applying an Integrated National Financing Framework in the Philippines (JP INFF) aims to strengthen the link between national planning systems and processes, on the one hand, and the budgeting processes and financing strategies, on the other. As such, the JP INFF hopes "to ensure a more effective resource allocation, and establish a more diversified financing framework that can leverage additional resources for the implementation of COVID-19 recovery strategies, and ultimately, the achievement of the Sustainable Development Goals (SDGs) in an integrated manner." One of the major undertakings under the JP INFF is the conduct of a study on establishment of a SDG Budget Tagging Systems and Processes which will effectively serve as a monitoring and evaluation system on SDG investment programming, budgeting, and reporting.

Overall objective and scope of the SDG Budget Tagging study. Overall, this endeavor aims to support the National Economic and Development Authority (NEDA) and the Department of Budget and Management (DBM), through the Participating UN Organizations under the JP INFF led by the United Nations Development Programme (UNDP), in providing guidance and methodological support on the establishment of a framework for SDG Budget Tagging Systems and Processes. Said framework is envisioned to be a policy-based and standardized codification system that would identify, tag, and track SDG-related programs, activities, and projects (PAPs) of government agencies.

The SDG Budget Tagging aims to promote the prioritization of SDG-related programs, activities and projects (PAPs) in project preparation, investment programming, and the allocation of budgetary resources on said PAPs by establishing a system that:

(i) Improves how SDG-related issues are addressed in project planning, investment programming, and budget allocation by enhancing the alignment of SDG goals and targets vis-à-vis the outcome and output indicators that are laid out in the in the Philippine Development Plan - Results Matrix (PDP-RM), as well as in the National Expenditure Program (NEP);

(ii) Facilitates the identification, aggregation, and reporting of financial transactions involving SDG-d PAPs in various stages of the budget cycle (i.e., budget preparation, budget execution, accounting, reporting and auditing processes) within the framework of existing PFM system;

(iii) Provides timely analytics to evaluate the impact of present SDG public spending levels on meeting the respective goals, or alternatively, to assess how much additional budgetary resources is required to yield the target SDG-aligned outputs and outcomes in the context of performance-informed budgets;

(iv) Identifies the least and most underfunded SDGs in the planning and budgeting processes, and inform SDG financing interventions; and

(v) Delineates clear institutional responsibilities for SDG monitoring and reporting.

This undertaking consists of two projects:

(i) Project 1 (implemented by Raquiza et al.) with the following sub-outputs:

- P1 sub-output 1 - Mapping of national agencies' PAPs (as well the results, the budget allotment, obligation, and disbursement of these PAPs) against a select set of SDG goals and targets together with estimates of how much national government funding has been provided for these SDG goals and targets;

- P1 sub-output 2 - Documentation of the methodology and processes followed and the data used in S1 sub-output 1; and

- P1 sub-output 3 - Online repository of all papers, documents, data sets, and other materials reviewed and used in the mapping exercise.

(ii) Project 2 (implemented by Manasan) with the following sub-outputs:

- P2 sub-output 1 - Assessment of the existing Public Financial Management (PFM) system from the perspective of tracking budgets for the SDG and tracking budgets for PDP programs/ priorities as a step towards a better integrated planning and budgeting system;

- P2 sub-output 2 - Review of international initiatives related to SDG budget tagging with the end in view of formulating a framework for SDG budget mapping and codification;

- P2 sub-output 3 - Matching of PAPs and budgets across NEDA's Public Investment Program Online (PIPOL) and DBM's Online System for Budget Preparation Submission (OSBPS); and

- P2 sub-output 4 - Formulation of a roadmap to build the capacity to track the financing of SDGs and recommendations for NEDA and DBM to achieve better linkages between planning and budgeting systems.

The report presents the roadmap to build the capacity for the implementation of SDG budget tagging (i.e., P2 sub-output 4). It should be emphasized that the all the other sub-outputs mentioned above informs the formulation of the said roadmap. For instance, the assessment of the existing PFM system (i.e., P2 sub-output 1) indicates that adoption of performance-informed budgeting, through the program-based (or PREXC-based) structure of the budgets of the national agencies and the PREXC-compliant Unified Accounts Codes Structure (UACS), facilitates the mapping of PAPs of various national government agencies vis-à-vis SDG goals and targets. These elements of the PFM system also allow for tracking government spending on various PAPs using a single code, from the time the DBM includes them in the National Expenditure Program (NEP) up to the moment that COA audits them. Under P2 sub-output 2, the experience of Colombia in SDG budget tagging provided lessons on how to implement the mapping of several PAPs to more than one SDG target. On the other hand, the Philippine experience in the institutionalization of the Climate Change Expenditure Tagging (CCET) provides lessons on how to tag and code SDG-related PAPs based on a policy-based multi-variable typology of budget programs. Meanwhile, both PI sub-output 1, P1 sub-output 2 and P2 sub-output 2 all provide detailed examples of how PAPs under the budgets of national government agencies may be tagged as SDG expenditures by applying the theory of change or results framework approach to determine if these PAPs have a direct impact on the achievement of one or more SDGs and their respective targets based on available information regarding their objectives, their intended beneficiaries, and their outcome and output indicators. In addition, P1 sub-output 1 also show the alignment of outcome and output indicators in the PDP-RM with the outcome and output indicators for the PAPs of various agencies in the NEP. Finally, P2 sub-output 3 mapped the priority PAPs included in the PIPOL system vis-à-vis those found in the budgets of national government agencies / offices in the NEP and the General Appropriations Act (GAA).

1.2 Roadmap to Building the Capacity to Track SDG Budget Allocations

Ishtiaq (2021) succinctly summarized the rationale for establishing a budget tagging and coding system for SDG expenditures. He states: "The main purpose of establishing a budget coding and tagging system is to track, report, monitor, and review budgets and expenditures on SDGs leading up to improved budget allocations. Such a system facilitates the integration of SDG and/or 'cross-cutting' policy themes into the public planning and budget cycle. Implementation of the system in public financial management is aimed at improving budget allocation decision making, identifying which areas require additional financing, as well as carrying out efficiency, effectiveness, benefit incidence, and equity analysis. The reform will also enhance transparency, [and] help in raising awareness and strengthening accountability around the use of public funds."

The Philippine experience in the establishment of the CCET system informs the proposed roadmap below. In particular, the following features of CCET are included in our proposed SDG Budget Tagging system:

(i) Building the capacity of participating agencies takes at least two years to fully entrench the system,

(ii) The need for a help desk in providing coaching and mentoring support to national government line agencies, and

(iii) The importance of a quality assurance mechanism to further ensure the quality of tagging that will be done by the same agencies.

The sequential list of activities that make up the roadmap for the establishment of the SDG Budgeting Tagging system and are as follows:

Activity 1. Conduct consultations to secure inputs towards the finalization of the business rules. NEDA, DBM and DOF, preferably with the assistance of a development partner, will conduct consultations with relevant implementing national government, CSOs, and academe to secure inputs towards the finalization of the business rules that will govern the SDG budget tagging and coding system. The business rules should cover the following elements of the SDG budget tagging system which are also discussed in greater detail in P2 sub-output 2:

(i) Coverage

(ii) Assignment of roles and responsibilities to the various actors involved

(iii) Tagging vis-à-vis SDG goals versus tagging vis-à-vis SDG targets,

(iv) Inclusion of all or selected SDG goals

(v) Type of Expenditures to tag

(vi) Tagging Rules

(vii) Allocation of budgets or expenditures on PAPs that are directly linked to more than one SDG target

(viii) Allocation of expenditures on PAPs that are indirectly linked to more than SDG target, including General Administration and Support (GAS) and Support to Operations (STO)

(ix) Possible use of a policy-based, multi-variable typology of budget programs, akin to what is being done for climate change expenditure, and comprised of the following dimensions – SDG targets, implementation instrument/ strategy, and PAPs.

Coverage of the SDG budget tagging system. Ideally, the coverage of SDG budget tagging and coding should be comprehensive, i.e., it should include the expenditures of the central government, sub-national government, and Government-Owned-and-Controlled Corporations (GOCCs). As discussed in Manasan (2022), data constraints effectively limit the coverage of any proposed SDG budget tagging system to only the national government (NG) spending, including NG transfers to GOCCs.

On the one hand, while it may be fairly easy to tag SDG allocations in the budget ordinances of individual LGUs, the absence of a uniform budget structure at the local level poses a challenge in tracking aggregate LGU spending to address specific SDG targets. On the other hand, while the DBM's Budget of Expenditures and Sources of Financing (Table E.5, Table E.6, and Table E.7 of FY 2020 BESF) publishes the expenditure data of some 80 individual GOCCs, including the Government Financial Institutions (GFIs) and the 17 major non-financial GOCCs, said data is only broken down by general expense class (i.e., Personnel Services or PS, Maintenance and Other Operating Expenditures or MOOE, and others). This implies that the alignment of GOCC expenditures to SDGs, either at the goal or target level, will have to depend on the COFOG classification of GOCCs based on their mandates. However, closer scrutiny of the lowest level of classification under the COFOG (i.e., the 3-digit classification) indicates a lack of granularity to allow tagging of GOCC expenditures vis-à-vis SDG targets.

Assignment of roles and responsibilities. One process that may be considered in this regard is as follows:

(i) DBM and NEDA shall provide general oversight over the SDG budget tagging and coding system;

(ii) Each national government line agency shall have the responsibility to tag their programs, activities, and projects (i.e., budget line items in the General Appropriations Act or GAA);

(iii) The appropriate NEDA Sector Staff (e.g., Social Development Staff (SDS) for SDGs 3, 4 and 5.6) shall perform quality assurance or validation of the tagging done by national government line agencies; and

(iv) The DBM shall prepare a report showing the aggregate NG spending by SDG goals/targets.

Tagging budgets vis-à-vis SDG goals versus tagging budgets vis-à-vis SDG targets. Both Manasan (2022) and Raquiza et al. (2022) recommend the tagging of budgets vis-à-vis SDG targets rather than SDG goals. This approach has "the advantage of allowing one to direct attention to more specific actions or activities that will likely accelerate the achievement of lagging SDG targets" (Manasan 2022).

Tagging budgets vis-à-vis all SDG goals/ targets versus tagging budgets vis-à-vis selected SDG goals/targets. While tagging budgets vis-à-vis all SDG goals/ targets is desirable from the perspective of government reporting on its international commitment to Agenda 2030, such an endeavor might overburden the limited resources (particularly in terms of staffing and their technical capacity) at the DBM, NEDA and national government line agencies. Thus, it may make sense for the Philippines to tag a smaller number SDG goals/ targets from the perspective of allowing both the oversight fiscal agencies and the line agencies to gain some familiarity with the technical requirements of SDG tagging. Needless to say, budget tagging and coding vis-à-vis selected SDG goals/ targets in the near term does not preclude budget tagging and coding vis-à-vis all SDG goals/ targets later. On the other hand, the choice of which SDGs to focus on, in case a country chooses to tag and/ or code budgets/ expenditures for selected SDG goals/ targets only, depends on the priority that government places on specific SDG goals largely because of perceived funding gap/s in the achievement of said SDGs.

Type of expenditure to tag – by program. Both Manasan (2022) and Raquiza et al. (2022) propose that "the following types of budget programs (or components thereof, i.e., activities and projects) may be aligned with SDG goals and targets: (i) budget programs that are directed at a specific purpose which coincide with or are consistent with the SDGs, and (ii) budget programs that do not have a specific purpose but which support the general operations and facilitate the performance of the mandates of national government agencies that have programs that directly impact the attainment of SDGs."

Type of expenditures to tag – by expense class. Both Manasan (2022) and Raquiza et al. (2022) propose that "both recurrent expenditures or "activities" in the language of PREXC (typically consisting typically of personnel services or PS, and maintenance and other operating expenses or MOOE) and investments or "projects" in the language of PREXC (which usually refers to capital outlays) may be tagged as SDG expenditures if they are made on account of budget programs (or components thereof) that are directly or indirectly linked to SDG goals/ targets. In other words, expenditures on PS, MOOE and CO may be tagged as SDG expenditures if they are associated with programs, activities and projects that are directly or indirectly linked to SDG targets."

Basis for aligning and tagging PAPs to one or more SDG targets. Budget programs that have a specific purpose are tagged as SDG expenditures if these programs are determined to have a direct impact on the achievement of one or more SDG goals/ targets by applying the theory of change or results framework approach based on available information regarding their objectives, their intended beneficiaries and their outcome and output indicators.

Tagging rules – allowing versus not allowing multiple tagging. Both Manasan (2022) and Raquiza et al. (2022) propose to allow the tagging of some programs (or components thereof) vis-à-vis more than one SDG target in cases where specific programs contribute to the achievement of more than one SDG target.

Allocating budgets/expenditures on GAS and STO to multiple SDG targets. Both Manasan (2022) and Raquiza et al. (2022) propose that "the total budget/ expenditures on General Administrative and Supervision (GAS) and Support to Operation (STO) of national government agencies which have programs/ sub-programs that are directly linked to the attainment of at least one SDG target is allocated to the said programs/ subprograms in direct proportion to the share of these program/s in the total expenditures of these NGAs on all programs that are intended to achieve a specific purpose, regardless of whether the said purpose is aligned with SDGs or not. In other words, the total budget/expenditure on GAS and STO of national government agencies which have programs/sub-programs that are directly linked to the attainment of at least one SDG target is allocated to the said programs/subprograms in direct proportion to the share of these program/s in the total "Operations" budget of these agencies.

Allocating budgets/ expenditures on PAPs that are directly linked to more than one SDG target. Manasan (2022) proposes to adapt the allocation formula used in Colombia's multidimensional SDG tagging model where a PAP that is intended for a specific purpose is aligned with more than one SDG. "In Colombia, when a given budget program is aligned with more than one SDG target, each of said SDG targets are first differentiated with respect to their degree of relevance vis-à-vis the given budget program. … SDG targets are determined to be of "primary" relevance to the given budget program on the basis of how closely aligned the objective/ purpose, the intended beneficiaries and the outcome/output indicators of the said budget program are to those of a given SDG target.[1] Subsequently, the SDG target that is determined to be of primary relevance to a given budget program is assigned a weight that is not less than 50% of the total budget/expenditure on the budget program under consideration "while a weight equal to (1-wp)/n is assigned to the SDG targets that are considered to be of secondary relevance, where wp is the weight assigned to the primary SDG target and n is the total number of secondary targets (Manasan 2022).

"Admittedly, the assignment of weights that are used to allocate budget/expenditure on programs that are linked to several SDG targets involves some element of subjectivity. Thus, if the GAA itself provides a breakdown of the budget for an activity/ project that will allow a one-to-one alignment of the budget of the sub-activity to a SDG target (as is the case, in say, the disaggregation of the HFEP budget to (i) amounts intended for LGU facilities, and (ii) amounts intended for DOH hospitals), then this paper proposes that said information be used to allocate budgets/ expenditures of budget programs that are linked to more than one SDG goal/ target. However, in the absence of such information, this paper proposes that Colombia model be followed as described above" (Manasan 2022).

In contrast, Raquiza et al. (2022) proposes the use of a mixed approach where the allocation of budget/ expenditures on PAPs that are linked to more than one SDG target is derived from budget breakdowns based on financial documents (e.g., agency's work and financial plans) that may be available from the national government line agencies themselves.[2] Otherwise, they propose the application of the approach developed by Colombia as discussed above.

Typology and Coding of SDG Expenditures. Manasan (2022) proposes "to tag and code SDG-related programs/ activities/ projects on the basis of a policy-based multi-variable typology of budget programs akin to what is being done for climate change expenditure tagging at the national level and what is being developed for the tagging and coding of child-focused/ nutrition LGU budgets/expenditures. In more specific terms, the proposed typology of SDG-related budget programs has 3 dimensions. The first dimension refers to the SDG targets. The second dimension refers to the type of implementation instrument (or instrument of action in the language of the Philippine CCET or implementation strategy in the language of the tagging of child-focused LGU PAPs): (i) provision of general operational support, (ii) policy and governance, (iii) research, knowledge management and advocacy, (iv) capability building and training, and (v) service delivery.[3] On the other hand, the third dimension refers to a list of activity/ project typologies that are representative of each type of implementation instrument for each of the SDG targets and which are initially culled from the existing PAPs in the budgets of various national government agencies."

[1] An example of how to determine the degree of relevance of budget programs to specific SDG targets following this guidance is illustrated in paragraph 83 of Manasan (2022).

[2] DBM pointed out in its comments on the Raquiza et al. (2022) report that using other financial documents, especially those that are not prescribed by the DBM and which are based on the recommendations of the agency personnel will limit oversight agencies from verifying the tagged data due to possible data discrepancies. Instead, DBM proposes that the SDG budget tagging exercise make use of the GAA as the sole source/reference.

[3] "Provision of general operational support" includes PAPs that provide general operational support that enable an agency to perform/ implement its mandate (i.e., PAPs under it GAS and STO budgets). "Policy and governance" include PAPs related to the formulation of policies and plans, setting of standards, enforcement of standards and other regulatory activities, and monitoring and evaluation activities. "Research, knowledge management and advocacy" include PAPs related to research/ knowledge generation, knowledge management, knowledge sharing and advocacy, including information, education and communication (IEC) activities. "Capability building and training" include PAPs related to building agency's institutional capacity to implement its PAPs that deliver goods/ services to its external clients. "Service delivery" includes PAPs that are directly related to delivery of goods/ services to agencies' external clients.

In contrast, Raquiza et al. (2022) proposes "to tag and code SDG-related programs/ activities/ projects on the basis a one-dimensional/ single variable typology of budget programs that simply tags PAPs vis-à-vis SDG targets. The latter approach is significantly simpler compared to the former. However, the former has the advantage of providing information on relative amount of budget allocation on the various instruments of action or implementation strategies in addition to the relative amounts of budget allocation on SDG targets.

Activity 2. Issue Joint Memorandum Circular that (i) defines/articulates the business rules that will govern the SDG budget tagging system and (ii) mandates relevant national government line agencies to align their PAPs in the FY 2023 GAA and their PAPs in their proposed budget for FY 2024 vis-à-vis SDG targets using a form similar to Budget Preparation Form 201-F (say, BP Form 201-G). If multiple tagging of PAPs vis-à-vis SDG targets is adopted, "Budget Preparation Form 201-F will have to be enhanced by adding at least three columns (one column where agencies shall indicate all the SDG targets that each PAP is aligned with, another one where agencies shall indicate the weight that is assigned to each the aforementioned SDG targets, and the third one where agencies shall indicate the amount of the budget that is attributed to each of the SDG targets that is linked with each PAP." DBM and NEDA might also consider adding a fourth column where national government agencies shall encode the SDG typology code as discussed in Manasan's Output 3 report (2022), which will facilitate the generation of summary reports.

Activity 3. Conduct training sessions for budget and planning staff of relevant national government line agencies, selected personnel of NEDA Sector Staffs and DBM Budget Management Bureaus to build their technical capacity in the tagging of SDG-relevant PAPs and how to fill in BP Form-G and the Quality Assurance Review Form (QARF).

Activity 4. Set up a help desk in relevant Sector Staffs of the NEDA, preferably with the support of development partners, to provide support to the planning and budget staff of national government line agencies in the first two years of SDG budget tagging implementation.

Activity 5. Set up a validation mechanism to ensure the quality of "tagging" done by national government line agencies. Said validation mechanism will national government line agencies to submit their BP 201-G form together with the duly accomplished Quality Assurance Review Form (QARF), similar to what is currently being used for the Climate Change Expenditure Tagging (CCET), to relevant NEDA Sector Staffs prior to submitting their BP 201-G form to the DBM to give the NEDA Sector Staffs time to evaluate the basis of the NGAs' tagging decisions. The QARF requires national government line agencies to document the main objective/s of the tagged budget program, beneficiaries and expected outcomes of the said programs.

Activity 6. Concerned national government line agencies align their PAPs in the FY 2023 GAA as well as their PAPs in their proposed budget for FY 2024 vis-à-vis SDG targets using a form similar to Budget Preparation Form 201-G and submit BP Form-G and QARF to the relevant NEDA Sector Staffs for quality assurance and validation.

Activity 7. Develop a SDG expenditure tagging reporting template (similar to Table B.21 in the FY 2023 BESF) that will be used to summarize the submissions of national government line agencies that tags PAPs in their FY 2023 GAA and in their proposed budget for FY 2024.

Activity 8. Relevant NEDA Sector Staffs validate submissions of SDG budget tagging undertaken by national government line agencies.

Activity 9. DBM publishes a table (like Table B.21 in the FY 2023 BESF) which summarizes SDG budget allocations for FY 2023 based on the FY 2023 GAA and for FY 2024 based on their proposed budget for FY 2024.

Activity 10. Concerned national government line agencies align their PAPs in the FY 2024 GAA as well as their PAPs in their proposed budget for FY 2025 vis-à-vis SDG targets.

Activity 11. Relevant NEDA Sector Staffs validate submissions of SDG budget tagging undertaken by national government line agencies.

Activity 12. DBM publishes a table summarizing SDG budget allocations for FY 2024 based on the FY 2024 GAA and for and FY 2025, based on their proposed budget for FY 202025.

The proposed timeline for the establishment of the SDG Budget Tagging system is shown in Table 1.

Table 1. Timeline of activities to establish the SDG Budget Tagging system

	FY 2023							FY 2024					
	Jan	Feb	Mar	Apr	May	Jun	Jul	Jan	Feb	Mar	Apr	May	Jun
Activity 1. Conduct consultations to secure inputs towards the finalization of the business rules.													
Activity 2. Issue Joint Memorandum Circular that (i) defines/articulates the business rules that will govern the SDG budget tagging system and (ii) mandates relevant national government line agencies to align their PAPs in the FY 2023 GAA and their PAPs in their proposed budget for FY 2024 vis-à-vis SDG targets.													
Activity 3. Conduct training sessions for budget and planning staff of relevant national government line agencies, the selected personnel of NEDA Sector Staffs and DBM Budget Management Bureaus to build their technical capacity in tagging their SDG-relevant PAPs.													
Activity 4. Set up a help desk in relevant Sector Staffs of the NEDA, to provide support to the planning and the budget staff of national government line agencies in the initial year of the SDG budget tagging implementation.													
Activity 5. Set up a validation mechanism to ensure the quality of "tagging" done by the national government line.													
Activity 6. Concerned national government line agencies align their PAPs in the FY 2023 GAA as well as their PAPs in their proposed budget for FY 2024 vis-à-vis SDG targets.													
Activity 7. Develop a SDG expenditure tagging reporting template that will be used to summarize the submissions of the national government line agencies that tags PAPs in their FY 2023 GAA and in their proposed budget for FY 2024.													
Activity 8. Relevant NEDA Sector Staffs validate submissions of SDG budget tagging undertaken by national government line agencies.													
Activity 9. DBM publishes a table which summarizes SDG budget allocations for FY 2023 based on the FY 2023 GAA and FY 2023 based on their proposed budget for FY 2024.													
Activity 10. Concerned national government line agencies align their PAPs in the FY 2024 GAA as well as their PAPs in their proposed budget for FY 2025 vis-à-vis SDG targets.													
Activity 11. Relevant NEDA Sector Staffs validate submissions of SDG budget tagging undertaken by national government line agencies.													
Activity 12. DBM publishes a table which summarizes SDG budget allocations for FY 2024 based on the FY 2023 GAA and FY 2025 based on their proposed budget for FY 2024.													

1.3 Roadmap to Building the Capacity to Strengthen the Linkage Between the Government's Planning and Budgeting Systems

There are two (2) pathways towards strengthening the linkage between the government's planning and budgeting systems. The first one involves the alignment of the outcome and the output indicators in the PDP Results Matrix (PDP-RM) with the outcome and output indicators found in the National Expenditure Program. The second pathway involves measures that will facilitate the mapping of the priority programs/ projects included in the PIP as encoded in the NEDA's PIP Online (PIPOL) system vis-à-vis the programs and projects in the budget submissions of the government agencies/offices in the various systems of DBM, including the Online Submission of Budget Proposal System (OSBPS) and the Unified Reporting System (URS). In turn, the primary objective of such a mapping is to make it easier to track the budget allocations for the priority programs/ projects that are included in the PIP.

Alignment of outcome and output indicators in the PDP-RM with the outcome and output indicators for the PAPs of various agencies in the NEP (refer to P1 sub-output 1 and P1 sub-output 2). This pathway involves two steps:

Step 1. Train planning/ budget staff of national government line agencies in formulating outcome and output indicators.

Step 2. Facilitate working sessions with DBM-BMB staff, NEDA MIS and Sector staffs, and planning/ budget staff of national line agencies to align outcome and output indicators in PDP-RM and the NEP. This exercise should coincide with the mid-to-tail end of the development of the outcome and output indicators for the 2023-2028 PDP-RM. It will have as its starting point the outcome and output indicator in the FY 2023 NEP

Facilitating the mapping of the priority programs/ projects included in the PIPOL system vis-à-vis those in the budget submissions of the government agencies/ offices in DBM's OSBPS (refer to P2 sub-output 3). This pathway involves 3 steps:

Step 1. NEDA and DBM adopts a uniform set of data entry requirements for the PIPOL system and Budget Preparation Form 202 and Budget Preparation Form 203. This will not only reduce the work load of agency PIP focal points and/ or budget officers but will perhaps truly bring NEDA and DBM "on the same page." Related to this, PIPOL should require government agencies to indicate the ranking of each priority program/ project that the said agencies are proposing for inclusion in the PIP, in the same manner that the OSBPS does for the Tier 2 proposals for inclusion in the NEP.

Step 2. NEDA and DBM shall strictly enforce the existing guidance that is provided in both the PIP manual and the OSBPS manual that the program/ project title that government agencies indicate in their submissions to the NEDA PIPOL system for PIP updating should be identical to the one that they use when they make their submissions to the DBM's OSBPS.

Step 3. NEDA and DBM should provide guidance that mandates national government implementing agencies to avoid project titles that are generic in nature, like "additional facilities in several campuses" or "university sports facilities development program" when they make their submissions to the PIPOL system and the OSBPS.

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CHAPTER 2
Mapping the Sustainable Development Goals (SDGs) in the Philippine National Government Budget

2.1 Executive Summary

United Nations (UN) member countries, including the Philippines, unanimously adopted the Sustainable Development Goals (SDGs) in 2015. The SDG agenda includes 17 development goals with a combined number of 169 related targets. An essential factor in determining the success of the SDG agenda is government spending. The experiences during the implementation of the Millennium Development Goals (MDGs), which was succeeded by the SDGs, demonstrated the importance of monitoring public investments and holding governments accountable. Government budgets can serve as tangible measure of a country's commitment to meeting the spending requirements for SDGs. The monitoring process, however, requires a public financial management system that is capable of budgeting, tracking, and reporting SDG finance.

Budget tagging is a process utilized by states to identify, measure, and monitor allocations for different government objectives. This Final Report discusses the results of the Mapping of the Sustainable Development Goals (SDG) Budget Tagging Process project on SDGs 3 on Good Health and Wellbeing, SDG 4 on Quality Education, and SDG 5.6 on Sexual and Reproductive Health and Reproductive Rights. The project was undertaken by the Social Watch Philippines under the auspices of the Joint SDG Fund Joint Programme on Reaping the Democratic Dividend and Managing the Socio-Economic Impact of COVID-19 by Applying an Integrated National Financing Framework in the Philippines (JP INFF and DD).

Specifically, the project aimed to: (i) map particular Philippine Development Plan (PDP) targets and corresponding agency programs, their budgets, and results for the SDGs mentioned above; (ii) document the budget tagging process to aid in establishing a policy-based and standardized codification system for SDG budget tagging in the Philippines; and (iii) compile in an online repository all the materials, documents, data, and information that would be used in the budget tagging exercise.

Towards this end, the following activities were undertaken:

1) Securing and reviewing SDG documents, the PDP 2017-2022 and related resource materials, list of agency PAPs, budgets of expenditure, and accomplishment reports;
2) Reviewing global and national budget tagging initiatives;
3) Consultation and coordination with key national government agencies (NGAs) involved in implementing the SDGs;
4) Producing the preliminary budget tagging tool in the form of the mapping template;
5) Accomplishing the following steps in the budget tagging process for FY 2018-2020:
    a. Link SDG selected targets under SDG 3, 4, and 5.6 to PDP targets and its Result Matrix;
    b. Map agency programs and link to the SDG/PDP typology where applicable;
    c. Tag agency budgets, obligations, and disbursements to specific SDG/PDP typology; and
    d. Map program level outcomes and outputs under the Program Expenditure Classification System (PREXC).

Budget tagging templates were developed to map out and tag the programs, activities, and projects (PAPs) of the Department of Education (DepEd), Department of Health (DOH), Department of Social Welfare and Development (DSWD), Commission on Population and Development (POPCOM), National Nutrition Council (NNC), and Philippine Commission on Women (PCW). Template 1 was used for aligning the agency PREXC with the SDG targets for each selected goal, and with the corresponding budget allocations and expenditures in the NEP, GAA and agency SAOODB. Template 2 was used to link the SDG targets with the PDP Result Matrix and the agency targets and outcomes culled from the PSA SDG Watch and the agency physical accomplishment reports. The processes of SDG alignment with PAPs and budget and expenditure estimations have gone through consultations and validation with the concerned agencies, highlighting the central role of the agencies in budget tagging for SDG. Towards the final phase of the project, budget allocations and disbursements of SDG-tagged PAPs across the selected agencies were tracked with a view to determining levels of public investments. Furthermore, public investments in these SDG-tagged PAPs were compared with performance outcomes based on available data. Finally, data and process gaps were identified in the course of the budget-tagging process and recommendations have been put forth in order to address these gaps.

The PREXC budget structure provided a good handle for linking the agency PAPs with the SDGs. Tags for SDG targets were applied at the activity/project level or budget line items. A more granular analysis of big-ticket programs was done by disaggregating the item into more identifiable projects or activities.

Tagging programs for SDG 3 and SDG 4 programs was relatively straightforward given that health and education are mandates of specific agencies. For SDG 5.6 target, tagging was focused on the RPRH as a cross-cutting program involving PCW, POPCOM, DOH and DSWD. Both single and multiple tagging approaches were used in the tagging of agency programs. Most of the health and education programs contribute to multiple SDG targets.

To a great extent, the level of details of budget data contained in the SAOODB facilitated tracking of spending by SDG targets and indicators. Lack of disaggregated budget information on big ticket programs required more effort at breaking down programs into lowest sub-components possible in order to get the corresponding expenditures of the projects and activities. Generating the budget estimates for SDG-related programs was straightforward for programs that contribute to single SDG targets. Estimating the budget for programs that contribute to multiple SDG targets required more effort and elaborate computational criteria and procedure.

The PDP-Result Matrices, the agency accomplishment reports, SAOOBD and PSA SDG Watch are in place and expected to support the performance data and information needed for monitoring program outcomes in relation to SDG targets and indicators. Some gaps in performance data and information posed a challenge to effective monitoring of SDG outcomes. It was noted, for example, that the reference years of baseline data for the same SDG indicators differed across the PDP-RM, PSA SDG Watch and the agency physical accomplishment report, information was dated for some indicators, and degree of detailed performance information and completeness of data were not consistent for all the indicators.

Analyses of budget and expenditures for SDGs 3, 4 and 5.6 show that allocations (computed with weights) for SDGs either have fluctuated or decreased between 2018 and 2020. For SDG 5.6, allocations of PCW, POPCOM and DOH-OSEC in support of reproductive health fluctuated, except for DSWD-OSEC whose budget increased steadily from 2018 up to 2020. It was noted that SDG 5.6 accounted for a small share of budget line items of these agencies. For SDG 4, yearly budgets of DepEd fluctuated during the three-year period from PhP 552.25B in 2018 to PhP 500.2B in 2019 to PhP 520.2B in 2020. For SDG 3, allocations saw a fluctuating trend with the highest amount of 176.95B in 2020 and lowest in 2019 with a budget of Php 169.55B.

When it came to disbursements (computed with weights), DOH-OSEC spending for SDG 5.6 continuously declined from 2018 to 2020 while expenditures by PCW, POPCOM and DSWD fluctuated. DepEd's spending for SDG increased from 2018 to 2019 but declined in 2020. For SDG 3, spending for health programs saw an increasing trend from 2018 bpi to 2020. It was noted that regardless of the allocation and spending trends, spending levels for all SDGs were always below the allocations. The lowest spending levels were noted for SDG 4 registering between 32.62% to 40.15% of the budget for the period under study.

Public investments on SDG produced mixed results. Some improvements were noted in some indicators. The challenge to do more for SDGs 3, 4 and 5.6 to achieve the target levels set for 2022 remains on the horizon. Some recommendations to improve the budget tagging process for SDG are proposed. Harmonization and alignment of the PDP-RM outcome indicators with SDG indicators are important to ensure effective integration of SDG in the national plan. A review of the Philippine SDG targets and indicators vis-a-vis PDP-RM would be useful in moving forward the congruence and harmonization of SDGs and PDP-RM. A "trackable" budget document can help facilitate tracking of allocations and expenditures for SDGs. Toward this end, the PREXC can incorporate some identifying markers or codes that link the PAPs and budget to particular Philippine SDGs commitments. This may be done at the program and subprogram levels, and the line items if possible, during the budget preparation.

A multi-pronged methodology of budget estimation may be considered for PAPs with multiple tags and big clusters of programs and expenditure items that do not have disaggregated budget data and information. Availability of up-to-date and complete performance data and information has to be in place in support of effective monitoring of outcomes of public investments for SDG.

2.2. Introduction

Background of the Project

United Nations (UN) member countries, including the Philippines, unanimously adopted the Sustainable Development Goals (SDGs) in 2015. The SDGs, also known as the Global Goals, underline the aspiration of the countries "to end poverty and hunger everywhere; to combat inequalities within and among countries; to build peaceful, just and inclusive societies; to protect human rights and promote gender equality and the empowerment of women and girls; and to ensure the lasting protection of the planet and its natural resources...to create conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all" (UN General Assembly, 2015). The SDG agenda includes 17 development goals with a combined number of 169 related targets. It builds upon the preceding eight (8) Millennium Development Goals (MDGs) that was implemented from 2000 until 2015.

An important factor in determining the success of the SDG agenda is government spending (Martin & Walker, 2015). Indeed, it is widely recognized that fiscal policy is crucial to the advancement of developmental goals and targets. The analysis of many countries showed that providing the required spending was a key factor in achieving the MDGs (Martin & Walker, 2015). Consistent with this finding, substantial increases in government spending levels are also necessary to deliver the much more extensive and ambitious targets of the SDGs (Budlender, 2017). By considering the link between public expenditures and the achievement of development goals, the government budget can serve as a tangible measure of a country's commitment to meeting the spending requirements for SDGs (Budlender, 2017). Indeed, global experience in implementing MDGs demonstrated the importance of monitoring public finances and holding governments accountable for their level of spending (Martin & Walker, 2015).

A budget provides information on the proposed programs, activities, and projects (PAPs) related to SDG achievement. Therefore, the government can generate a detailed view of the magnitude and extent of public investments on SDGs and estimate the needed budgetary support for SDG-related measures by tracking financial flows (Jones et al., 2012; Manasan, 2020). The monitoring process, however, requires a public financial management system that is capable of budgeting, tracking, and reporting public investments for government programs, activities and projects that are aligned with SDGs (Nepal National Planning Commission, 2013). Broadly speaking, identifying public investments for the SDGs in national and local budgets is referred to as SDG budget tagging.

SDG budget tagging promotes SDG ownership among public institutions and highlights the importance of identifying and tracking alignment of government PAPs to the achievement of SDGs. As a result, this can uncover gaps and incoherence between and among the planning, implementing and spending processes, improve upstream planning and enhance the prioritization of SDG expenditures.

SDG budget tagging will also improve coordination and convergence among national and local government agencies in planning, prioritizing, budgeting, and implementing priority programs by focusing on SDG indicators relevant to their mandates. Ultimately, SDG budget tagging will implement a policy-based and standardized codification of SDG-related programs, activities, and projects (PAPs). This is to ensure effective allocation of public resources to address SDG priorities and objectives. It involves distinguishing which programs across government agencies intend to address specific SDG-related issues.

To be sure, budget tagging has been applied for various purposes, such as tagging allocations for poverty and gender (World Bank, 2021). This SDG tagging study builds on the work of Dr. Rosario Manasan (Government budget and the Sustainable Development Goals: the Philippine experience, 2020) and various country experiences in SDG budget tagging and climate expenditure tagging, including the Philippines' Climate Change Expenditure Tagging (CCET) as well as the child-focused budget tagging experience at the local level.

In particular, Manasan (2020) noted that "all the SDGs can be mapped into the priorities of the Philippine Development Plan (PDP)" showing that the major themes of the "PDP cut across the SDGs and vice versa."

This research is a project supported by the Joint SDG Fund Joint Programme on Reaping the Demographic Dividend and Managing the Socio-Economic Impact of COVID-19 by Applying an Integrated National Financing Framework in the Philippines (JP INFF and DD). The main aim of this research is to establish an SDG Budget Tagging Systems and Processes (SDG Budget Tagging), which involves the development of a monitoring and evaluation system on SDG investment programming, budgeting, and reporting.

Budget Tagging Definition and Approaches

Budget tagging is a process utilized by states to identify, measure, and monitor allocations for different government programs, activities and projects (PAPs).

One of the three (3) essential design elements of budget tagging methodologies is the definition of relevant expenditures. World Bank (2021) identifies two (2) approaches in defining expenditures. These are objective-based definitions and policy-based definitions.

Objective-based definitions determine which activities are relevant to a policy objective based on their desired impact. For instance, in South Australia, the allocations intended to respond directly to the needs and challenges of gender are identified as “Category 1” expenditures (Budlender, 2014a). Examples of these expenditures are activities addressing violence against women and breast cancer screenings.

The Organisation for Economic Co-operation and Development’s Development Assistance Committee (OECD-DAC) also has a similar label for such expenditures called the “principal objective” category (Budlender, 2014a). The committee created a simple test to determine whether an expenditure fits into this category -- will the activity exist if the gender objective is removed? The activity that would remain despite the removal of the gender objective can still be grouped into another category, namely, “secondary objective,” provided that it is indicated in the project documentation that the activity seeks to take measures addressing gender equality (Budlender, 2014a). Another example of objective-based definitions can be found in Italy’s gender budget tagging initiative in 2016 (Government of Italy, 2017 as cited in Downes & Nicol, n.d.). The tagging methodology used in Italy included three categories of expenditures, specifically “neutral expenditures,” “sensitive expenditures,” and “expenditures aimed at reducing gender inequalities” (Downes & Nicol, n.d.) The first category of expenditures refers to allocations that have “no direct or indirect impact” on the gender objective (e.g., interest and debt repayments, depreciation, royalties, and utilities). The second category applies to measures impacting men and women differently (e.g., compensation of employees, school education-related expenditures). Finally, the measures that directly address gender roles, norms, and inequalities are classified into the third category (e.g., entrepreneurship funds for women, female employment incentives, work-life balance measures).

On the other hand, the policy-based approach refers to the inclusion of activities that are specifically mentioned in national policies. Manasan (2020) stated the use of policy-based definitions in the budget tagging exercises conducted in the Philippines. For example, the national government agencies (NGAs) were mandated by the Department of Budget and Management (DBM) and Climate Change Commission (CCC) through the Joint Memorandum Circular (JMC) 1, s. 2013 and JMC 1, s. 2015 to tag climate change-related expenditures. The NGAs reviewed the technical description of PAPs and classified the allocations using a policy-based coding system. The PAPs were coded as processes that either support climate change adaptation (CCA) or climate change mitigation (CCM). The activities that address CCA and CCM were then categorized based on the seven (7) strategic priorities indicated in the National Climate Change Action Plan (NCCAP).

In addition to objective-based and policy-based definitions, Budlender (2014a) stresses the inclusion of expenditures with adverse impact on the chosen policy objective. In the case of gender-responsive budgeting, an example of a measure with a negative impact is withdrawing the budget of shelters for the victims of gender-based violence (Budlender, 2014a).

2.3. Objectives and Outputs

The project has three (3) major objectives. These are the following:

1) To map particular Philippine Development Plan (PDP) targets and corresponding agency programs, their budgets, and results for a select set of SDGs including at the sub-outcome level (i.e., SDG targets). By building on previous work that mapped out SDG targets to specific PDP targets and programs, it seeks to conduct a budget tagging exercise;

2) To document the budget tagging process to aid in establishing a policy-based and standardized codification system for SDG budget tagging in the Philippines; and

3) To compile in one (1) online repository all the reference materials, documents, data, and information that would be used in the mapping/budget tagging exercise for possible sharing with and use of other stakeholders.

The specific objectives have the following outputs:

Objective 1: SDG Budget Tagging

Outputs:

1) Track budget allotment, obligation, and disbursement for each identified program that supports selected SDG attainment;

2) Provide an estimate on how much national government funding has been provided and spent for the selected SDGs; and

3) Compare investments with PDP-RM to agency targets and outcomes (Template 2), including on the SDGs.

Objective 2: Process Documentation

Outputs:

1) Document the methodology undertaken for the budget tagging exercise;

2) Identify data and process gaps that make budget tagging difficult; and

3) Provide recommendations to improve the process in the short-term (in preparation for the next PDP and 2024 budget) and medium-term.

Objective 3: Set Up an Online Repository of All Materials

In coordination with NEDA, the project will set up an online repository for all references, documents, papers, datasets, information, and other materials used in the mapping exercise, including relevant literature, that could be shared with and utilized by project partners and other stakeholders.

This project covers allocations that promote SDGs, namely, SDG 3 Good Health and Well-being, SDG 4 Quality Education, and SDG 5 Gender Equality. According to Manasan (2020), SDGs 3 is aligned with "Sector Outcome A - nutrition and health for all improved" of Chapter 10 on Accelerating Human Development of the PDP, while SDG 4 is aligned to "Sector Outcome B – lifelong learning opportunities for all ensured" of the same chapter. Manasan noted further that SDG 5 is covered under several chapters of the PDP. For purposes of the present study, PAPs related to SDG 5.6 are those covered mainly in Chapters 10 on Human Capital Development Towards Greater Agility, 11 on Ensuring Food Resiliency and Reducing Vulnerabilities of Filipinos, and 13 on Reaching for the Demographic Dividend Across all Regions of the PDP.

2.4. Project Scope and Limitation

The country's official targets and means of implementation (United Nations General Assembly, 2015)[4] specified under SDG 3, 4 and 5.6 will be covered, which are the following:

Goal 3. Ensure healthy lives and promote well-being for all at all ages

3.1: By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births

3.2: By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births

3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases

3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

3.5: Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol

3.6: By 2020, halve the number of global deaths and injuries from road traffic accidents

3.7: By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes

3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

3.a: Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate.

3.b: Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

4.2: By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education

[4] "40. The means of implementation targets under Goal 17 and under each SDG are key to realising our Agenda and are of equal importance with the other Goals and targets. The Agenda, including the SDGs, can be met within the framework of a revitalized global partnership for sustainable development, supported by the concrete policies and actions as outlined in the outcome document of the Third International Conference on Financing for Development, held in Addis Ababa from 13-16 July 2015 (United Nations General Assembly, 2015)."

4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

4.5: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations

4.6: By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy

4.a: Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all

4.c: By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States.

Goal 5. Achieve gender equality and empower all women and girls

5.6. Universal access to reproductive rights and health

5.6.1. The proportion of women, aged 15-49 years who make their own informed decisions regarding sexual relations, contraceptive use and reproductive health care.

5.6.2. Number of countries with laws and regulations that guarantee full and equal access to women and men aged 15 years and older to sexual and reproductive health care, information and education.

For SDG 5, the project will cover Target 5.6, which focuses on universal access to sexual and reproductive health and reproductive rights. For this reason, the budget tagging exercise will only include a fraction of the government funding for each of the identified global goals.

The coverage of the tagging methodology is limited to relevant social sector agencies and coordinating and policy-making bodies. The project focuses primarily on the national government agencies whose basic mandates and functions principally concern health, education and gender and are tasked as lead implementing agencies for SDGs in the concerned sectors. Thus, the agencies whose expenditures for the relevant SDGs shall be tagged are the Department of Health (DOH), Department of Education (DepEd), Department of Social Welfare and Development (DSWD), Philippine Commission on Women (PCW), and the Commission on Population and Development (POPCOM).

All the programs, activities, projects (PAPs) under Agency Operations covering the Personal Services (PS), Maintenance and Other Operating Expenses (MOOE), and Capital Outlays (CO) of the above agencies that are relevant to the identified targets under SDG 3, 4 and 5 shall be included in the tagging. However, agency PAPs exclusively related to policy-making not specifically concerned with SDG 3, 4, and 5 targets, General Administration and Support Services (GASS) and Support to Operations (STO) such as planning, financial management, human resources management and development, information and knowledge management, monitoring and evaluation, legal services, etc. are not program specific and will, therefore, be tagged only under the overall SDG Goals as they do not contribute directly to the achievement of the specific SDG targets. This shall not discriminate against policymaking in agencies explicitly meant to advance the specific SDG targets included in the study. Moreover, in estimating the size of related expenditures, the researchers shall only focus on PAPs whose principal outcomes correspond to a specific SDG target. The responsible agency will know best the main outcomes the PAPs intend to achieve, thus the tagging of SDG-related PAPs and the estimation of the budget allocated to them shall be validated with the concerned agencies during the mapping process.

It is important to note, however, that for illustration purposes, the team included tagging of SDG targets that are not included in the Philippine SDG indicator system (e.g., SDG 3C, SDG 3D, SDG 4B).

As earlier mentioned, this project covers allocations that promote select SDGs, namely, SDG 3 Good Health and Well-being, SDG 4 Quality Education, and SDG 5 Gender Equality, specifically SDG 5.6 which focuses on universal access to sexual and reproductive health and reproductive rights. The project will focus primarily on the national government agencies whose basic mandates and functions principally concern health, education and gender and are tasked as lead implementing agencies for SDGs in the concerned sectors. Thus, the agencies whose expenditures for the relevant SDGs shall be tagged are the Department of Health (DOH), Department of Education (DepEd), Department of Social Welfare and Development (DSWD), Philippine Commission on Women (PCW), and the Commission on Population and Development (POPCOM).

The reference period of the study covers Fiscal Years 2018, 2019, and 2020 with the budgets of the following agencies being the main focus of the tagging exercise: DepEd, DOH, PCW, DSWD, and POPCOM.

Finally, this study will not include 'negative' tags or expenditures with adverse impact on specific SDG goals and targets.

2.5. Methodology

This project builds on and contributes further to country experiences in budget tagging. To reiterate, objective one is to undertake SDG budget tagging and under this rubric are three envisioned outputs, namely, one, track budget allotment, obligation, and disbursement for each identified program that supports selected SDG attainment; two, Provide an estimate on how much national government funding has been provided and spent for the selected SDGs and three, Compare investments with PDP-RM to agency targets and outcomes (Template 2), including on the SDGs.

In coming up with the methodology to generate data for the three outputs under objective 1 on SDG Budget Tagging, the research team went through several rounds of iteration and a learning-by-doing process. This is because the PAPs and budget data on hand were not always readily available (and sometimes not at all) or organized and aligned in a manner that would facilitate the analyses needed for the outputs required. This less linear, albeit richer, process of generating the methodology is captured in the budget documentation process (See Appendix C). This main report will simply cull the lessons from that fuller process and focus on the main steps undertaken to generate the data needed for the first two project objectives.

The tagging process and procedures described here were not necessarily or strictly implemented in sequential manner but more in an iterative process as occasioned by the need to review, assess and improve the unfolding methodology. Where the relevant implementing agencies are concerned, they had been logically pre-identified based on their direct involvement in the implementation of SDGs 3, 4 and 5 and in consultation with the JP-INFF Secretariat.

Below is a set of steps for a budget-tagging exercise that can be undertaken by various government agencies. This set of steps is based on the budget-tagging experience of the research team which was conducted for this study.

Steps for SDG-Budget Tagging in the National Budget

1) ***SDG Review***
Conduct a review of the SDGs under study, including its targets and indicators. It is important to note that the Philippine government did not adopt all of the targets and indicators at the global level. For this study, the team compared the global targets and indicators of SDG 3, 4 and target 5.6 at both global and national levels. The research team eventually focused on the targets and indicators (of SDG 3 and 4, and target 5.6) adopted by the Philippine government.

2) ***Identify Agencies/offices responsible for the specific SDGs***
For the select SDG, identify the Department/Agency or office that mainly contributes to the attainment of the particular goal. Identify as well the other departments/agencies that contribute to the attainment of the particular goal and its targets. For the current study, the team identified the following agencies – DOH, National Nutrition Council (NNC) for SDG 3, DepEd for SDG 4 and POPCOM, PCW and DOH for SDG 5. The team also identified DSWD for SDG 3, 4 and 5.6 as well as some GOCCs or specialty hospitals that contribute to SDG 3, specifically, specialty hospitals and the PHIC.

3) *The SDG Taxonomy and tagging process*

The SDGs as constructed and adopted by UN member states including the Philippines, provides the taxonomy for this budget-tagging exercise. For this, the first step is to link the agency programs, activities and projects (PAPs) with the corresponding SDG targets and indicators. This can be done through the following:

a. Identify PAPs that directly or indirectly contribute to a particular SDG. Tag only those PAPs or clusters of PAP (under the Program Expense Classification [PREXC]) that are relevant, and which contribute to a particular SDG goal. It is more likely that one program may contribute to several SDG Goals – such as the Pantawid Pamilyang Pilipino Program (4Ps). This will be addressed at a later stage in the tagging process. For this study, the team confined the tagging exercise on the SDGs and agencies previously identified.

b. Once the particular SDG has been identified, the next step is to identify specific SDG target/s the PAP contributes to. For this process, multiple tagging of SDG targets is allowed. This will be discussed further in the next step.

The criteria for identifying whether a particular program or spending contributes to particular SDG targets is one of the challenging steps in the tagging process.

For the purpose of tagging the SDG goal and target/s to specific PAPs, the following criteria may be considered: the rationale for the program or expense item; the specific objectives, the target beneficiaries, the activities, the results and expected outcomes of such an investment. The concerned agency units and personnel are well aware of these considerations as these may have been developed over time and contained in certain policies and operational guidelines for such programs.

The budget-tagging methodology of the INFF-Columbia Joint Program is instructive in this regard. To wit:

> “Expenditures with a direct impact on SDG targets must be identified. For this exercise, the relationship between each budget line and SDG targets is determined, based mainly on the policy action to which the spending is directed and the beneficiary population.
>
> To reduce uncertainty during the thematic alignment of SDG targets, detailed information about investment projects should be available. It is common to find that the name of a project is not enough to establish a direct association with SDGs targets. It is therefore recommended to gather as much information as possible about the general and specific objectives of the project, as well as its deliverables. In the absence of such complimentary information, the project design and/or programmatic documents can be useful as well.” (INFF-Colombia, 2022, p.13)

The taxonomy developed by the INFF-Colombia for their budget-tagging exercise which provides information association criteria and expenditure examples can be found in Appendix F.

On the other hand, the budget-tagging process undertaken by the Climate Change Expenditure Tagging (CCET) by the Philippine government involved the development of the taxonomy or typology with the classification done at several levels: from first level - adaptation/mitigation to priorities and sub-priorities, and finally to clusters of interventions.

Similarly, the typology for budget tagging of child-focused investments and expenditures is developed for application at the level of local government units (LGUs), has 5 levels – core rights of children, programs, program components, intervention, and the markers. The child-focused budget tagging is the systematic identification of child-specific and relevant programs, projects, and activities (PPAs) classified according to the four dimensions of child rights (referred also in this tool as the core rights of children) – survival, development, protection and participation. The tool is designed to enable LGUs to report on expenditure for child-focused programs and services vis-à-vis local targets and national goals. The tool can identify funding gaps and under-resourced priorities and facilitate stronger inter-linkage with other cross-cutting themes – gender equality, equity, inclusion and humanitarian response.

4) *Direct and Indirect/Overhead Expenditure*

A program or expenditure item may be classified as directly contributing to particular SDG target/s if it has a direct and specific impact to the SDG target/s which helps in achieving the desired outcome as laid out in the intervention design. Examples of these are feeding programs which contribute to nutrition; learning materials which contribute to educational performance and completion; provision of mobile teachers which contribute to functional literacy. As discussed in the introduction, direct expenditures may also be labeled as "Category 1" or "principal objective" expenditure.

Some programs can indirectly contribute to the attainment of specific SDG targets by providing support to the intervention or operation, or by providing an enabling environment for the achievement of specific targets. Overhead costs are the usual example as they contribute to the achievement of multiple targets. Another example is livelihood support to parents of child workers which indirectly contributes to the elimination of child workers as a category.

Overhead costs and other indirect costs can be distributed on a pro-rata basis across several SDG targets to which the program contributes to. In this study, General Administration and Support (GAS) and Support to Operations (STO) are classified as overhead or supportive programs and their budget allocations can be distributed pro-rata across the different program components of the agency.

Figure 1. Computational Illustration of Pro-Rata Distribution of Overhead Costs to Program Components

	Budget in Billions	Share in Total Program	Pro Rata Amount Share	Total Budget with Gen Admin Share
General Administration	**10.581**			
Program Component 1	26.395	29.9%	3.168	29.563
Program Component 2	1.265	1.4%	0.152	1.417
Program Component 3	3.985	4.5%	0.478	4.463
Program Component 4	15.482	17.6%	1.858	17.340
Program Component 5	12.334	14.0%	1.480	13.814
Program Component 6	4.329	4.9%	0.520	4.849
Program Component 7	2.945	3.3%	0.353	3.298
Program Component 8	16.22	18.4%	1.947	18.167
Program Component 9	5.207	5.9%	0.625	5.832
Total Program	**88.162**	100.0%	**10.581**	**98.743**
Total Budget with Gen Administration	**98.734**			

5) *Process for Tagging and Weighing*

Tagging of SDG targets, whether on a singular or multiple basis, is derived from budget breakdowns based on financial documents containing agency PAPs retrieved from the agencies themselves. When these documents are not available, tagging is based on the recommendations of the designated agency personnel. In the context of this project, agency consultations were conducted with designated agency staff and the researchers to discuss and unite on tagging agency PAPs to the SDGs, with the agency personnel having the final say. In some cases, these recommendations are further reinforced in official communications from the concerned agencies, such as the DOH.

In situations where there are no financial documents or recommendations from the agencies on the tagging of PAPs, then the team employed two tagging models: The Climate change Budget Tagging (CBT) for single tags of a single SDG target and the INFF-Colombia framework for multiple tagging of multiple SDG targets.

The CBT model is a tracking tool for identifying, classifying, weighing and marking climate-relevant public expenditures for climate change adaptation and mitigation measures. The CBT weighing approach was based on Ghana's Climate Change Expenditure Tagging experience and was used for this study (Bain, Nguyen, & Baboyan, 2019). On the other hand, the INFF-Colombia model (2022) provides a guide for matching PAPs and corresponding public budgets to both singular and multiple SDG targets. The model follows a taxonomy of association criteria for matching of PAPs to appropriate SDG targets, and a weighing approach for investments on SDGs with multiple tags. In other country experiences, multiple tagging is sometimes referred to as multidimensional tagging.

One dimensional tagging occurs when only one SDG contributes to one PAP. However, there are also a number of cases when one program or expenditure item can contribute to more than one SDG target. In the literature, this is referred to as multidimensional tagging or multiple tagging. For the purpose of this study, the term multiple tagging is used. During the agency consultations conducted for this study, the employment of multiple tagging was considered and was validated by the concerned agencies.

There are cases where one program or expenditure item can contribute to more than one SDG target. For this particular study, multiple tagging was considered in consultation with and validated by the concerned agencies. Multiple tagging is more complicated than single tags as this involves the identification of the main and secondary tags. Single tags refer to PAPs which principally and exclusively contribute to one particular SDG target. Thus, a community feeding program for children contributes solely to SDG 3.2 on child nutrition. A decision then has to be made whether there is a main SDG target to which the program contributes to and the other SDG targets identified are complementary or supporting and less relevant. For multiple tagging, a tag to a particular SDG target is considered main if the PAP contributes to and is associated mainly with a particular SDG target, but also supports other SDG targets. For example, a school building contributes mainly to K-12 formal education. At the same time, the school building is used for ALS classes, but to a lesser extent in terms of time and frequency of use. In such a case, this is considered a secondary tag. The concerned agencies and personnel will be in a position to identify the main and secondary tags as done during the agency consultations.

The first option in addressing multiple tags is to disaggregate the program into its components with the corresponding budget allocation and expenditure. The more disaggregated the program is with its corresponding allocations, the stronger and clearer the association with the SDG targets will be.

Where disaggregated data is not available, weights may have to be applied to correct for over reporting/ over estimation of the expenditure. Here, it is relevant to cite the report of the UNDP on the INFF-Colombia framework, which states the following:

> "45. One-dimensional vs multidimensional tagging. The user of this methodology must decide whether to apply a one-dimensional (i.e., one SDG goal for each item) or multidimensional (i.e., several SDG goals for each item) alignment or tagging. This choice should be defined by the level of detail available and the desired precision. A multidimensional approach is desirable but not necessary when detailed data is available. However, when only sectoral level or program level budget data is available, a multidimensional approach is essential to capture multiple policy intentions contained in aggregated budget data." (INFF Colombia, UNDP, UNICEF, & UN Women, 2022, p.20)
>
> "46. A multidimensional approach will always guarantee more precise results at the expense of time necessary for the SDG tag. The precision of results will depend on the available information and the time spent to undertake the exercise" (INFF Colombia, UNDP, UNICEF, & UN Women, 2022, p.20).

Quick steps in multiple tagging:

- In doing multiple tags, first there is a need to decide on whether a particular program/expenditure item serves multiple SDG targets.

- After this, it is important to determine whether there is a main SDG target or targets and a secondary SDG target or targets to which the program contributes to.

Computational procedure for weighing

What does weighing mean and why do we have to weigh? This is explained in the INFF-Colombia model (2022) which states the following:

If only one SDG target is tagged – then 100% is attributed to that target

If there are several targets of more or less equal importance, then equally divide the allocated amount by the number of SDG tags identified

If there is one main SDG target identified and several complementary targets, then, the following computation will be done:

- The main SDG target should have a weight of more than 50%.
- The concerned agency and personnel are responsible for providing the corresponding weight to the main target
- The remainder of the 100% will then be divided into the complementary SDG targets

The purpose of assigning a weight to each identified expenditure is to reflect its degree of relevance and avoid inflating the scale of the spending. The example of the CBT employed in Ghana's climate expenditure tagging experience (Bain, Nguyen, & Baboyan, 2019) can illustrate this weighing procedure. To cite an earlier study related to this, to wit:

"Weighting an activity/program/objective essentially involves two steps:

(i) Categorizing its relevance;

(ii) Determining a percentage weight to apply to the budget and expenditure under that category.

> "Thus, in Ghana, the first step involved categorizing policy objectives into high, medium, and low relevance. The second step involved assigning weights of 100%, 50% and 20% respectively to those three categories - e.g., highly relevant; relevant; medium relevance; low relevance/neutral." (Bain, n.d., p.27)

For this study, weighing will be applied for big ticket programs and expenditure items. This will be done for illustrative purposes so that options are made available in doing the SDG tagging exercise.

6) Plotting the Investments by SDG Targets

Once the initial tags are completed, the next step is to review the budget and expenditure data which are available from the National Expenditure Program (NEP) and General Appropriations Act (GAA) and further summarized in the agency Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB). Initial estimates of the actual spending (disbursements) by SDG targets can be generated and summarized in tables to facilitate investment analysis. All the data generated here is contained in Template 1.

Figure 2. SDG Budget Tagging Template 1 Flowchart

Template 1 links the agency PREXC with the SDG targets for each selected goal, and with the corresponding budget allocations and expenditures culled from the NEP, GAA, and agency SAAODB. Summary tables have been generated which contain the most important data in Template 1 which facilitates tracking of the contribution of the agency programs to particular SDG targets with the corresponding budget and expenditure figures culled from the agency SAAODB. The summary tables present the number of SDG tags, the budgets, disbursements, and corresponding percentage shares by SDG target.

7) ***Plotting the Template 1 and generating the summary tables and charts (Output 1.1)***
Template 1 consists of data on the agency PREXC and PAPs, the SDG targets, and the budget and expenditure figures organized in the following columns:

Table 2. SDG Budget Tagging Template 1 Description

Column	Description
COLUMN A	PREXC Type (Organizational Outcome, Program, Activity, Project)
COLUMN B	List of PAPs by Department/Office (based on GAA)
COLUMN C	PDP 2017-2022 Results Matrix (to follow)
COLUMN D	Agency Target Matrix (from PREXC Performance Information, BAR No. 1, to follow)
COLUMNS E-__ (depending on number of SDG targets)	SDG Targets and Indicators
COLUMN __ (adjustable depending on number of SDG targets)	Remarks for SDG Targets and Indicators
COLUMNS __ - __ (adjustable depending on number of SDG targets)	Financial accountability report: PREXC Code → National Expenditure Program → General Appropriations Act/ Authorized Appropriation → Adjusted Appropriations → Total Allotments → Total Obligations → Total Disbursements → Balances → Utilization Rates
COLUMN __ (adjustable depending on number of SDG targets)	Agency Outcomes from PREXC Performance Information, BAR No. 1)
COLUMN __ (adjustable depending on number of SDG targets)	Remarks for PDP Results Matrix, Agency Target Matrix, SAAODB, and Agency Outcomes

Budget tagging begins with the coding exercise. Appropriate tags for the respective SDG target or targets are identified for each program, project or activity of the relevant agencies. Corresponding columns are provided for the tagging of the single tags and multiple tags, separately (See Figure 3).

It is then followed by the tracing exercise, which comprehensively tracks budgetary data on the proposed budget (National Expenditure Program), and authorized appropriations, allotments, obligations, and disbursements from the SAAODB report. The inputting of Balances, consisting of unreleased appropriations, unobligated allotments and unpaid obligations, as well as variances between different levels of budget allocation and utilization and corresponding utilization rates (obligation rate and disbursement rate) are likewise included to substantiate the financial reporting (See Figure 4). Thereafter, additional processing is conducted for weighing and distribution of overhead expenditure, which is further explained in the findings for each of the featured SDGs.

Figure 3. SDG Budget Tagging-Coding Exercise

List of P/A/Ps in the 2018 General Appropriations Act (R.A. No. 10964)		SDG 3 Tagging															
		SDG 3 - ST	**SDG 3**	**SDG 3.1**	**SDG 3.2**	**SDG 3.3**	**SDG 3.4**	**SDG 3.5**	**SDG 3.6**	**SDG 3.7**	**SDG 3.8**	**SDG 3.9**	**SDG 3A**	**SDG 3B**	**SDG 3C***	**SDG 3D***	**SDG Indicator/s**
Activity/ Project	Public Health Management	3.3				M											
Activity/ Project	Operation of PNAC Secretariat	3.3				M											3.3.1p1
Activity/ Project	Complementary Feeding Program	3.2			M												3.2.1, 3.2.2, 3.2.s1
Sub-Program	**Environmental and Occupational Health Sub-Program**																
Activity/ Project	Environmental and Occupational Health	3.9										M					
Sub-Program	**National Immunization Sub-Program**																
Activity/ Project	National Immunization	3B			M	M								M			All indicators of 3.2; minor for 3.3
Sub-Program	**Family Health Sub-Program**	✓															
Activity/ Project	Family Health, Nutrition and Responsible Parenting			M	M					M		M					All indicators of 3.1, 3.2, 3.7, 3.9

Figure 4. SDG Budget Tagging-Coding Exercise

List of P/A/Ps in the 2018 General Appropriations Act (R.A. No. 10964)		Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances						
		UACS CODE	**National Expenditure Program**	**Authorized Appropriation (GAA)**	**Adjusted Appropriations**	**Adjusted Total Allotments**	**Total Current Year Obligations**	**Total Current Year Disbursements**
Activity/ Project	Public Health Management	310301100001000	4,622,610,000.00	4,622,610,000.00	4,610,066,250.00	4,610,066,250.00	4,375,796,944.94	2,355,173,482.36
Activity/ Project	Operation of PNAC Secretariat	310301100002000	11,457,000.00	11,457,000.00	11,457,000.00	11,457,000.00	11,277,460.39	8,153,472.30
Activity/ Project	Complementary Feeding Program	New Budget Item						
Sub-Program	**Environmental and Occupational Health Sub-Program**	310302000000000	**3,740,000.00**	**3,740,000.00**	**3,740,000.00**	**3,740,000.00**	**1,518,427.92**	**762,027.92**
Activity/ Project	Environmental and Occupational Health	310302100001000	3,740,000.00	3,740,000.00	3,740,000.00	3,740,000.00	1,518,427.92	762,027.92
Sub-Program	**National Immunization Sub-Program**	310303000000000	**7,437,044,400.00**	**7,437,044,000.00**	**7,437,044,000.00**	**7,437,044,000.00**	**7,299,846,424.64**	**1,162,408,133.23**
Activity/ Project	National Immunization	310303100001000	7,437,044,400.00	7,437,044,000.00	7,437,044,000.00	7,437,044,000.00	7,299,846,424.64	1,162,408,133.23
Sub-Program	**Family Health Sub-Program**	310304000000000	**3,639,663,000.00**	**3,639,663,000.00**	**3,639,663,000.00**	**3,639,663,000.00**	**2,247,732,108.56**	**25,391,012.29**
Activity/ Project	Family Health, Nutrition and Responsible Parenting	310304100001000	3,639,663,000.00	3,639,663,000.00	3,639,663,000.00	3,639,663,000.00	2,247,732,108.56	25,391,012.29

List of P/A/Ps in the 2018 General Appropriations Act (R.A. No. 10964)		Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances						
		Balances			Variance: Adjusted GAA viz NEP	Variance: Appro viz NEP %	Obligation Rate %	Disbursement Rate %
		Unreleased Appropriation	Unobligated Allotment	Unpaid Obligations				
Activity/ Project	Public Health Management	0.00	234,269,305.06	2,020,623,462.58	-12,543,750.00	-0.27%	94.92%	53.82%
Activity/ Project	Operation of PNAC Secretariat	0.00	179,539.61	3,123,988.09	0.00	0.00%	98.43%	72.30%
Activity/ Project	Complementary Feeding Program	0.00	0.00	0.00	0.00	-	-	-
Sub-Program	**Environmental and Occupational Health Sub-Program**	**0.00**	**2,221,572.08**	**756,400.00**	**0.00**	**0.00%**	**40.60%**	**50.19%**
Activity/ Project	Environmental and Occupational Health	0.00	2,221,572.08	6,137,438,291.41	0.00	0.00%	40.60%	50.19%
Sub-Program	**National Immunization Sub-Program**	**0.00**	**137,197,575.36**	**6,137,438,291.41**	**-400.00**	**-0.00%**	**98.16%**	**15.92%**
Activity/ Project	National Immunization	0.00	137,197,575.36	6,137,438,291.41	-400.00	-100.00%	98.16%	15.92%
Sub-Program	**Family Health Sub-Program**	**0.00**	**1,391,930,891.44**	**2,222,341,096.27**	**0.00**	**0.00%**	**61.76%**	**1.13%**
Activity/ Project	Family Health, Nutrition and Responsible Parenting	0.00	1,391,930,891.44	2,222,341,096.27	0.00	0.00%	61.76%	1.13%

The following steps are taken in tagging the SDGs in Template 1.

First is to identify from the PREXC line items which are indirect or overhead that serve the entire agency/system - usually GAS and most of STO, but there may be others. For this, only a single tag is allowed – so overall SDG 3, overall SDG 4. For SDG 5.6, it is automatic that the entire GAS and STO will apply.

Second, for all other PREXC items, we tag the corresponding SDG target - this may be a single tag or multiple tags. If multiple, we identify if there is a main and the secondary/complementary SDG targets that is likewise supportive of the SDG targets. Since bold and colored checks marks are not recognized in formulas, we use M for main, and S for secondary or complementary.

Third, there may be PREXC items which are programs contracted out to other entities, they have their own administrative and overhead cost. An example of this is the ESC of DepEd which is contracted out. For this PREXC item, the pro-rata GAS and STO should not be applied.

Fourth, identify the big-ticket PAPs, and determine the distribution of the funds across applicable program components of the agency. This can be done as follows:

1) Use disaggregated data

2) Use historical distribution if available

3) Estimate pro rata using the share in the pie

8) ***Mapping SDG indicators against targets and outcomes***

The next step is to map the SDG indicators against the PDP Result Matrices and the agency targets and outcomes that are generated and culled from administrative data, official surveys and budget documents.

The data on targets and outcomes/accomplishments is presented in another template, called Template 2, which can be linked to Template 1 and which maps the agency programs and expenditure data with the SDG goal and targets.

Template 2 (See Figure 5) links the SDG targets with the PDP Result Matrix and the agency targets and outcomes culled from the agency BAR1, and other relevant agency accomplishment reports.

Budget Tagging Template 2 worksheet contains a compilation of reports on the implementation of the SDG Targets, their indicators and corresponding output and outcome performance.

Figure 5. SDG Budget Tagging Template 2 Flowchart

Template 2 is divided into three different pertinent government reports attempting to align each report to SDG targets and indicators. As seen in Figure 5, the reports include the PSA SDG Watch (Columns A to I), the PDP Results Matrix (Columns J to V), and Agency Status of Implementation/Physical Accomplishment Report for Current Years 2018 (Columns X to AF), 2019 (Columns AH to AP), and 2020 (Columns AR to AZ). The goal is to logically cohere and organize the presentation of results matrices (from targets, indicators to outputs and outcomes) for illustrative purposes. The results matrices portion of this template could be further broken down as follows:

PSA SDG Watch

Columns A to B: SDG Targets and Indicators, and corresponding breakdown, if any

Column C: Baseline percentage accomplishment data for each SDG Indicator

Column D: Year generated for the baseline percentage accomplishment data for each SDG Indicator

Column E: Latest percentage accomplishment data for each SDG Indicator

Column F: Year generated for the latest percentage accomplishment data for each SDG Indicator

Column G: Target percentage accomplishment data for each SDG Indicator

Column H: Target year of accomplishment to achieve the target percentage accomplishment data for each SDG Indicator

Column I: Data source (survey data and/or administrative data), and the agency that generated the data, if identified

PDP 2017-2022 Enhanced Results Matrix
Linked to Columns A to B signifying SDG targets and indicators, the PDP results matrices provide the following data/information:

Column K: PDP Indicators which contribute to respective SDG targets and indigents

Column L: Year generated for the baseline percentage accomplishment value for each PDP Indicator

Column M: Baseline percentage accomplishment value for each PDP Indicator

Columns N to S: Annual PDP plan target percentage accomplishment values covering 2017-2022, showing actual data as of December 2015, or most recent available data; data may not necessarily be year-end values

Column T: Plan target percentage accomplishment value, which either be the cumulative or incremental target value at the end of the Plan period

Column U: Means of verification, alluding to the data source in Column I under PSA SDG Watch

Column V: Responsible Agency, that which is accountable for delivering the outputs/outcome

Agency Status of Implementation/Physical Accomplishment Report
Similar to the PDP Results Matrix, the physical accomplishment report is attached to the SDG targets and indicators. The physical accomplishment report matrix is lifted from the Budget Accountability Report No. 1 and Volume II Performance Information of the General Appropriations Act (GAA) and follows a three-year trend for current years 2018 to 2020. The data and information supplied by this report primarily contributes to the attainment of PREXC program-level outputs and outcomes:

Column X, AH, AR: Organizational Outcomes / Performance Indicators

Column Y, AI, AS: Indicator Type identifying whether the indicator is an output or outcome indicator

Column Z, AJ, AT: Program (PREXC) refers to the major program within which agency performance in the form of specific output and/or outcome indicators are lodged

Column AA, AK, AU: Baseline (GAA) refers to the baseline accomplishment value in a given year or period; culled from the Volume II Performance Information of the GAA

Column AB, AL, AV: Physical Target as ascribed in the GAA

Column AC, AM, AW: Revised Target based on the Physical Accomplishment Report (BAR No. 1) if applicable, otherwise the Physical Targets in the GAA Vol. II are final

Column AD, AN, AX: Physical Accomplishment value, annual basis

Column AE, AO, AY: Variance pertains to the agency performance result in an annual basis, showing the difference between the Physical Accomplishment value and the Revised Target value or Physical Target value, whichever is final

Column AF, AP, AZ: Remarks for the progress of implementation of agency programs

Figure 6. SDG Budget Tagging Template 2

Philippine Statistics Authority (PSA) based on submissions as of August 2019 and 04 April 2022

Goals/Targets/Indicators		Baseline		Latest		Target 2		Data Source Energy
Goal 3. Ensure Healthy Lives and Promote Wellbeing for All at All Ages		Data	Year	Data	Year	Data	Year	
3.7.2	Adolescent birth rate (aged 10-14 years; aged 15-19 years) per 1,000 women in that age group	47.0	2017	47.0	2017	30.3	2030	NDHS, PSA
3.7.s1	Contraceptive Prevalence Rate	61.2	2013	54.3	2017	100.0	2030	NDHS, PSA

Philippine Development Plan (PDP 2017-2022) Results Matrix

Indicator	Baseline (a)		Annual Plan Targets					Plan Target (b)	Means of Verification	Responsible Agency (c)
	Year	Value	2017	2018	2019	2021	2022			
Adolescent birth rate (aged 10-14 years; aged 15-19 years) per 1,000 women in that age group	2013	57.1	N/A	N/A	47.0	N/A	N/A	40.0	NDHS	DOH/ POPCOM
Modern Contraceptive Prevalence Rate increased (%)	2013	37.6	None	None	None	None	None	65.0	NDHS	DOH/ POPCOM

Agency Status of Implementation/Physical Accomplishment Report (2020)

Organizational Outcomes/ Performance Indicators	Indicator Type	Program (PREXC)	Baseline (GAA)	Physical Target (PT GAA)	Revised Target (RT) BAR No. 1	Physical Accomplishment (PA)	Variance (PA + PT or RT)	Remarks
Adolescent birth rate (aged 10-14 years; aged 15-19 years) per 1,000 women in that age group	Outcome	Philippine Population Development Program	55%	55%	N/A	47%	-8.00%	2017 NCHS
			per 1,000 women aged 15-19 years old					
Modern Contraceptive Prevalence Rate	Outcome	Public Health Program	47.89%	28%	N/A	26%	-2%	Starting 2021 the accomplishment will be based on Family Planning Estimation Total (FPET) pursuant to DOH using national survey and FHSS data

Not all SDG indicators have corresponding and updated data, and these are not necessarily aligned with the targets and outcomes as presented in the PDP-RM, the NEP/GAA, and the agency accomplishment reports. In this situation, proxy indicators can be used with data that are available corresponding to the SDG indicators.

9) *Agency Consultations*

Once the initial tagging is completed, the investment tables generated, and the SDG-related targets and outcomes mapped, consultations with the relevant agencies, and specific units and personnel should be organized to confirm, validate and adjust the initial outputs. It is recommended that all concerned units are consulted jointly, particularly the units/personnel concerned with planning, finance and major programs.

At the final stage of the tagging exercise, an interagency consultation is highly recommended to validate program tags that cut across agencies and SDG Goals. This can be convened and steered jointly by NEDA, DOF, DBM and the UNDP.

Roles and responsibilities of the different agencies, units and personnel should be clearly defined for smooth implementation of the tagging process. Line agencies may lead the tagging process for the SDGs that are most relevant to their mandated functions. Units from both NEDA and DBM should oversee the tagging process to provide guidance and support to the entire process. Representatives from CSOs and academe should take part in the SDG tagging process and the interagency consultations to tap their expertise in SDG and budget monitoring and advocacy.

The Philippine experience in the CCET provides valuable lessons in the orientation, mentoring and interagency consultation processes where DBM and the CCC played major roles. The DILG also played a leading role in the roll out of the CCET to the Local Government Units.

10) *Reporting*

Once the SDG tagging is completed and validated by government authorities, a report is prepared and structured according to the needs of the user and its target audience. The report serves as an input to track the progress on SDG financing, showing the aggregate investments by SDG goals, targets and outcomes. It facilitates analysis of the budget using an SDG lens that may be useful for strategic SDG budgeting. Reporting on the results of the SDG tagging will also enhance transparency, help in raising awareness, and strengthen accountability in the use of public funds.

11) *Quality Assurance*

Following the CCET experience, a quality assurance report can be prepared by the responsible agencies involved in the tagging process for review by planning and budget authorities, and oversight agencies. The review further validates the tagging process, the accuracy of the budget and expenditure figures used, and the alignment of the SDG targets and indicators with the national and agency indicator system. Finally, a review of the investments and actual outcomes validates the sensitivity of the tagging system in analyzing the effectiveness of expenditures in generating the desired outcomes.

2.6 Findings

The findings of the research are discussed in this section and will be presented in the following order: findings for SDG 5.6, and then SDG 4, and finally SDG 3. The logic behind the presentation flow is to illustrate the tagging process and findings from a simpler and more familiar model applied in SDG 5.6 that identifies only one specific SDG target, to the more complex case of tagging (SDG 3) with multiple tagging applied to several targets and with several agencies covered.

For SDG 5.6, the CBT model was used in identifying, classifying the level of relevance, and assigning weights to PAPs that contribute to sexual and reproductive health and reproductive rights. The CBT model is similar to the more familiar tagging system that was applied for the Philippine CCET.

For SDG 3 and 4, the tagging process follows the INFF-Colombia Framework which provides a guide for matching PAPs and corresponding public budgets to both singular and multiple SDG targets. SDG 4 covers only one agency (DepEd) and uses a pro-rata distribution of funds for PAPs that contribute to several SDG 4 targets. SDG 3 covers several attached agencies under DOH and a specific program under DSWD, using both single and multiple tagging specifically for programs with large funding.

The first set of findings are focused on tracking budget allotment, obligation and disbursement of agency PAPs tagged to relevant SDGs and this will be presented in table form.

The second set of findings will show how much the national government has allocated and disbursed funds for the SDG 5.6, 4 and 3.

The third set of findings will provide a comparative analysis between public investments for SDG 5.6, 4 and 3 in relation to agency targets and outcomes.

Furthermore, while the methodology to generate the above-mentioned findings and developed by the team have been described in the Methodology section of the study, the documentation of the process and iteration done is contained in Appendix C.

The fourth set of findings identifies the data and process gaps that make SDG budget tagging difficult.

And finally, the last set of findings outlines recommendations to improve the budget tagging and public investment in SDGs for the short term (in particular, for preparation for the next PDP and 2024 budget) and medium-term.

2.6.1. SDG Findings

2.6.1.a. SDG 5.6

As previously mentioned in the scope and limitation of the project, the tagging exercise covers SDG 5.6, which concerns universal access to sexual and reproductive health and reproductive rights. The key result areas of the RPRH law that directly relate to sexual and reproductive health and reproductive rights have been used to establish the basis and boundaries of tagging decisions for SDG 5.6. Specifically, these outcome areas are maternal, neonatal, child health and nutrition; family planning; adolescent sexual and reproductive health; and sexually transmitted infections and HIV/AIDS. Accordingly, the agencies that were included in the tagging are members of the Responsible Parenthood and Reproductive Health National Implementation Team (RPRH-NIT), namely the PCW, POPCOM, DOH-OSEC, and DSWD-OSEC.[5] The RPRH-NIT coordinates the efforts of concerned agencies that contribute to achieving the overall goals of the Philippine RPRH Act of 2012 at the national level.

[5] The tagging process for SDG 3 also includes DOH-OSEC and DSWD-OSEC.

SDG 5.6 Budget and Expenditure

The budgets of PCW, POPCOM, DOH-OSEC, and DSWD-OSEC, on average, show positive growth during the period 2015 to 2022 (See Table 2). The agency with the highest recorded annual average growth rate (AAGR) is DOH (14.04%), followed by PCW (13.58%), DSWD (9.62%), and POPCOM (8.19%). In terms of year-by-year growth, the budget of PCW increased from 2015 (PhP 0.06 billion) to 2019 (PhP 0.13 billion), but it declined in 2020 (PhP 0.11 billion). Although the PCW's budget recovered in 2021 (PhP 0.14 billion), it decreased again in 2022 (0.12 billion). On the other hand, the budgets of POPCOM and DSWD grew from 2015 to 2019 and declined in 2020. While DSWD experienced positive growth in budget from 2021 to 2022, POPCOM's budget declined in the same period. Lastly, from PhP 122.63 billion in 2016, the appropriations of DOH began to decline to PhP 95.27 billion in 2017 and PhP 79.06 billion in 2018. There was an expansion in the budget of DOH starting 2019 (PhP 97.65 billion) until 2022 (PhP 183.37 billion).

Table 3. Annual appropriations of PCW, POPCOM, DOH-OSEC, and DSWD-OSEC (in billion pesos), FY 2015-2022

Agency	2015	2016	2017	2018	2019	2020	2021	2022	AAGR
PCW	0.06	0.06	0.08	0.11	0.13	0.11	0.14	0.12	13.58%
POPCOM	0.31	0.35	0.42	0.49	0.47	0.48	0.50	0.52	8.19%
DOH-OSEC	86.97	122.63	95.27	79.06	97.65	100.56	134.45	183.37	14.04%
DSWD-OSEC	107.86	110.48	128.07	141.40	138.49	160.10	174.72	202.45	9.62%

Source: GAA

Detailed Budget and Disbursement by Program

A total of five programs from 2018 to 2020 were identified as relevant to SDG 5.6 (See Table 3 and 4). The overhead expenditures (i.e., GAS, STO) and the HIV/AIDS Program were excluded from the tally. It is worth mentioning at this juncture that SDG 5.6 accounts for only a small fraction of the budget for each tagged program of the concerned agencies.

Among the tagged programs, the Promotive Social Welfare Program of the DSWD, which included the implementation of conditional cash transfers, had the highest average total appropriations and disbursements at PhP 100 billion and PhP 77.69 billion, respectively. It was followed by the DOH programs, namely Health Systems Strengthening Program (PhP 19.84 billion and PhP 12.58 billion) and the Public Health Program (PhP 18.19 billion and PhP 6.03 billion). The Promotive Social Welfare Program had average GAA and total disbursements shares of 68%, and the Health Systems Strengthening Program had average total appropriations and disbursements shares of 21%.

The program with the least allocation and spending was the Women's Empowerment and Gender Equality Policy Development and Planning Program. This was the lone program of the PCW, a policymaking and coordinating body, with an average budget of PhP 0.08 billion and average spending of PhP 0.07 billion. It had an average total appropriations and disbursements shares of 70%.

On a year-by-year basis, 2019 recorded differences in the budget allocations ranging from PhP -5.60 billion (Promotive Social Welfare Program) to PhP 11.62 billion (Health Systems Strengthening Program), while 2020 recorded variations from PhP -6.57 billion (Health Systems Strengthening Program) to PhP 11.51 billion (Promotive Social Welfare Program). In terms of disbursements, in 2019, the Health Systems Strengthening Program experienced the largest decline at PhP -6.72 billion, while the Public Health Program recorded the highest increase at PhP 3.34 billion. In 2020, the Promotive Social Welfare Program registered the biggest year-by-year decrease at PhP -3.90 billion, while the Health Systems Strengthening Program recorded the highest increase at PhP 2.96 billion. The differences in allocations and spending were especially low for the programs of PCW and POPCOM since their budgets were relatively minimal.

Table 4. Tagging of agency programs and their corresponding appropriations according to SDG 5.6 (in billion pesos), FY 2018-2020

Agency Programs	SDG 5.6 Tags	2018 (A)	2019 (B)	2020 (C)	Diff. (B-A)	Diff. (C-B)	Ave.	Ave. % Share
Philippine Commission on Women								
General Administration and Support	✓	0.03	0.04	0.03	0.01	-0.01	0.04	30%
Operations								
Women's Empowerment and Gender Equality Policy Development and Planning Program	✓	0.08	0.09	0.07	0.02	-0.02	0.08	70%
Total		**0.11**	**0.13**	**0.11**	**0.03**	**-0.02**	**0.12**	**100%**
Commission on Population and Development								
General Administration and Support	✓	0.15	0.16	0.14	0.004	-0.02	0.15	31%
Operations								
Philippine Population Management Program	✓	0.34	0.32	0.35	-0.02	0.03	0.33	69%
Total		**0.49**	**0.47**	**0.48**	**-0.02**	**0.01**	**0.48**	**100%**
Department of Health-Office of the Secretary								
General Administration and Support	✓	8.78	8.30	6.64	-0.49	-1.66	7.91	9%
Support to Operation	✓	2.17	2.04	2.43	-0.13	0.39	2.21	2%
Operations								
Health Policy Standards Development Program		0.21	0.23	0.29	0.01	0.07	0.24	0%
Health Systems Strengthening Program	✓	14.27	25.90	19.33	11.62	-6.57	19.84	21%
Public Health Program	✓	19.59	17.46	17.52	-2.13	0.06	18.19	20%
Epidemiology and Surveillance Program		0.06	0.26	0.12	0.20	-0.15	0.15	0%
Health Emergency Management Program		0.82	0.77	0.83	-0.05	0.06	0.81	1%
Health Facilities Operations Program		27.52	32.50	42.03	4.97	9.54	34.02	37%
Health Regulatory Program		0.75	0.82	0.88	0.06	0.06	0.82	1%
HIV/AIDS Program[a/]	✓							
Total		**79.1**	**97.7**	**100.6**	**18.6**	**2.9**	**92.4**	**100%**
Department of Social Welfare and Development-Office of the Secretary								
General Administration and Support	✓	0.70	0.73	0.85	0.03	0.12	0.76	1%
Support to Operation	✓	0.88	3.83	1.21	2.95	-2.62	1.97	1%
Operations								
Promotive Social Welfare Program	✓	99.89	94.30	105.81	-5.60	11.51	100.00	68%
Protective Social Welfare Program		34.02	35.07	47.08	1.05	12.01	38.73	26%
Disaster Response and Management Program		4.90	3.50	4.09	-1.40	0.59	4.16	3%
Social Welfare and Development Agencies Regulatory Program		0.07	0.06	0.06	-0.01	-0.004	0.06	0%

Agency Programs	SDG 5.6 Tags	2018 (A)	2019 (B)	2020 (C)	Diff. (B-A)	Diff. (C-B)	Ave.	Ave. % Share
Social Welfare and Development Technical Assistance and Resource Augmentation Program	✓	0.93	1.01	1.00	0.08	-0.01	0.98	1%
Total		**141.40**	**138.49**	**160.10**	**-2.90**	**21.60**	**146.66**	**100%**

Source: GAA

[a/] In the indicative national government budget allocation and obligation for RPRH 2019 and 2020 found in the 7th RPRH-NIT Annual Report, the DOH indicated HIV/AIDS as a separate program. The proponents acknowledged the inclusion of HIV/AIDS as a program throughout the tagging exercise for SDG 5.6 to be consistent with the programs identified by DOH as contributing to RPRH. However, the budget and expenditure data on the HIV/AIDS program were incomplete; hence, the data were not included in the investment analysis.

Table 5. Tagging of agency programs and their corresponding disbursements according to SDG 5.6 (in billion pesos), FY 2018-2020

Agency Programs	SDG 5.6 Tags	2018 (D)	2019 (E)	2020 (F)	Diff. (E-D)	Diff. (F-E)	Ave.	Ave. % Share
Philippine Commission on Women								
General Administration and Support	✓	0.02	0.03	0.03	0.01	0.003	0.03	30%
Operations								
Women's Empowerment and Gender Equality Policy Development And Planning Program	✓	0.07	0.08	0.05	0.01	-0.03	0.07	70%
Total		**0.09**	**0.11**	**0.08**	**0.02**	**-0.03**	**0.09**	**100%**
Commission on Population and Development								
General Administration and Support	✓	*	0.15	0.13	-	-0.03	0.14	32%
Operations								
Philippine Population Management Program	✓	*	0.29	0.29	-	0.01	0.29	68%
Total		**0.00**	**0.45**	**0.42**	**-**	**-0.03**	**0.43**	**100%**
Department of Health-Office of the Secretary								
General Administration and Support	✓	4.45	4.58	6.17	0.13	1.59	5.07	8%
Support to Operation	✓	1.33	1.55	1.32	0.22	-0.23	1.40	2%
Operations								
Health Policy Standards Development Program		0.08	0.16	0.15	0.07	-0.003	0.13	0%
Health Systems Strengthening Program	✓	16.07	9.35	12.31	-6.72	2.96	12.58	21%
Public Health Program	✓	3.83	7.17	7.08	3.34	-0.10	6.03	10%
Epidemiology And Surveillance Program		0.03	0.17	0.08	0.14	-0.09	0.09	0%
Health Emergency Management Program		0.17	0.30	0.51	0.12	0.21	0.33	1%
Health Facilities Operations Program		24.92	30.97	36.64	6.05	5.67	30.84	49%

Agency Programs	SDG 5.6 Tags	2018 (D)	2019 (E)	2020 (F)	Diff. (E-D)	Diff. (F-E)	Ave.	Ave. % Share
Health Regulatory Program		0.68	0.79	0.80	0.11	0.01	0.76	1%
Social Health Protection Program		3.20	6.16	4.94	2.96	-1.22	4.77	8%
HIV/AIDS Program[a/]	✓							
Total		**54.8**	**61.2**	**70.0**	**6.4**	**8.8**	**62.0**	**100%**
Department of Social Welfare and Development-Office of the Secretary								
General Administration and Support	✓	0.80	0.61	0.62	-0.19	0.01	0.68	1%
Support To Operations	✓	0.28	1.12	0.55	0.84	-0.57	0.65	1%
Operations								
Promotive Social Welfare Program	✓	80.54	78.21	74.31	-2.33	-3.90	77.69	68%
Protective Social Welfare Program		28.54	34.29	34.15	5.76	-0.14	32.33	28%
Disaster Response and Management Program		2.54	2.24	3.06	-0.30	0.82	2.62	2%
Social Welfare and Development Agencies Regulatory Program		0.05	0.04	0.04	-0.01	-0.01	0.04	0%
Social Welfare And Development Technical Assistance And Resource Augmentation Program		0.85	0.94	0.92	0.09	-0.03	0.91	1%
Total		**113.61**	**117.46**	**113.64**	**3.85**	**-3.82**	**114.90**	**100%**

Source: SAAODB

[a/] In the indicative national government budget allocation and obligation for RPRH 2019 and 2020 found in the 7th RPRH-NIT Annual Report, the DOH indicated HIV/AIDS as a separate program. The proponents acknowledged the inclusion of HIV/AIDS as a program throughout the tagging exercise for SDG 5.6 to be consistent with the programs identified by DOH as contributing to RPRH. However, the budget and expenditure data on the HIV/AIDS program were incomplete; hence, the data were not included in the investment analysis.

* No reported disbursements for POPCOM in 2018

SDG 5.6 Budget Tagging Process

An extract of Template 1, which was used to tag PAPs and plot investments by SDG 5.6, is shown in Figure 7. Some notes to illustrate how data was added to and analyzed in the first template are provided below.

Figure 7. Screenshot of Template 1 for SDG 5.6, FY 2020

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		**SDG 5 Tagging**	
		SDG 5.6	**Remarks**
Philippine Commission on Women			
PREXC	**P/A/Ps in the 2020**		
Structure Category	**General Administration Support**	✓	The administrative costs of implementing PCW programs may be considered relevant to SDG 5.6.
Activity/Project	General Management and Supervision		
Activity/Project	Administration of Personal Benefits		
Structure Category	**Operations**		
Organizational Outcomes (OO)	**Gender-responsiveness of Government Policies, Plans and Programs Improved**		

1) Following the CCET experience, a quality assurance report can be prepared by the responsible agencies involved in the tagging process for review by planning and budget authorities, and oversight agencies. The review further validates the tagging process, the accuracy of the budget and expenditure figures used, and the alignment of the SDG targets and indicators with the national and agency indicator system. Finally, a review of the investments and actual outcomes validates the sensitivity of the tagging system in analyzing the effectiveness of expenditures in generating the desired outcomes.

2) The tagging decisions were informed by program documentation and validated by concerned agencies during consultations. These were listed in the remarks column of Template 1.

3) In the process of making tagging decisions, it was noted that, in most cases, SDG 5.6 accounted for a small share of budget line items. Weights were applied to disbursements of tagged PAPs to avoid overestimating the allocation for the gender-related objective. The approach used in identifying percentage weights is covered in bullets 5 to 9.

4) The methodology has stated that overhead costs (e.g., GAS, STO) can be distributed pro-rata across the program components of an agency. Among the budget line items under GAS and STO of concerned agencies, only the "Enhancement Partnership Against Hunger and Poverty - National Program Management Office" allocation for DSWD in 2020 was not tagged. It was pointed out during an agency consultation that this expenditure did not support the programs that address SDG 5.6.

5) As earlier mentioned in the methodology, when assigning weights to tagged expenditures, the level of relevance of a PAP to target 5.6 must, first, be determined. Then, a percentage weight can be identified. The latter step can be done in three ways, all of which have been utilized for different expenditures of concerned agencies.

6) The first option requires the disaggregation of the program into its components and their corresponding budget allocations. This option usually applies to big-ticket programs. Once the components that address SDG 5.6 are identified, the weight can be derived by finding the share of the relevant components in the total budget of the program. For instance, the DSWD provided a breakdown of the 4Ps budget. Using the disaggregated data, a weight was determined by solving for the percentage share of health from the total allocations for 4Ps in a given year.

7) The percentage weight can also be provided by the agency. In the case of POPCOM, the agency explicitly mentioned that around 60% of its operations budget addressed the implementation of the RPRH Law. It followed that the percentage weight for tagged expenditures was 60%.[6]

8) The third option adopts the Climate Budget Tagging (CBT). The framework included assigning a percentage weight of 100%, 50%, or 20% depending on the relevance of the PAP in supporting an SDG target. During an agency consultation, the PCW raised that only a small proportion of their budget allocations was used for policies and activities related to the RPRH Law, but they were not able to identify a particular weight. Using the CBT, each tagged PAP of PCW was assigned a weight of 20%.

9) The CBT was also used for the relevant budget allocations of DOH. The weight assigned to each PAPs of DOH was 20%. The categorization of PAPs was based on the annual reports produced by the RPRH-NIT.

10) A data gap has been identified in the SAAODB of POPCOM for 2018. In the agency's FAR No. 1, allocations were disaggregated by regions instead of program components.

Contribution of Agency Programs to SDG 5.6

The non-weighted public investments from 2018 to 2020 show that all agencies have the majority of their budget contributing to SDG 5.6, except DOH (See Table 5). POPCOM led the other agencies in supporting SDG 5.6 with an average percentage share of 69.17% and 67.78% of its budget going to allocation and spending, respectively, followed by PCW (58.40% and 56.14%), DSWD (65.06% and 65.70%), and DOH (20.87% and 11.19%).

[6] The same percentage weight is applied with the POPCOM PAPs tagged under the multiple tagging option for SDG 3.

Concerning the budget of agencies in absolute terms, DSWD contributed the most to SDG 5.6 with average total appropriations of PhP 95.98 billion and average total disbursements of 75.49 billion. These contributions greatly exceed those of DOH (PhP 19.43 billion and PhP 6.69 billion), POPCOM (PhP 0.33 billion and PhP 0.29 billion), and PCW (PhP 0.07 billion and PhP 0.05 billion). In terms of growth rate, only PCW recorded a negative annual average growth rate (AAGR) of GAA at -6.76%.

The AAGRs of GAA for DOH (24.82%) and DSWD (10.78%) were especially high. However, when it came to spending, all agencies, except POPCOM, incurred a negative AAGR of disbursements.

The DOH incurred the lowest AAGR of disbursements at -23.54%. It was followed by PCW (-13.24%) and DSWD (-3.56%). There were no reported disbursements for POPCOM in 2018; thus, POPCOM was not included in the three-year analysis of relevant agency spending.

Table 6. Non-weighted contribution of Agency PAPs to SDG 5.6 (in billion pesos), FY 2018-2020

Agency	Appropriations						Disbursements					
	2018	2019	2020	Ave.	Ave. % Share	AAGR	2018	2019	2020	Ave.	Ave. % Share	AAGR
PCW	0.0698	0.0753	0.0592	0.0681	58.40%	-6.76%	0.0565	0.0644	0.0383	0.0531	56.14%	-13.24%
POPCOM	0.3401	0.3151	0.3460	0.3337	69.17%	1.23%	-	0.2922	0.2933	0.2927	67.78%	0.36%
DOH-OSEC	14.3796	25.9402	17.9613	19.4270	20.87%	24.82%	9.5729	5.3160	5.1768	6.6886	11.19%	-23.54%
DSWD-OSEC	89.4083	89.7523	108.7660	95.9755	65.06%	10.78%	77.6141	76.7156	72.1431	75.4910	65.70%	-3.56%

Source: GAA, SAAODB

When weights are factored into the investment analysis, a more realistic picture of the allocation and spending estimates for each agency emerges (See Table 7).

From 2018 to 2020, POPCOM posted the highest average share in total appropriations at 41.50% and disbursements at 40.67%. It was followed by DSWD (22.58% and 22.71%), PCW (11.68% and 11.23%), and DOH (4.17% and 2.24%). In terms of the actual budget, DSWD had allocated (PhP 33.42 billion) and spent (PhP 26.10 billion) the highest, on average, among the agencies. DOH came next in the level of appropriations and disbursements (PhP 3.89 and PhP 1.34) and then followed by POPCOM (PhP 0.20 and 0.18) and PCW (PhP 0.0136 and 0.0106).

Regarding the growth rate, the AAGRs are similar in Table 6 and Table 7 for all agencies except DSWD. As for DSWD, its AAGR of GAA (20.72%) almost doubled, as it recorded a positive AAGR of disbursements (5.53%). The variance was caused by the method used in identifying percentage weights for big-ticket projects (See step no. 5 of Methodology in page 39).

Table 7. Weighted contribution of Agency PAPs to SDG 5.6 (in billion pesos), FY 2018-2020

Agency	Appropriations						Disbursements					
	2018	2019	2020	Ave.	Ave. % Share	AAGR	2018	2019	2020	Ave.	Ave. % Share	AAGR
PCW	0.0140	0.0151	0.0118	0.0136	11.68%	-6.76%	0.0113	0.0129	0.0077	0.0106	11.23%	-13.24%
POPCOM	0.2040	0.1891	0.2076	0.2002	41.50%	1.23%	-	0.1753	0.1760	0.1756	40.67%	0.36%
DOH-OSEC	2.8759	5.1880	3.5923	3.8854	4.17%	24.82%	1.9146	1.0632	1.0354	1.3377	2.24%	-23.54%
DSWD-OSEC	27.9401	31.7441	40.5743	33.4195	22.58%	20.72%	24.2544	27.1332	26.9125	26.1000	22.71%	5.53%

Source: GAA, SAAODB

SDG 5.6 Investments and Outcomes

In total, there were 18 organizational outputs and outcomes tracked under SDG 5.6 for PCW, POPCOM, DOH, and DSWD (See Appendix G). For illustrative purposes, only seven indicators directly associated with the outcome areas of the RPRH law in the country are presented in Table 7.[7] The indicators of interest consist of four indicators of POPCOM and three indicators of DOH. It must be noted, however, that POPCOM and DOH share two of these indicators, namely modern contraceptive prevalence rate and percentage of adolescent birth rate (for ages 10-14 years; ages 15-19 years) per 1000 women in that age group. The unique indicators of POPCOM are the number and percentage of couples reached by responsible parenthood (RP) or family planning (FP) classes and the number and percentage of adolescents and youth provided with ASRH information.

On the other hand, the distinct indicator of DOH is the percentage of anti-retroviral treatment (ART) eligible for People Living With HIV (PLHIV) on ART.

Out of a total of the seven indicators of interest, only the two indicators of POPCOM have the data during the reference period of the study (See Table 7). These indicators showed significant improvements from 2018 to 2020. One of which (number and percentage of adolescents and youth provided with Adolescent Sexual and Reproductive Health (ASRH) information) expanded by 1009%. The initial figure was 30,947 units in 2018 before it rose to 343,098 in 2020.

The other indicator (number and percentage of couples reached by responsible parenthood or family planning classes) grew by 30%. From 890,597 units in 2018, the baseline figure increased to 1,159,767 units in 2020. The association between the performance indicators and agency investment could not be determined due to a lack of spending data in 2018. As for the other five indicators, negative growth has been recorded when comparing the baseline figures and latest accomplishments.

Table 8. SDG 5.6 Investments and Performance Indicators, FY 2018-2020

Indicator of Interest	SDG Targets and Indicators	With Weights			Base-line (A)	Target /a (B)	Latest Ac-compl-ish-ment (C)	% Inc./ Dec. (C-A)/A
		Disb. 2018	Disb. 2019	Disb. 2020	Data (Year)	Data (Year)	Data (Year)	
Commission on Population and Development								
		*	0.175	0.176				
Modern contraceptive prevalence rate	5.6.1				47% 2017	65% 2022	40% 2017	-14%
Percentage of adolescent birth rate (for ages 10-14 years; ages 15-19 years) per 1000 women in that age group	5.6.1				57% 2013	37% 2022	47% 2017	-18%
Number and percentage of couples reached by RP/FP Classes	5.6.1				890,597 2018	**	1,159,767 2020	30%
Number and percentage of adolescents and youth provided with ASRH information	5.6.1				30,947 2018	**	343,098 2020	1009%

[7] For illustrative purposes, indicators of interest were identified using the annual reports on the implementation of the Philippine RPRH Act of 2012 (See Table 7). These indicators refer to outcomes that are directly associated with the key result areas of the RPRH law that have been used to justify tagging decisions. The following outcome areas were used to select the indicators of interest: maternal, neonatal, child health and nutrition; family planning; adolescent sexual and reproductive health; and sexually transmitted infections and HIV/AIDS.

Indicator of Interest	SDG Targets and Indicators	With Weights			Base-line (A)	Target /a (B)	Latest Ac-compl-ish-ment (C)	% Inc./ Dec. (C-A)/A
		Disb. 2018	Disb. 2019	Disb. 2020	Data (Year)	Data (Year)	Data (Year)	
Department of Health-Office of the Secretary								
		1.91	1.06	1.04				
Modern contraceptive prevalence rate	5.6.1				38% 2013	65% 2022	26% 2020	-31%
Percentage of adolescent birth rate (for ages 10-14 years; ages 15-19 years) per 1000 women in that age group	5.6.1				57% 2013	37% 2022	47% 2017	-18%
Percentage of Anti-Retroviral Treatment (ART) eligible PLHIV on ART	5.6.1				53% 2016	**	43% 2020	-19%

Source: SAAODB, PSA's SDG Watch, PDP 2017-2022 RM (initial and enhanced versions), BAR No. 1

a/ Enhanced PDP RM Annual Plan Target

* No reported disbursements for POPCOM in 2018
** No Enhanced PDP RM Indicator matched the indicator from BAR No. 1

SDG 5.6 Process of Linking Budgets to Outcomes

Template 2 was developed to determine which indicators from the PDP RM and agency BAR No. 1 were related to specific SDG targets and indicators. It extended the tagging exercise from tracking relevant PAPs and their budgets (See Template 1) to identifying relevant organizational outputs and outcomes. A snippet of Template 2, as well as some notes on the process of linking SDGs to agency indicators, are presented below.

Figure 8. Screenshot of Template 2 for SDG 5.6, FY 2018-2020

SDG 5.6 Targets, Indicators and Agency Performance

Philippine Statistics Authority (PSA) Data

Goals/Targets/Indicators		Baseline		Latest		Target 2		Data Source Agency
		Data	Year	Data	Year	Data	Year	
Target 5.6	**Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform of Action and the outcome documents of their review conferences**							
5.6.1	Proportion of women aged 15-49 years who make their own informed decisions regarding sexual relations, contraceptive use, and reproductive health care							

1) The template had three sections: PSA Data, PDP 2017-2022 Results Matrix, and Agency Status of Implementation. Each section contained the baselines, targets, and latest accomplishments for each indicator (i.e., SDG indicators, agency indicators), except for the second section, which only included baselines and targets.

2) Sections 1 to 3 have their corresponding data source. These sources were the PSA's SDG Watch, PDP 2017-2022 RM (initial and enhanced versions), and agency BAR No. 1, respectively.

3) The PSA's SDG Watch was used to fill out the first section of Template 2. However, this source only contained data on the indicators that were included in the Philippine SDG indicator system. Since 5.6.1 was excluded from the system, only baseline, latest accomplishment, and target figures for 5.6.2 were available in the report.

4) The performance indicators of PCW, POPCOM, DOH, and DSWD that were relevant to SDG indicators, 5.6.1 and 5.6.2, were culled from the PDP 2017-2022 RM and agency BAR No. 1. The data from these reports were used to fill out sections 2 and 3 of Template 2.

5) During the tracking of relevant indicators, it was noted that targets 5.6 (ensure universal access to sexual and reproductive health and reproductive rights) and 3.7 (ensure universal access to sexual and reproductive health care services) covered similar key result areas. Thus, in tracking relevant outcomes and outputs, target 3.7 was used as a proxy indicator of 5.6, wherein agency indicators relevant to 3.7 were tagged under 5.6.

6) To demonstrate the association between SDG indicators and agency outputs and outcomes, the performance indicators from each section were placed adjacent to the SDG indicator to which they corresponded.

2.6.1.b. SDG 4

SDG 4, its corresponding targets and the means of implementation, aim to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all." SDG 4 is composed of seven (7) outcome targets and three (3) means of implementation. This tagging exercise will focus on Basic Education that is implemented mainly by the Department of Education (DepEd).

SDG 4 Budget and Expenditure

The budget and spending levels on basic education have generally been increasing since 2015 when the SDGs were officially adopted with the Philippine Government committing to all SDGs and most of its targets. In 2015, DepEd was allocated a budget of P319.2 billion, which increased to P591.2 billion by 2022 for an average increment of 10.1% per year.

Table 9. Annual appropriations of DepEd-OSEC (in billion pesos), FY 2015-2022

Year	2015	2016	2017	2018	2019	2020	2021	2022
DepEd (OSEC) Budget in billions	319.2	410.4	543.2	552.5	500.2	520.3	556.4	591.2

During the three-year period covered in this study, however, a decreasing trend in the budget (DepEd-OSEC) was noted - from P552.5 billion in 2018, taking a dip in 2019 to P500.3 billion, before slightly increasing to P520.3 in 2020. Nonetheless, actual disbursements during the same period increased from P423.7 billion in 2018, to P470.8 billion and P461.0 billion in 2019 and 2020, respectively.

Table 10. Annual appropriations and disbursement of DepEd-OSEC (in billion pesos), FY 2018-2020

Department of Education Budget & Disbursement	2018	2019	2020
Authorized Appropriation (GAA)	552.5	500.2	520.3
Total Current Year Disbursements	423.7	470.8	461.0

Detailed Budget and Disbursement by Program

Tables 10 to 12 present a summary of Template 1 for SDG 4 which shows the DepEd programs for the period 2018-2020 indicating the specific SDG 4 targets to which the programs contribute to, and the corresponding authorized allocation under the GAA and total disbursements for the current year. The corresponding percent shares of the program are also shown in the tables.

The largest allocation went to schools and learners program covering K-12, as well as government assistance and subsidies with a total budget share of 83.5% in 2020 and actual disbursement share of 90.6% during the same year. This program contributes to most of the SDG targets, specifically, SDG 4.1, 4.3, 4.5, 4.6, 4.A and 4.C. In contrast, during the same year, inclusive education program, which caters to SDG 4.5 and 4.6, received a total budget share of 0.23% and actual disbursement of 0.09%. The low spending level may be partly due to COVID 19 which hit the country starting March 2020. Nonetheless, the figures for both 2018 and 2019 present similar allocation and disbursement patterns.

The next tables will further slice the budget allocations and disbursements by SDG 4 targets.

Table 11. Tagging of DepEd programs, appropriations and disbursements, and the corresponding SDG 4 Targets to which the programs contribute to (in billion pesos), FY 2018

Department of Education (DepEd) Programs 2018	SDG 4 Tags	Authorized Appropriation (GAA)	% Share	Total Current Year Disbursements	% Share
General Administration and Support	SDG 4 General	26.16	4.74%	18.45	4.33%
Support to Operations	SDG 4, 4.A	3.35	0.61%	2.55	0.60%
Operations					
Education Policy Development Program	4.1, 4.5, 4.6	7.24	1.31%	7.12	1.67%
Basic Education Inputs Program	4.1, 4.3, 4.5, 4.6, 4.A	169.08	30.60%	38.95	9.14%
Inclusive Education Program	4.4, 4.5, 4.6	1.25	0.23%	0.90	0.21%
Of which: 5. Flexible Learning Options	4.6	0.53	0.10%	0.35	0.08%
Support to Schools and Learners Program	4.1, 4.3, 4.5, 4.6, 4.A, 4.C	342.01	61.90%	355.76	83.50%
Of which: 1.1 Elementary [k - Grade 6]	4.1, 4.3, 4.5, 4.6. 4.A, 4.C	193.39	35.00%	206.14	48.38%
1.2 Junior High School [Grades 7-10]	4.1, 4.3, 4.5, 4.6. 4.A, 4.C	97.49	17.64%	103.55	24.31%
1.3 Senior High School [Grades 11-12]	4.1, 4.3, 4.5, 4.6. 4.A, 4.C	14.14	2.56%	14.62	3.43%
2. Government Assistance and subsidies:	4.1, 4.3	25.11	4.54%	22.05	5.18%
Education HRD Program	SDG 4, 4.C	3.42	0.62%	2.32	0.54%
Total		**552.52**	**100%**	**426.05**	**100.%**

Table 12. Tagging of DepEd programs, appropriations and disbursements, and the corresponding SDG 4 Targets to which the programs contribute to (in billion pesos), FY 2019

Department of Education (DepEd) Programs 2019	SDG 4 Tags	Authorized Appropriation (GAA)	% Share	Total Current Year Disbursements	% Share
General Administration and Support	SDG 4 General	13.93	2.79%	10.51	2.23%
Support to Operations	SDG 4, 4.A	3.61	0.72%	3.12	0.66%
Operations					

Department of Education (DepEd) Programs 2019	SDG 4 Tags	Authorized Appropriation (GAA)	% Share	Total Current Year Disbursements	% Share
Education Policy Development Program	4.1, 4.5, 4.6	7.93	1.58%	7.91	1.68%
Basic Education Inputs Program	4.1, 4.3, 4.5, 4.6, 4.A	77.73	15.54%	39.68	8.40%
Inclusive Education Program	4.4, 4.5, 4.6	1.22	0.24%	0.63	0.13%
Of which: 5. Flexible Learning Options	4.6	0.71	0.14%	0.24	0.05%
Support to Schools and Learners Program	4.1, 4.3, 4.5, 4.6, 4.A, 4.C	393.87	78.73%	408.72	
Of which: 1.1 Elementary [k - Grade 6]	4.1, 4.3, 4.5, 4.6. 4.A, 4.C	209.32	41.84%	225.33	47.72%
1.2 Junior High School [Grades 7-10]	4.1, 4.3, 4.5, 4.6. 4.A, 4.C	110.17	22.02%	117.39	24.86%
1.3 Senior High School [Grades 11-12]	4.1, 4.3, 4.5, 4.6. 4.A, 4.C	27.13	5.42%	28.54	6.04%
2. Government Assistance and subsidies:	4.1, 4.3	30.96	6.19%	27.66	5.86%
Education HRD Program	SDG 4, 4.C	1.97	0.39%	1.62	0.34%
Total		**500.27**	**100%**	**472.19**	**100%**

Table 13. Tagging of DepEd programs, appropriations and disbursements, and the corresponding SDG 4 Targets to which the programs contribute to (in billion pesos), FY 2020

Department of Education (DepEd) Programs 2020	SDG 4 Tags	Authorized Appropriation (GAA)	% Share	Total Current Year Disbursements	% Share
General Administration and Support	SDG 4 General	8.14	1.56%	11.64	2.51%
Support to Operations	SDG 4, 4.A	3.66	0.70%	2.45	0.53%
Operations					
Education Policy Development Program	4.1, 4.5, 4.6	7.88	1.51%	7.35	1.59%
Basic Education Inputs Program	4.1, 4.3, 4.5, 4.6, 4.A	62.84	12.08%	21.24	4.58%
Inclusive Education Program	4.4, 4.5, 4.6	1.18	0.23%	0.41	0.09%
Of which: 5. Flexible Learning Options	4.6	0.60	0.12%	0.18	0.04%
Support to Schools and Learners Program	4.1, 4.3, 4.5, 4.6, 4.A, 4.C	434.57	83.53%	419.81	90.61%
Of which: 1.1 Elementary [k - Grade 6]	4.1, 4.3, 4.5, 4.6. 4.A, 4.C	227.35	43.70%	229.72	49.58%
1.2 Junior High School [Grades 7-10]	4.1, 4.3, 4.5, 4.6. 4.A, 4.C	122.91	23.62%	123.56	26.67%
1.3 Senior High School [Grades 11-12]	4.1, 4.3, 4.5, 4.6. 4.A, 4.C	32.43	6.23%	32.34	6.98%
2. Government Assistance and subsidies:	4.1, 4.3	35.43	6.81%	26.23	5.66%
Education HRD Program	SDG 4, 4.C	2.01	0.39%	0.42	0.09%
Total		**500.27**	**100%**	**472.19**	**100%**

SDG 4 Budget Tagging Process

As discussed in the methodology and as elaborated further in the appendices, Template 1, as illustrated below and as presented in full in Appendix G, links the agency PREXC with the SDG targets for each selected goal, and with the corresponding budget allocations and expenditures culled from the NEP, GAA, and the agency SAAODB.

Below is a screenshot of Template 1 for SDG 4 for 2020. As mentioned, the complete Template 1 for the reference period 2018-2020 is located in the said appendix.

Figure 9. Screenshot of SDG 4 Template 1 showing the tags made by SDG 4 targets

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		PDP 2017-2022 Results Matrix	Agency Target Matrix	SDG 4 Tagging												
				SDG 4	SDG 4.1	SDG 4.2	SDG 4.3	SDG 4.4	SDG 4.5	SDG 4.6	SDG 4.7*	SDG 4A	SDG 4B*	SDG 4C	SDG Indicator/s	Remarks
PREXC Program	**Basic Education Inputs Program**															**more on access (4.3?) except LTE**
Activity/ Line Item	1. New School Personnel Positions				✓					✓				✓		4.6 Tag for review/validation; revisit title of the budget item (PS)
Activity/ Line Item	2. Improvement and Acquisition of School Sites						✓					✓				also SDG 4.3; SDG 4.A
Activity/ Line Item	3. Basic Education Facilities						✓					✓				also SDG 4.3; SDG 4.A
Activity/ Line Item	4. Textbooks and other Instructional Materials				✓					✓						4.6 Tag for review/validation - ask about literacy and numeracy programs - community based
Activity/ Line Item	5. Computerization Program				✓					✓						4.6 Tag for review/validation - ask about literacy and numeracy programs - community based; SDG 4.A
Activity/ Line Item	6. Learning Tools and Equipment				✓					✓						4.6 Tag for review/validation - ask about literacy and numeracy programs - community based; addressing quality (remove 4.6 - PS)
Activity/ Line Item	7. Conservation and restoration of Gabaldon and other heritage school buildings						✓				✓					4.7 Tag for review/validation - check - culture, global; citizenship; also SDG 4.3

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		PDP 2017-2022 Results Matrix	Agency Target Matrix	SDG 4 Tagging												
				SDG 4	SDG 4.1	SDG 4.2	SDG 4.3	SDG 4.4	SDG 4.5	SDG 4.6	SDG 4.7*	SDG 4A	SDG 4B*	SDG 4C	SDG Indicator/s	Remarks
PREXC Program	**Inclusive Education Program**															**all PPAs tag also to 4.1 (PS)**
Activity/ Line Item	1. Madrasah Education Program				✓				✓		✓					
Activity/ Line Item	2. Indigenous Peoples Education (IPEd) Program				✓				✓		✓					
Locally-Funded Project	3. Special Education Program				✓				✓		✓					
Locally-Funded Project	4. Multigrade Education				✓				✓		✓					
Locally-Funded Project	5. Flexible Learning Options				✓				✓	✓	✓					also 4.6 (PS)
Locally-Funded Project	5.1 Alternative Learning Systems (ALS)				✓			✓	✓		✓					
Locally-Funded Project	5.2 Alternative Delivery Modes (ADM)				✓			✓	✓		✓					
Locally-Funded Project	5.3 Education in emergencies (EiE)				✓				✓		✓					
PREXC Program	**Support to Schools and Learners Program**															
Activity/ Line Item	1. Operations of Schools (formerly School MOOE)				✓											
Activity/ Line Item	1.1 Elementary [kinder to Grade 6]				✓											
Activity/ Line Item	1.2 Junior High School [Grades 7-10]				✓											

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		PDP 2017-2022 Results Matrix	Agency Target Matrix	SDG 4 Tagging												
				SDG 4	SDG 4.1	SDG 4.2	SDG 4.3	SDG 4.4	SDG 4.5	SDG 4.6	SDG 4.7*	SDG 4A	SDG 4B*	SDG 4C	SDG Indicator/s	Remarks
Activity/ Line Item	1.3 Senior High School [Grad+B14:B27es 11-12]				✓			✓								
Activity/ Line Item	2. Government Assistance and subsidies:				✓											Neutral tag for PPPs in schools?
Activity/ Line Item	2.1 ESC Program for Private JHSs				✓											okay with 4.1 (PS)
Activity/ Line Item	2.2 Voucher Program for Private SHSs				✓											okay with 4.1 (PS)
Activity/ Line Item	2.3 Voucher Program for Non-DepEdPublic SHSs				✓											okay with 4.1 (PS)
Activity/ Line Item	3. Joint Delivery Voucher for Senior High School				✓											okay with 4.1 (PS)
Activity/ Line Item	4. School-Based Feeding Program				✓	✓								✓		SDG 2, 3
Activity/ Line Item	5. Implementation of the Grant of Cash allowance, Hardship Pay, Equivalent Record Form (ERF), Conversion to Master Teacher (MT) and Reclassification of Positions				✓											also 4.1 (PS)

*Figure 10. Screenshot of the Continuation of SDG 4 Template 1**

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		National Expenditure Program	Authorized Authorization (GAA)	Adjusted Appropriations	Adjusted Total Allotments	Total Current Year Obligations	Total Current Year Disbursements
PREXC Program	**Basic Education Inputs Program**						
Activity/ Line Item	1. New School Personnel Positions	15,103,110,000.00	15,103,110,000.00	17,397,447,246.57	17,236,048,481.57	15,865,231,744.56	14,793,666,978.85
Activity/ Line Item	2. Improvement and Acquisition of School Sites	145,227,000.00	145,227,000.00	167,414,291.66	167,414,291.66	74,317,673.40	34,825,948.49
Activity/ Line Item	3. Basic Education Facilities	36,006,094,000.00	29,506,094,000.00	11,869,934,657.90	11,369,213,265.90	10,485,703,704.49	4,461,766,738.42
Activity/ Line Item	4. Textbooks and other Instructional Materials	963,257,000.00	963,257,000.00	2,705,559,875.25	2,705,559,875.25	1,856,553,135.08	401,064,534.02
Activity/ Line Item	5. Computerization Program	8,993,994,000.00	4,820,591,000.00	5,156,175,695.98	5,156,175,695.98	3,457,988,156.87	1,455,570,413.85
Activity/ Line Item	6. Learning Tools and Equipment	2,719,309,000.00	2,707,909,000.00	1,045,266,535.13	1,045,266,535.13	1,038,917,935.38	0.00
Activity/ Line Item	7. Conservation and restoration of Gabaldon and other heritage school buildings	383,965,000.00	1,000,000,000.00	1,117,407,814.94	501,372,814.94	420,389,899.67	93,657,748.23
PREXC Program	**Inclusive Education Program**						
Activity/ Line Item	1. Madrasah Education Program	340,697,000.00	340,697,000.00	279,574,771.53	279,574,771.53	222,845,932.99	182,449,198.98
Activity/ Line Item	2. Indigenous Peoples Education (IPEd) Program	112,644,000.00	112,644,000.00	116,817,828.28	116,817,828.28	91,935,076.90	48,138,996.96
Locally-Funded Project	3. Special Education Program		107,000,000.00	0.00	0.00	0.00	0.00
Locally-Funded Project	4. Multigrade Education	21,872,000.00	21,872,000.00	5,903,658.04	5,903,658.04	2,664,876.61	555,639.71
Locally-Funded Project	5. Flexible Learning Options	600,625,000.00	600,625,000.00	833,758,912.87	794,131,512.87	451,905,695.96	178,492,326.64

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		National Expenditure Program	Authorized Authorization (GAA)	Adjusted Appropriations	Adjusted Total Allotments	Total Current Year Obligations	Total Current Year Disbursements
Locally-Funded Project	5.1 Alternative Learning Systems (ALS)						
Locally-Funded Project	5.2 Alternative Delivery Modes (ADM)						
Locally-Funded Project	5.3 Education in emergencies (EiE)						
PREXC Program	**Support to Schools and Learners Program**						
Activity/ Line Item	1. Operations of Schools (formerly School MOOE)		414,156,838,000.00	391,146,236,796.38	391,128,887,769.38	388,784,738,018.75	385,614,061,706.07
Activity/ Line Item	1.1 Elementary [kinder to Grade 6]	227,043,596,000.00					
Activity/ Line Item	1.2 Junior High School [Grades 7-10]	112,544,696,000.00					
Activity/ Line Item	1.3 Senior High School [Grades 11-12]	32,482,066,000.00					
Activity/ Line Item	2. Government Assistance and subsidies:						
Activity/ Line Item	2.1 ESC Program for Private JHSs	10,673,583,000.00	10,947,374,000.00	11,095,047,309.34	11,095,047,309.34	11,095,047,309.34	7,291,924,528.51

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		Balances			Variance: Appro viz NEP	Variance: Appro viz NEP %	Obligation Rate %	Disbursement Rate %
		Unreleased Appropriation	Unobligated Allotment	Unpaid Obligations				
PREXC Program	**Basic Education Inputs Program**							
Activity/ Line Item	1. New School Personnel Positions	161,398,765.00	1,370,816,737.01	1,071,564,765.71	2,294,337,246.57	15.19%	92.05%	93.25%
Activity/ Line Item	2. Improvement and Acquisition of School Sites	0.00	93,096,618.26	39,491,724.91	22,187,291.66	15.28%	44.39%	46.86%
Activity/ Line Item	3. Basic Education Facilities	500,721,392.00	883,509,561.41	6,023,936,966.07	-24,136,159,342.10	-67.03%	92.23%	42.55%
Activity/ Line Item	4. Textbooks and other Instructional Materials	0.00	849,006,740.17	1,455,488,601.06	1,742,302,875.25	180.88%	68.62%	21.60%
Activity/ Line Item	5. Computerization Program	0.00	1,698,187,539.11	2,002,417,743.02	-3,837,818,304.02	-42.67%	67.06%	42.09%
Activity/ Line Item	6. Learning Tools and Equipment	0.00	6,348,599.75	1,038,917,935.38	-1,674,042,464.87	-61.56%	99.39%	0.00%
Activity/ Line Item	7. Conservation and restoration of Gabaldon and other heritage school buildings	616,035,000.00	80,982,915.27	326,732,151.44	733,442,814.94	191.02%	83.85%	22.28%
PREXC Program	**Inclusive Education Program**							
Activity/ Line Item	1. Madrasah Education Program	0.00	56,728,838.54	40,396,734.01	-61,122,228.47	-17.94%	79.71%	81.87%
Activity/ Line Item	2. Indigenous Peoples Education (IPEd) Program	0.00	24,882,751.38	43,796,079.94	4,173,828.28	3.71%	78.70%	52.36%
Locally-Funded Project	3. Special Education Program	0.00	0.00	0.00	0.00		0.00%	0.00%
Locally-Funded Project	4. Multigrade Education	0.00	3,238,781.43	2,109,236.90	-15,968,341.96	-73.01%	45.14%	20.85%
Locally-Funded Project	5. Flexible Learning Options	39,627,400.00	342,225,816.91	273,413,369.32	233,133,912.87	38.82%	56.91%	39.50%

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		Balances			Variance: Appro viz NEP	Variance: Appro viz NEP %	Obligation Rate %	Disbursement Rate %
		Unreleased Appropriation	Unobligated Allotment	Unpaid Obligations				
Locally-Funded Project	5.1 Alternative Learning Systems (ALS)							
Locally-Funded Project	5.2 Alternative Delivery Modes (ADM)							
Locally-Funded Project	5.3 Education in emergencies (EiE)							
PREXC Program	**Support to Schools and Learners Program**							
Activity/ Line Item	1. Operations of Schools (formerly School MOOE)	17,349,027.00	2,344,149,750.63	3,170,676,312.68	391,146,236,796.38		99.40%	99.18%
Activity/ Line Item	1.1 Elementary [kinder to Grade 6]							
Activity/ Line Item	1.2 Junior High School [Grades 7-10]							
Activity/ Line Item	1.3 Senior High School [Grades 11-12]							
Activity/ Line Item	2. Government Assistance and subsidies:	0.00	0.00	0.00	0.00			
Activity/ Line Item	2.1 ESC Program for Private JHSs	0.00	0.00	3,803,122,780.83	421,464,309.34	3.95%	100.00%	65.72%

* The continuation shows the Agency SAAODB with budgets and disbursement figures for each of the DepEd programs

Notes on the tagging exercise for SDG 4:

1) As explained in the methodology, a multiple tagging approach was used since one particular program may contribute to several SDG 4 targets.

2) In the tagging exercise, the check mark "/" represents tags that are mainly contributing to a particular SDG target. Additionally, the letter "S" is used if the same program contributes to several other SDG targets (in cases of multiple tags), where the letter "S" indicates secondary or complementary tag.

3) As explained by DepEd, practically all programs and interventions that contribute to access and enrollment rate under SDG 4.3, also contribute to quality education under SDG 4.1. For these programs, we tag both SDG 4.1 and 4.3.

4) In consultation with DepEd, programs that contribute to several SDG targets were identified as follows:

    - New School Personnel Positions
    - Improvement and Acquisition of School Sites
    - Basic Education Facilities
    - Textbooks and other Instructional Materials
    - Computerization Program
    - Learning Tools and Equipment

While these programs contribute mainly to SDG 4.1 (using check mark "/" as tag), they also contribute SDG 4.5 and 4.6 (using S as secondary tags).

Notes in developing the summary tables:

1) Personnel Services (PS) constitute the bulk of the budget of most programs of DepEd. Under the GAA, the PS has separate budget lines under the different programs of the department. For example, the bulk of the budget for Support to Schools and Learners Program are accounted for by allocation for PS.

2) Other DepEd programs, however, such as Flexible Learning Options, have no allocations for Personnel Services. To better capture the total investments for such programs with no PS allocations, the PS budget for Support to Schools and Learners Program shall be distributed pro-rata to these programs,

3) The summary tables present several options which the concerned agencies can use in analyzing the investments corresponding to particular SDG targets and outcomes. In Table 13, columns 3, 4 & 5 present the investment level for the corresponding SDG 4 targets using single tags. For this option, a number of programs that contribute to two or more SDG 4 targets will just be tagged generally under SDG 4.

4) Columns 6, 7 & 8 show the investment level for the SDG 4 targets using multiple tags and with the allocation for PS distributed pro-rata to the different educational services provided by the department. Columns 8 & 9 show the investment level and percent share of the SDG 4 targets with the overhead costs, specifically GAS and STO, distributed pro-rata across the different programs of DepEd.

Table 14. Single and multiple/weighted contribution of DepEd PAPs to SDG 4 Targets (in billion pesos), FY 2018-2020

DepEd-OSEC 2018		SINGLE TAGS (Amounts in Billion Pesos)			MULTIPLE TAGS/PRO-RATA (Amounts in Billion Pesos)			
SDG 4 TARGETS	# of Single Tags	Total GAA	Percent Share in GAA	Total Disbursements	Pro-Rata Distribution of (PS) across education components (1)	Pro-Rata Distribution of Basic Inputs to education components (2)	Pro-Rata Distribution of Overhead Cost (GAS and STO mainly) to education components (3)	Percent Share in Total Disb. after pro rata distribution of PS, Inputs and Overhead
4	17	70.82	13.53%	50.92	50.92	50.92		
4.1	20	402.42	76.89%	387.64	380.90	390.08	406.52	95.95%
4.2	0	0.00	0.00%	0.00	0.00	0.00	0.00	0.00%
4.3	3	47.03	8.99%	8.42	8.42	8.42	8.78	2.07%
4.4	0	0.00	0.00%	0.00	0.00	0.00	0.00	0.00%
4.5	7	2.42	0.46%	0.55	3.84	3.94	4.10	0.97%
4.6	3	0.70	0.13%	0.57	4.01	4.11	4.28	1.01%
4.7*	0	0.00	0.00%	0.00	0.00	0.00	0.00	0.00%
TOTAL	**50**	**523.39**	**100.00%**	**448.11**	**448.11**	**457.47**	**423.68**	**100.00%**
MOI								
4A	6	39.88		28.55	28.55	28.55	28.55	6.74%
4B*	0	0.00		0.00	0.00	0.00	0.00	
4C	5	18.81		10.05	10.05	10.05	10.05	2.37%
DepEd-OSEC 2019								
4	17	39.91	7.84%	33.99	33.99	33.99		
4.1	20	434.15	85.33%	441.86	436.58	436.43	469.36	96.89%
4.2	0	0.00	0.00%	0.00	0.00	0.00	0.00	0.00%
4.3	3	33.19	6.52%	7.65	7.65	7.65	8.23	1.70%
4.4	0	0.00	0.00%	0.00	0.00	0.00	0.00	0.00%
4.5	7	0.52	0.10%	0.38	2.55	2.62	2.82	0.58%
4.6	3	1.04	0.21%	0.55	3.65	3.74	4.03	0.83%
4.7*	0	0.00	0.00%	0.00	0.00	0.00	0.00	0.00%
TOTAL	**50**	**508.82**	**100.00%**	**484.43**	**484.43**	**484.43**	**484.43**	**100.00%**
MOI								
4A	6	31.97		7.44	7.44	7.44	7.44	1.54%
4B*	0	0.00		0.00	0.00	0.00	0.00	
4C	5	2.48		2.06	2.06	2.06	2.06	0.42%
DepEd-OSEC 2020								
4	17	33.85	6.61%	17.14	17.14	17.14		
4.1	20	457.21	89.31%	438.75	435.74	435.69	452.51	98.16%
4.2	0	0.00	0.00%	0.00	0.00	0.00	0.00	0.00%
4.3	3	17.96	3.51%	4.59	4.59	4.59	4.77	1.03%
4.4	0	0.00	0.00%	0.00	0.00	0.00	0.00	0.00%
4.5	7	2.34	0.46%	0.23	1.56	1.58	1.64	0.36%
4.6	3	0.59	0.12%	0.29	1.97	2.00	2.07	0.45%
4.7*	0	0.00	0.00%	0.00	0.00	0.00	0.00	0.00%
TOTAL	**50**	**511.95**	**100.0%**	**461.00**	**461.00**	**461.00**	**461.00**	**100.00%**
MOI								
4A	6	2.36		4.79	4.79	4.79	4.79	1.04%
4B*	0	0		0	0	0	0	
4C	5	4.69		0.61	0.61	0.61	0.61	0.13%

1 PS component embedded in Operations of Schools (formerly School MOOE) for K-12, Education Human Resource Development, and New Personnel Hires which were initially tagged under SDG 4.1 is distributed pro rata to SDG 4.1, 4.5, and 4.6
2 Basic Education Component Programs, except New Personnel Hires, is distributed pro rata to SDG 4.1, 4.5, and 4.6
3 Overhead cost is distributed pro rata to SDG 4.1, 4.3, 4.5, and 4.6

1) PS component embedded in Operations of Schools (formerly MOOE) for K-12, Education human Resource Development, and New Personnel Hires which were initially tagged under SDG 4.1 is distributed pro rata to SDG 4.1, 4.5, and 4.6

2) Basic Education Component Programs, except New Personnel Hires, is distributed pro rata to SDG 4.1, 4.5, and 4.6

3) Overhead cost is distributed pro rata to SDG 4.1, 4.3, 4.5, and 4.6

SDG 4 Investment and Outcomes

During the three-year period covered in this study, there has been modest increases in the budget and expenditure for basic education, specifically on SDG 4.1 on completion and learning outcomes. However, actual expenditures on SDG 4.3, 4.5 and 4.6 are decreasing particularly in 2020, partly due to COVID-19. The actual level of spending for inclusive education (SDG 4.5) and functional literacy (SDG 4.6) are small to begin with, having allocations and spending levels of less than 1 percent of the education budget.

Table 15. Weighted Disbursements by SDG 4 Targets (in billion pesos), FY 2018-2020

SDG Targets	2018	% Share	2019	% Share	2020	% Share
4.1	406.52	95.95%	469.36	96.89%	452.51	98.16%
4.2	0.00	0.00%	0.00	0.00%	0.00	0.00%
4.3	8.78	2.07%	8.23	1.70%	4.77	1.03%
4.4	0.00	0.00%	0.00	0.00%	0.00	0.00%
4.5	4.10	0.97%	2.82	0.58%	1.64	0.36%
4.6	4.28	1.01%	4.03	0.83%	2.07	0.45%
4.7*	0.00	0.00%	0.00	0.00%	0.00	0.00%
Total	**423.68**	**100%**	**484.43**	**100%**	**461.00**	**100%**
MOI						
4A	28.55	6.74%	7.44	1.54%	4.79	1.04%
4B*	0.00	0.00%	0.00	0.00%	0.00	0.00%
4C	10.05	2.37%	2.06	0.42%	0.61	0.13%

In terms of targets and outcomes, it should be first pointed out that the SDG 4 indicators as adopted by the Philippine Government do not exactly match the existing education indicators as culled from both DepEd administrative data and the PSA survey data. As reflected in the PDP Results Matrix, only a handful of SDG 4 indicators are covered, specifically, SDG 4.1, 4.3 and SDG 4A/C.

Nonetheless, there are several from the existing education indicators that can serve as proxy, such as the DepEd indicators on inclusive education (SDG 4.5) and functional literacy (SDG 4.6). For example, for functional literacy, apart from the estimates from PSA, the number of ALS learners and number of Community Learning Centers (CLC) can be used as proxy indicators.

According to the latest available data from DepEd and from the 2021 NEDA Socio-Economic Report, certain critical outcome indicators are missing or not updated, specifically on learning proficiency which is a critical indicator under SDG 4.1. The baseline on learning proficiency is quite low with only modest increments achieved in SY 2019-2020, but still far from the target set for 2022. Achieving these targets by 2022 will be unlikely especially given the impact of the pandemic on learning outcomes.

The other indicators such as net enrolment rates under SDG 4.3 and literacy under SDG 4.6 show modest increases from the respective baseline figures. The Philippines has achieved relatively high literacy levels, both basic and functional, and modest increases were achieved from the 2013 baseline to the latest available data posted in 2019. On the other hand, the number of ALS learners and the number of CLCs offering the ALS program actually decreased partly because of COVID-19.

For the indicators under SDG 4.5 on inclusive education, available data showed mixed results, particularly on the percentages of learners enrolled in education programs that enhance equity.

It is difficult to establish any impact of the level of investment on overall SDG 4 and its specific targets. This exercise is mainly illustrative, and a longer timeframe and more updated accomplishment reports will be necessary to firm up the analysis. For now, the mapping exercise provides certain initial findings that can be further substantiated and validated.

Table 16. Investment level by SDG Target and corresponding Outcomes measured by key Indicators, FY 2018-2020

SDG Targets & Indicators	**In Billion Pesos**			**Indicator of Interest**	**Baseline**	**Enhanced PDP RM Annual Plan Target**	**Accomplish-ment**
	2018	**2019**	**2020**		**Data (Year)**	**Data (Year)**	**Data (Year)**
SDG 4.1	**406.5**	**469.54**	**452.5**				
Learning Outcomes				**Proficiency level in literacy**			
				Grade 6	**16**	**44**	**18%**
					2018	2022	2019-20
				Grade 10	**34**	**61**	**36%**
					2018	2022	2019-20
				Completion Rate			
				Kinder to Grade 6	**93.1**	**98**	**97%**
					2016	2022	2019-20
				Secondary to SHS	**81.0**	**84**	**86%**
					2018	2022	2019-20
SDG 4.3	**8.78**	**8.23**	**4.77**				
Partcipation in Formal and NFE				**Net Enrolment Rate**			
				Elementary	**96.2**	**97**	**94%**
					2016	2022	2019-20
				Junior High School	**74.2**	**92**	**82.9%**
					2016	2022	2019-20
				Senior High School	**37.4**	**80**	**47.8%**
					2016	2022	2019-20
SDG 4.5	**4.1**	**2.82**	**1.64**				
Eliminate Gender disaparities; other disparities				**Parity Indices**			
				Ratio of girls to boys-primary	**90%**		**103%**
					2016		2019-20
				Ratio of girls to boys-secondary	**100%**		**103%**
					2016		2019-20
				Percent of learners enrolled in IPED	**12.63%**		**9.38%**
					2018		2020-21
				Number of schools offering IPED	**39,994**		**41,881**
					2018		2020-21
SDG 4.6	**4.28**	**4.03**	**2.07**				
Functional Literacy/ Numeracy				**Literacy, ALS, and CLCs**			
				Percent with a fixed level of proficiency in functional literacy	**90.3**		**91.6%**
					2013		2019
				Percentage of learners enrolled in ALS	**3.43%**		**1.79%**
					2018		2020-21
				No. of CLCs offering ALS Program	**25,804**		**22,782**
					2018		2020-21

2.6.1.c. SDG 3

SDG 3 refers to the goal of ensuring and promoting well-being for all across all ages. It contains 13 SDG targets, of which nine (9) are outcome targets and four (4) are means of implementation. Activity-level programs and projects tagged under SDG 3 are derived from the budget line items from the Department of Health-Office of the Secretary (DOH-OSEC), budgetary support to DOH-affiliated government corporations (DOH-BSGC–Budgetary Support to Government Corporations [BSGC]), National Nutrition Council (NNC), Commission on Population and Development (POPCOM), and selected budget line items from the Department of Social Welfare and Development (DSWD).

SDG 3 Budget and Expenditure

Using the start of the adoption of the Sustainable Development Goals (SDGs) and their corresponding targets and indicators by the Philippine government, the budget allocation focusing on the DOH-OSEC in 2015, its attached agencies and DOH-BSGC have been steadily increasing over the past eight budget years, except for a 1% negative growth in the year 2019. The combined appropriations of the said agencies associated with the health sector garnered a budget allocation of PhP 270.27 billion in 2022, increasing at an average annual growth rate of 17.64% from an appropriation amounting to PhP 90.29 billion in 2015. The budget for the National Health Insurance Program was eventually transferred from the DOH-OSEC to DOH-BSGC in 2017 (See Table 16).

Table 17. Budget Allocation for Health-specific agencies (in billion pesos), FY 2015-2022

Year	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
DOH OSEC proper and attached agencies	87.60	123.51	96.33	107.30	98.57	101.50	135.44	184.41
DOH-BSGC (government corporations)	2.69	2.47	55.00	63.79	70.88	75.45	77.01	85.86
Total	**90.29**	**125.98**	**151.33**	**171.09**	**169.45**	**176.95**	**212.45**	**270.27**
Year-on-Year change		35.69	25.35	19.76	-1.64	7.50	35.50	57.82
Year-on-Year growth (%)		39.53%	20.12%	13.06%	0.96%	4.43%	20.06%	27.21%

Source: General Appropriations Act, Fiscal Year 2015-2022

Meanwhile, taking into consideration agencies catering to the health sector (DOH-OSEC, attached agencies NNC and POPCOM, and DOH-affiliated government corporations), Table 17 presents the total budget allocation and expenditure for the fiscal year 2018-2020. As indicated in the same table, budget allocation for health-specific agencies garnered a budget allocation of PhP 176.95 billion in 2020, increasing at an annual growth rate of 1.73% during the said period.

A slight 1% year-on-year decrease was recorded in 2019. From an appropriation amounting to PhP 171.09 billion in 2018, the budget moderately dropped to PhP 169.45 billion in 2019. Budget allocation for the health sector agencies then incurred a PhP 7.5 billion increase or 4.43% year-on-year increase, from PhP 169.45 billion in 2019 to PhP 176.95 billion in 2020.

The total disbursement contribution to health-specific agencies follows an upward trajectory for the three years covered in the study. A year-on-year increase of 12.83% annually was noted. The total disbursement contribution for agencies catering to the health sector resulted in an actual spending of PhP 55.81 billion in 2018, PhP 63.64 billion in 2019, and PhP 71.05 billion in 2020. (See Table 18). The trend on actual spending, however, has been significantly low. On average, disbursement levels were almost two times or PhP 109 billion less than the authorized appropriations between 2018 and 2020.

Table 18. Total Contribution of PAPs of DOH-OSEC and attached agencies with DOH-BSGC, Budget Allocation and Disbursement (in billion pesos), FY 2018-2020

Particulars, DOH-OSEC and attached agencies with DOH-BSGC	2018	2019	2020	Ave.annual growth rate (%)
Authorized Appropriation (GAA)	171.09	169.45	176.95	1.73%
Current Year Disbursements (CYD)	55.81	63.64	71.05	12.83%
Variance (CYD less GAA)	(115.28)	(105.80)	(105.90)	
Percentage Variance (%)	(206.54%)	(166.24%)	(149.05%)	

Source: Appendix G. SDG 3 Worksheet (Summary Tables, Template 1; Tagging of Agency Programs according to SDG 3)

Detailed Budget and Disbursement by Program

Tables 19 to 21 provide a summary table of SDG 3 tags based on Template 1, organized by program expense classification (PREXC) up to the level of major programs for the DOH-OSEC and the other relevant agencies for the fiscal year 2018-2020. The GAS and STO activities of all relevant agencies are tagged under the broad SDG 3 goal. The tables also provide the number of tags per major program and the corresponding percent share of the authorized allocation and spending.

For the DOH-OSEC, activities and projects under the Health Systems Strengthening Program, Health Facilities Operations Program, and Public Health Program contribute to all SDG 3 targets. These programs likewise account for the bulk of the allocation for the department, accounting for 77.93% share on average in the total appropriations over the three-year period of the study.

However, disbursement levels are uneven for the top budgets under the department. The Public Health Program incurred low disbursement levels, four times lower than its allocation in 2018, and one and a half times less than its appropriation in 2020. National Immunization and Family Health and Responsible Parenting had significant degrees of low disbursement during the said period. The same could be observed with the Health Systems Strengthening Program for 2019, where actual spending was 177% lower than its allocation. In particular, its component activity, Health Facilities Enhancement Program had a disbursement that was seven times lower than its appropriation.

DOH specialty hospitals, the NNC and POPCOM had modest allocations for the three-year period. The tags for the specialty hospitals are mostly SDG 3.4 and SDG 3.8 for their hospital service program, with PCMC receiving an additional SDG 3.2 tag for the same. PCMC training and research development program is assigned with SDG 3.c and SDG 3.d tags. As a whole, the PhilHealth received the largest allocation among the health-associated government corporations tagged under SDG 3.8, amounting to an average of PhP 66.44 billion between 2018 to 2020. But the lack of financial report on the PhilHealth budget cannot ascertain the actual spending levels for the National Health Insurance Program. The NNC contributes to SDG 3.2 and SDG 3.1, while POPCOM carries the SDG 3.7 tag.

Under the DSWD-OSEC, selected activities are tagged under SDG 3.1, SDG 3.2, SDG 3.7, and SDG 3.8. The Promotive Social Welfare Program, covering the Pantawid Pamilyang Pilipino Program, has an allocation of PhP 96 billion over three years, while PhP 10.21 billion on average was allocated to the Protective Social Welfare Program, which contains feeding/nutrition and financial assistance programs.

The tables below further present the appropriations and disbursement levels and corresponding shares of each program under the SDG-3 relevant agencies. It is important to note that tagging of SDG 3.c. and SDG 3.d. was undertaken in this research despite these not being a part of the committed SDG targets of the Philippine government.

Table 19. Tagging of Agency Programs according to SDG 3, Appropriations and Disbursement amounts and shares (in billion pesos), FY 2018

Agency Programs	SDG 3 Tags	Authorized Appropriation (GAA)	% Share	Total Current Year Disbursements	% Share
DOH-Office of the Secretary					
General Administration and Support	3 (General)	8.78	11.11%	4.45	8.13%
Support to Operations	3 (General)	2.17	2.74%	1.33	2.43%
Operations					
Health Policy Standards Development Program	3 (General)	0.21	0.27%	0.08	0.15%
Health Systems Strengthening Program	3, 3.1, 3.2, 3.3, 3.4, 3.6, 3.7, 3.8, 3A, 3B, 3C	14.27	18.05%	16.07	29.34%
o.w., Health Facilities Enhancement Program		3.30	4.18%	8.38	15.31%
o.w., Human Resources for Health Deployment		9.60	12.14%	7.03	12.83%
Public Health Program	3, 3.2, 3.3, 3.4, 3.7, 3.9, 3B	19.59	24.78%	3.83	6.99%
Epidemiology and Surveillance Program	3.1, 3.2, 3.3, 3.4, 3.7, 3.9, 3D	0.06	0.08%	0.03	0.06%
Health Emergency Management Program	3D	0.82	1.03%	0.17	0.32%
Health Facilities Operations Program	3, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3B	27.52	34.81%	24.92	45.50%
o.w., Operation of DOH Hospitals in Metro Manila		8.07	10.22%	7.49	13.66%
o.w., Operation of DOH Regional Hospitals and Other Health Facilities		18.13	22.93%	16.65	30.40%
Health Regulatory Program	3.8, 3D	0.75	0.95%	0.68	1.25%
Social Health Protection Program	3.8	4.87	6.16%	3.20	5.84%
Total, DOH-OSEC		79.06	100.00%	54.77	100.00%
DOH-BSGC (Government Corporations)					
Total, GAS + DOH-BSGC	3, 3.2, 3.4, 3.8, 3B, 3C, 3D	63.79	100.00%	0.52	100.00%
DOH-National Nutrition Council					
Total, GAS + National Nutrition Management Program, DOH-NNC	3, 3.1, 3.2	0.73	100.00%	0.52	100.00%
Commission on Population and Development					
General Administration and Support & Support to Operations	3 (General)	1.58	1.58%	1.08	1.25%
Operations					
Promotive Social Welfare Program		89.41	89.16%	77.61	89.46%
Protective Social Welfare Program	3.1, 3.2, 3.7	9.29	9.27%	8.06	9.29%
Total, DSWD-OSEC	3.2, 3.8	100.28	100.00%	86.75	100.00%

Source: Matrix: PREXC with SAAODB 2018 (Template 1)

Table 20. Tagging of Agency Programs according to SDG 3, Appropriations and Disbursement amounts and shares (in billion pesos), FY 2019

Agency Programs	**SDG 3 Tags**	**Authorized Appropriation (GAA)**	**% Share**	**Total Current Year Disbursements**	**% Share**
DOH-Office of the Secretary					
General Administration and Support	3 (General)	8.30	8.50%	4.58	7.48%
Support to Operations	3 (General)	2.04	2.09%	1.55	2.53%
Operations					
Health Policy Standards Development Program	3 (General)	0.23	0.23%	0.16	0.26%
Health Systems Strengthening Program	3, 3.1, 3.2, 3.3, 3.4, 3.6, 3.7, 3.8, 3A, 3B, 3C	25.90	26.52%	9.35	15.28%
o.w., Health Facilities Enhancement Program		15.92	16.30%	1.99	3.25%
o.w., Human Resources for Health Deployment		8.57	8.78%	6.77	11.06%
Public Health Program	3, 3.2, 3.3, 3.4, 3.7, 3.9, 3B	17.46	17.88%	7.17	11.72%
Epidemiology and Surveillance Program	3.1, 3.2, 3.3, 3.4, 3.7, 3.9, 3D	0.26	0.27%	0.17	0.28%
Health Emergency Management Program	3D	0.77	0.79%	0.30	0.48%
Health Facilities Operations Program	3, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3B	32.50	33.28%	30.97	50.61%
o.w., Operation of DOH Hospitals in Metro Manila		8.58	8.79%	8.31	13.58%
o.w., Operation of DOH Regional Hospitals and Other Health Facilities		21.84	22.37%	21.35	34.88%
Health Regulatory Program	3.8, 3D	0.82	0.84%	0.79	1.29%
Social Health Protection Program	3.8	9.38	9.61%	6.16	10.07%
Total, DOH-OSEC		97.65	100.00%	61.20	100.00%
DOH-BSGC (Government Corporations)					
Total, GAS + DOH-BSGC	3, 3.2, 3.4, 3.8, 3B, 3C, 3D	70.88	100.00%	1.65	100.00%
DOH-National Nutrition Council					
TOTAL, GAS + National Nutrition Management Program, DOH-NNC	3, 3.1, 3.2	0.44	100.00%	0.35	100.00%
Commission on Population and Development					
Total, GAS + Philippine Population Management Program, POPCOM	3, 3.7	0.47	100.00%	0.35	100.00%
DSWD-Office of the Secretary					
General Administration and Support & Support to Operations	3 (General)	4.56	100.00%	0.45	100.00%
Operations					
Promotive Social Welfare Program	3.1, 3.2, 3.7	89.75	87.10%	76.72	90.85%
Protective Social Welfare Program	3.2, 3.8	8.74	8.48%	6.00	7.10%
Total, DSWD-OSEC		103.04	100.00%	84.44	100.00%

Source: Matrix: PREXC with SAAODB 2019 (Template 1)

Table 21. Tagging of Agency Programs according to SDG 3, Appropriations and Disbursement amounts and shares (in billion pesos), FY 2020

Agency Programs	SDG 3 Tags	Authorized Appropriation (GAA)	% Share	Total Current Year Disbursements	% Share
DOH-Office of the Secretary					
General Administration and Support	3 (General)	6.64	6.60%	6.17	8.81%
Support to Operations	3 (General)	2.43	2.42%	1.32	1.89%
Operations					
Health Policy Standards Development Program		0.29	0.29%	0.15	0.22%
Health Systems Strengthening Program	3 (General)	19.33	19.22%	12.31	17.58%
o.w., Health Facilities Enhancement Program	3, 3.1, 3.2, 3.3, 3.4, 3.6, 3.7, 3.8, 3A, 3B, 3C	8.38	8.34%	2.68	3.82%
o.w., Human Resources for Health Deployment		9.95	9.90%	9.16	13.09%
Public Health Program	3, 3.2, 3.3, 3.4, 3.7, 3.9, 3B	17.52	17.42%	7.08	10.11%
Epidemiology and Surveillance Program	3.1, 3.2, 3.3, 3.4, 3.7, 3.9, 3D	0.12	0.11%	0.08	0.11%
Health Emergency Management Program	3D	0.83	0.83%	0.51	0.73%
Health Facilities Operations Program	3, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3B	42.03	41.80%	36.64	52.35%
o.w., Operation of DOH Hospitals in Metro Manila		10.32	10.26%	9.49	13.56%
o.w., Operation of DOH Regional Hospitals and Other Health Facilities		29.58	29.42%	25.91	37.02%
Health Regulatory Program		0.88	0.88%	0.80	1.14%
Social Health Protection Program		10.48	10.43%	4.94	7.06%
Total, DOH-OSEC	3.8, 3D	100.56	100.00%	69.99	100.00%
DOH-BSGC (Government Corporations)					
Total, GAS + DOH-BSGC	3, 3.2, 3.4, 3.8, 3B, 3C, 3D	75.45	100.00%	2.25	100.00%
DOH-National Nutrition Council					
Total, GAS + National Nutrition Management Program, DOH-NNC	3, 3.1, 3.2	0.46	100.00%	0.22	100.00%
Commission on Population and Development					
Total, GAS + Philippine Population Management Program, POPCOM	3, 3.7	0.48	100.00%	0.42	100.00%
DSWD-Office of the Secretary					
General Administration and Support & Support to Operations	3 (General)	2.23	2.67%	1.16	1.89%
Operations					
Promotive Social Welfare Program	3.1, 3.2, 3.7	108.77	88.01%	72.14	85.35%
Protective Social Welfare Program	3.2, 3.8	12.59	10.19%	11.21	13.27%
Total, DSWD-OSEC		123.58	100.00%	84.52	100.00%

Source: Matrix: PREXC with SAAODB 2020 (Template 1)

SDG 3 Tagging, Tracing, and Weighing Process

The full Template 1 for SDG 3 consists of the tagging of the PAPs, and tracing and weighing of budgetary figures, highlighting budget appropriation and disbursement amounts for the reference period of Fiscal Year 2018-2020. Another Summary Table worksheet (Template 2) is dedicated for the presentation of the integrated investment and agency targets and accomplishments through outputs and outcomes. These are contained in the Appendix G. Figure 11 shows a screenshot of the tagging exercise extracted from Template 1 for SDG 3.

Figure 11. Screenshot of SDG 3 Template 1 showing the tags made by SDG 3 targets

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		**SDG 3 Tagging**							
		SDG 3 - ST	**SDG 3**	**SDG 3.1**	**SDG 3.2**	**SDG 3.3**	**SDG 3.4**	**SDG 3.5**	**SDG 3.6**
DOH-Office of the Secretary									
PREXC	**P/A/Ps in the 2020 GAA**								
P/A/Ps in the 2020 GAA	**Health Systems Strengthening Program**								
Sub-Program	**Service Delivery Sub-Program**								
Activity/ Project	Health Facility Policy and Plan Development	✓		S	S	M	M		S
Activity/ Project	Health Facilities Enhancement Program	✓		S	S	M	M		S
Activity/ Project	Local Health Systems Development and Assistance	✓	M						

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		**SDG 3 Tagging**							
		SDG 3.7	**SDG 3.8**	**SDG 3.9**	**SDG 3A**	**SDG 3B**	**SDG 3C***	**SDG 3D***	**SDG Indicator/s**
DOH-Office of the Secretary									
PREXC	**P/A/Ps in the 2020 GAA**								
P/A/Ps in the 2020 GAA	**Health Systems Strengthening Program**								
Sub-Program	**Service Delivery Sub-Program**								
Activity/ Project	Health Facility Policy and Plan Development	M				S			
Activity/ Project	Health Facilities Enhancement Program	M				S			
Activity/ Project	Local Health Systems Development and Assistance								

Meanwhile, Figure 12 shows a screenshot of the weighing exercise from the same set of processed data.

*Figure 12. Screenshot of the Continuation of SDG 3 Template 1**

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		Share of Program Component in Total Operations (Disb.)	Pro-Rata Amount Share in GAS/STO	Weighted Disbursement for Multiple Tags (with Pro-Rata Overhead Expenditure)				
				SDG 3	SDG 3.1	SDG 3.2	SDG 3.3	SDG 3.4
DOH-Office of the Secretary								
PREXC	**P/A/Ps in the 2020 GAA**							
Program	**Health Systems Strengthening Program**		1,475,134,199.76	131.993,116.75	950,157.889.28	950,157,889.28	2,617,580,047.73	2,617,580,047.73
Sub-Program	**Service Delivery Sub-Program**	0.17%		131.993,116.75	221,660,260.38	221,660,260.38	743,633,427.89	743,633,427.89
Activity/ Project	Health Facility Policy and Plan Development	4.28%	12,950,523.62	153,531,338.17	8,629,303.50	8,629,363.50	28,950.036.75	28,950.036.75
Activity/ Project	Health Facilities Enhancement Program	0.19%	320,693,744.82		213,030,896.87	213,030,896.87	714,683,411.14	714,683,411.14
Activity/ Project	Local Health Systems Development and Assistance	0.06%	14,127,807.47	131,933,116.75				
Activity/ Project	Pharmaceutical Management		5,319,262.85					
Sub-Program	**Health Human Resource Sub-Program**		1,107,360,575.01		710,022,550.35	710,022,550.35	1,855,471.471.29	1,855,471.471.29
Activity/ Project	Human Resources for Health Deployment							

List of P/A/Ps in the 2020 General Appropriations Act (R.A. No. 11465)		Weighted Disbursement for Multiple Tags (with Pro-Rata Overhead Expenditure)			Total Current Year Disbursements with Pro-Rata Overhead Expenditure	Remarks
		SDG 3.6	SDG 3.7	SDG 3.8		
DOH-Office of the Secretary						
PREXC	**P/A/Ps in the 2020 GAA**					
Program	**Health Systems Strengthening Program**	2.077.131.731.67	2.617,580,047.73	38.645.581.54	13,781,866,790.41	
Sub-Program	**Service Delivery Sub-Program**	221,660,260.38	743,633,427.89	38.645.581.54	3,302,963,514.93	
Activity/ Project	Health Facility Policy and Plan Development	8,629,363.50	28,950,086.75		121,367,714.27	75% weight shared proportionally by SDG 3.3, 3.4, and 3.7; 25% weight shared proportionally by SDG 31, 3.2, 2.6, and 3B; HFEP GAA breakdown and inputs to the special templates for weighing
Activity/ Project	Health Facilities Enhancement Program	213,030,896.87	714,683,411.14		2,996,173,820.90	75% weight shared proportionally by SDG 3.3, 3.4, and 3.7) 25% weight shared proportionally by SDG 3.2, 3.6, and 3B; HFEP GAA breakdown and inputs to the special templates for weighing
Activity/ Project	Local Health Systems Development and Assistance				131,933,116.75	100% weight for SDG 3 General; determination of tags based on program description
Activity/ Project	Pharmaceutical Management				53,433,863.00	75% weight for SDG 3.8 & 25% weight for SDG 3B; as per DOH recommended tags (submitted by DOH-HPDPB)
Sub-Program	**Health Human Resource Sub-Program**	1,855,471.471.29	1,855,471.471.29	0.00	10,309,572,725.62	
Activity/ Project	Human Resources for Health Deployment					75% weight shared proportionally by SDG 3.3.3.4 and 37.25% weight shared proportionally by SDG 3.1. 3.2, 3B, and 3C: HFEP GAA breakdown partly

* The continuation shows the agency SAAODB with budgets and disbursement figures for each of the programs of the DOH-OSEC, its attached agencies NNC and POPCOM, DOH-affiliated government corporations, and DSWD-OSEC

Notes on the tagging and weighing exercise for SDG 3:

1) As expounded in the methodology section of this study, the approach taken for SDG 3 contrasts with SDG 4 and SDG 5.6 to a certain extent. Both multiple tagging and weighing approaches were employed for all SDG targets, regardless of whether they are committed under the Philippine SDG indicator system or not. Another layer of computation is the pro-rata distribution of overhead costs, General Administration and Support Services (GAS) and Support to Operations (STO) across PAPs and SDG targets. There are two tagging options for SDG 3, while weighing mechanics are provided in Notes # 7 and # 8.

2) Option 1 refers to Single Tag, which involves tagging of an SDG 3-relevant budget item or PAP to either one particular SDG 3 target (with the encoded SDG target as the tag) or generally under SDG 3 (with a " ✓" tag). The tagging is conducted in a dedicated column (Column E: SDG 3 - ST).

3) To eliminate overreporting of budgets and expenditures for SDG targets, Option 2 is recommended based on the tagging scheme patterned after the INFF-Colombia model (2022). This budget tagging method proposes further disaggregation in contrast to the single tag option. Similar to SDG 4, the multiple tagging approach considers a program or project that may contribute to several SDG 3 targets. For multiple tags, a certain PAP could be tagged with multiple SDG targets.

4) As explained in detail in the methodology, the letter "M" is used to represent tags which have a main contribution to a specific SDG target. On the other hand, the "S" signifies a secondary or complementary contribution to a particular SDG target. The Total Tag is the sum of the Main tags and Secondary Tags per SDG target.

5) When multiple tagging is applied, only the GAS, STO, Local Health Systems Development and Assistance, and PAPs under the Health Policy Standards and Development Program or a total of eight Main tags are identified under SDG 3 in general.

6) Based on the DOH-recommended tags, program description, and DOH-suggested references and directives, the selected big-ticket DOH PAPs with multiple main and secondary tags to be highlighted for illustration are the following:

   - Health Facilities Enhancement Program (HFEP)
   - Operation of DOH Hospitals in Metro Manila
   - Operation of DOH Regional Hospitals and Other Health Facilities
   - Operations of Blood Centers and National Voluntary Blood Services Program
   - Human Resources for Health Deployment

   Multiple main tags under the DOH-OSEC include Health Promotion, National Immunization, and Family Health, Nutrition and Responsible Parenting. For the most part, PAPs under specialty hospitals and other health-linked government corporations are assigned with SDG 3.4, SDG 3.8 tags, with the Philippine Children's Medical Center assigned with an additional SDG 3.2 tag. The National Nutrition Council (NNC) carries SDG 3.1 and SDG 3.2 tags, while PAPs under the Commission on Population and Development (POPCOM) are tagged under SDG 3.7. SAAODB figures on GAS and STO for all agencies are tagged under the broad SDG 3 goal, which are then distributed proportionally to the rest of the PAPs under Operations (Columns BU to CK).

7) Following the weighing mechanics as indicated in the INFF-Colombian model (2022), multiple tags could be a combination of main and secondary tags. In this case, main tags are assigned with 75% weight, while secondary tags are assigned with a total weight of 25%. For PAPs with one main tag and one secondary tag, the identified SDG targets are credited with 75% and 25% shares, respectively, of the budget amount. For multiple main tags, the pro rata distribution is employed, such that the 100% weight is proportionally distributed to the identified SDG targets.

8) Family Health, Nutrition and Responsible Parenting, Epidemiology and Surveillance, and the DOH big ticket PAPs as ascribed in Note # 6 are included in the tagging of multiple SDG targets, including SDG 3.7. Apart from the RPRH-NIT Annual Report 2020, the tagging exercise also based the selection of tags from the program description as provided in DOH references, the DOH listing of programs under Family Health, and inputs from official documents retrieved from the transparency seal portals of DOH-retained hospitals.

9) The computation of the total investment for the DSWD Pantawid Pamilyang Pilipino Program includes the components of health and rice subsidy under SDG 3.1 and 3.7 (as they relate to pre- and post-natal care of pregnant women) and SDG 3.2 (related to child health/nutrition), respectively. The exercise adopted the nominal amounts for the health and rice subsidy grants, with the health component proportionally distributed across SDG 3.1 and SDG 3.7. Another two PAPs related to child health/nutrition are tagged under SDG 3.2, namely the Supplementary Feeding Program and Reducing Vulnerabilities of Children from Hunger and Malnutrition in BARMM or Bangsamoro Umpungan sa Nutrisyon (BangUN) program. Most tagged programs and projects under SDG 3.2 could be considered proxy tags to SDG 2.2 on ending hunger and nutrition.

Notes in developing the summary tables:

There are two sets of worksheets for the summary tables that can be utilized for analytical purposes. These summary tables show the public investment contribution to specific SDG 3 targets and linked to outputs and outcomes.

The first summary table presents investments by SDG targets. It is divided into two sections presented in separate tables, indicating the two tagging options for SDG 3, i.e., Single Tags (without Weights), and Multiple Tags (with Weights). These tagging options provide two different lenses or perspectives on budget tagging for SDG 3.

The Single Tag table provides the number of tags per SDG target, the GAA and disbursement public investment contribution to SDG 3 targets across health components, including the pro-rata computation and distribution of overhead expenditure, and corresponding percentage shares. For this option, tags could either be under a broad SDG 3 goal, or strictly under a specific SDG 3 target.

The Multiple Tags table presents the number of main, secondary and total tags per SDG target, the total weighted GAA and disbursement public investment contribution to SDG 3 targets across health components, computation of the overhead expenditure, and percentage shares. This scheme provides for multiple tagging for a number of programs for two or more SDG targets, with weights applied as necessary.

The succeeding summary tables (Tables 21-24), broken down into subcomponents of the single tag and multiple weighted tags, show the investment contribution of tagged agency programs and projects for DOH-OSEC and then for other relevant agencies for particular SDG 3 targets, using the two tagging modes while incorporating the overhead costs for the expenditure aspect for the fiscal year 2018-2020.

Contribution of Agency Programs by SDG 3 Target

For the three-year period covered in the study, there are a total of 38 PAPs assigned with single tag under DOH-OSEC each for 2018 and 2019 and 39 PAPs allotted with single tag in 2020. More than 40% of the tags are SDG 3 in general, while almost 60% are tags linked to specific SDG 3 targets. Under the single tag scheme, SDG 3.8 and SDG 3.3, and SDG 3.d are the next three SDG 3 targets with the most single tags. Apart from SDG 3 in general, SDG 3.8, SDG 3.3, and SDG 3.b. incurred significant budgetary allocation for the three-year period.

Meanwhile, a different picture is presented when the investment for the broad SDG goal is distributed across specific SDG 3 targets. To reiterate, a certain PAP could be tagged with multiple SDG targets. For the weighted multiple tagging option, there are a total of either 98 or 99 multiple weighted tags, four of which are overhead costs, and another four are tagged under SDG 3 in general. We have 64 or 65 main tags and 33 secondary tags for SDG 3. Under the multiple weighted tag scheme, the most number of main tags are found in SDG 3.3 with 15 main tags, which also carries the highest budgetary allocation and disbursement among SDG targets. The most number of secondary tags are assigned to SDG 3.b. with 11 secondary tags.

Similar to SDG 4, the bulk of the approved budget and disbursement went to the main SDG targets of SDG 3.1 to SDG 3.9 at a share of either 90% in single tag option or even 96% in multiple tag option, leaving only a small share allocated and spent for the means of implementation, SDG 3.a. to SDG 3.d. SDG 3.c. and SDG 3.d. do not contain SDG indicators committed by the Philippine government.

For illustration purposes, we present below the SDG 3 investment contribution for single and multiple tags under the DOH-OSEC for the Fiscal Year 2018-2020 on average in Tables 21-22, sub-totaled by the main SDG targets, SDG 3.1 to SDG 3.9, and means of implementation, SDG 3.a to SDG 3.d. The complete tables indicating the investment contribution for Fiscal Years 2018, 2019 and 2020 are provided in Annex G.

Table 22. Contribution of DOH-OSEC PAPs to SDG 3 (in billion pesos), Single tag (without weights), FY average 2018-2020

SDG Targets	Single Tag (Without Weights)						
	# of Single Tags	In Billion Pesos	In Percent	In Billion Pesos	In Percent	In Billion Pesos	In Percent
		Total GAA contribution to SDG targets across health components	Share in Total GAA contribution to SDG targets across health components	Total Disbursement contribution to SDG targets across health components	Pro-rata distribution of overhead expenditure	Total Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure	Share in Total Disbursement contribution to SDG targets across health components of the agency with pro-rata distribution of overhead expenditure
DOH-OSEC ave. 2018-2020							
3	16.0	65.16	70.46%	49.05		42.59	68.86%
3.1	0.0	0.00	0.00%	0.00		0.50	0.80%
3.2	0.3	0.02	0.02%	0.00	0.50	0.50	0.80%
3.3	7.0	7.30	8.06%	3.52	0.50	4.02	6.44%
3.4	1.0	0.52	0.56%	0.16	0.50	0.66	1.04%
3.5	1.0	1.06	1.14%	0.89	0.50	1.39	2.23%
3.6	0.0	0.00	0.00%	0.00	0.50	0.50	0.80%
3.7	0.0	0.00	0.00%	0.00	0.50	0.50	0.80%
3.8	5.0	9.17	9.73%	5.44	0.50	5.94	9.54%
3.9	1.0	0.13	0.13%	0.00	0.50	0.50	0.81%
Sub-Total, Main SDG Targets	**31.3**	**83.36**	**90.10%**	**59.07**	**0.50**	**57.08**	**92.13%**
3A	0.0	0.00	0.00%	0.00	4.48	0.50	0.80%
3B	2.0	7.78	8.50%	2.24	0.50	2.74	4.39%
3C*	1.0	0.18	0.21%	0.12	0.50	0.61	1.00%
3D*	4.0	1.10	1.20%	0.56	0.50	1.05	1.69%
Sub-Total, MOI SDG Targets	**7.0**	**9.07**	**9.90%**	**2.92**	**0.50**	**4.91**	**7.87%**
Grand Total	**38.3**	92.42	100.00%	61.99	1.99	61.99	
Total, Net SDG 3 General	**22.3**	**27.27**		**12.93**	**6.47**	**19.40**	**100.00%**

* No SDG indicators committed by the Philippine government

Table 23. Contribution of DOH-OSEC PAPs to SDG 3 (in billion pesos), Multiple tags (with weights), FY average 2018-2020

SDG Targets	Multiple Tags (With Weights)								
				In Billion Pesos	In Percent	In Billion Pesos	In Percent	In Billion Pesos	In Percent
	# of Main Tags	# of Secondary Tags	# of Total Tags	Total GAA contribution to SDG targets across health components	Share in Total GAA contribution to SDG targets across health components	Total Disbursement contribution to SDG targets across health components	Pro-rata distribution of overhead expenditure	Total Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure	Share in Total Disbursement contribution to SDG targets across health components of the agency with pro-rata distribution of overhead expenditure
DOH-OSEC ave. 2018-2020									
3	8.0	0.0	8.0	10.68	11.77%	6.75			
3.1	2.0	7.0	9.0	4.63	5.01%	3.31	0.72	4.03	6.51%
3.2	3.3	7.0	10.3	7.15	7.77%	4.03	0.80	4.83	7.79%
3.3	15.0	1.0	16.0	19.37	21.04%	12.21	1.15	13.36	21.58%
3.4	8.0	1.0	9.0	10.71	11.49%	8.31	0.72	9.03	14.61%
3.5	1.0	0.0	1.0	1.06	1.14%	0.89	0.13	1.02	1.64%
3.6	4.0	2.0	6.0	8.51	9.18%	7.32	0.71	8.03	12.94%
3.7	7.0	2.0	9.0	10.91	11.74%	8.21	0.72	8.93	14.46%
3.8	5.0	0.0	5.0	9.10	9.66%	5.42	0.65	6.08	9.77%
3.9	2.0	1.0	3.0	0.81	0.90%	0.05	0.03	0.08	0.13%
Sub-Total, Main SDG Targets	**55.3**	**21.0**	**76.3**	**82.93**	**89.69%**	**56.51**	**5.63**	**55.39**	**89.40%**
3A	1.0	0.0	1.0	0.04	0.05%	0.02	0.03	0.04	0.07%
3B	3.0	11.0	14.0	7.61	8.25%	4.33	0.87	5.20	8.35%
3C*	1.0	1.0	2.0	0.77	0.85%	0.59	0.15	0.74	1.21%
3D*	4.0	0.0	4.0	1.07	1.16%	0.53	0.08	0.61	0.97%

SDG Targets	Multiple Tags (With Weights)								
	# of Main Tags	# of Secondary Tags	# of Total Tags	In Billion Pesos	In Percent	In Billion Pesos	In Percent	In Billion Pesos	In Percent
				Total GAA contribution to SDG targets across health components	Share in Total GAA contribution to SDG targets across health components	Total Disbursement contribution to SDG targets across health components	Pro-rata distribution of overhead expenditure	Total Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure	Share in Total Disbursement contribution to SDG targets across health components of the agency with pro-rata distribution of overhead expenditure
DOH-OSEC ave. 2018-2020									
Sub-Total, MOI SDG Targets	9.0	12.0	21.0	9.49	10.31%	5.48	1.12	6.60	10.60%
Grand Total	64.3	33.0	97.3	92.42	100.00%	61.99	6.75		
Total, Net SDG 3 General	56.3	33.0	89.3	81.75		55.24		61.99	100.00%

* No SDG indicators committed by the Philippine government

Taking into account the programs and projects of the other relevant agencies with DOH-OSEC, some important changes could be observed. The number of tags increased to between 79 to 82 single tags and between 152 to 154 multiple tags. The broad SDG goal, and SDG Targets 3.2, 3.4, 3.7, and 3.8 received additional tags from the other relevant agencies. In terms of budgetary allocation, top receivers for single tags are SDG 3.8, SDG 3 general, SDG 3.2, and SDG 3.7. On the other hand, SDG 3.8, SDG 3.2, SDG 3.7, SDG 3.3, and SDG 3.1 have the top budget allocation for the multiple tag option.

Tables 23 to 24 below presents the same matrix of the investment contribution of the agency programs and projects to specific SDG 3 targets as above for Fiscal Years 2018-2020 on average, in this case incorporating DOH-OSEC with the specialty hospitals and other health-related government corporations, NNC, POPCOM, and DSWD-OSEC. Same as with the DOH-OSEC proper, Annex G provides the complete tables including the investment contribution for Fiscal Years 2018, 2019, and 2020.

Table 24. Contribution of PAPs of All Agencies to SDG 3 (in billion pesos), Single tag (without weights), FY average 2018-2020

SDG Targets	Single Tag (Without Weights)						
		In Billion Pesos	In Percent	In Billion Pesos	In Percent	In Billion Pesos	In Percent
	# of Single Tags	Total GAA contribution to SDG targets across health components	Share in Total GAA contribution to SDG targets across health components	Total Disbursement contribution to SDG targets across health components	Pro-rata distribution of overhead expenditure	Total Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure	Share in Total Disbursement contribution to SDG targets across health components of the agency with pro-rata distribution of overhead expenditure
All Agencies ave. 2018-2020							
3	29.7	68.36	28.95%	50.51		44.04	35.01%
3.1	0.0	0.00	0.00%	0.00	0.50	0.50	0.39%
3.2	10.7	33.80	14.42%	28.52	0.50	29.02	23.31%
3.3	7.0	7.30	3.14%	3.52	0.50	4.02	3.18%
3.4	2.7	0.61	0.26%	0.17	0.50	0.66	0.52%
3.5	1.0	1.06	0.45%	0.89	0.50	1.39	1.10%
3.6	0.0	0.00	0.00%	0.00	0.50	0.50	0.39%
3.7	4.0	30.33	12.76%	26.30	0.50	26.79	21.34%
3.8	12.3	84.98	36.02%	12.77	0.50	13.27	10.44%
3.9	1.0	0.13	0.05%	0.00	0.50	0.50	0.40%
Sub-Total, Main SDG Targets	**68.3**	**226.57**	**96.04%**	**122.68**	**4.48**	**120.69**	**96.10%**
3A	0.0	0.00	0.00%	0.00	0.50	0.50	0.39%
3B	5.0	7.83	3.34%	2.26	0.50	2.76	2.19%
3C*	2.0	0.33	0.14%	0.12	0.50	0.61	0.49%
3D*	5.0	1.11	0.47%	0.56	0.50	1.05	0.83%
Sub-Total, MOI SDG Targets	**12.0**	**9.26**	**3.96%**	**2.94**	**1.99**	**4.93**	**3.90%**
Grand Total	**80.3**	**235.84**	**100.00%**	**125.62**	**6.47**	**125.62**	
Total, Net SDG 3 General	**50.7**	**167.48**		**75.11**		**81.58**	**100.00%**

* No SDG indicators committed by the Philippine government

Table 25. Contribution of PAPs of All Agencies to SDG 3 (in billion pesos), Multiple tags (with weights), FY average 2018-2020

SDG Targets	Multiple Tags (With Weights)								
				In Billion Pesos	In Percent	In Billion Pesos	In Percent	In Billion Pesos	In Percent
	# of Main Tags	# of Secondary Tags	# of Total Tags	Total GAA contribution to SDG targets across health components	Share in Total GAA contribution to SDG targets across health components	Total Disbursement contribution to SDG targets across health components	Pro-rata distribution of overhead expenditure	Total Disburse-ment contribution to SDG targets across health components with pro-rata distribution of overhead expenditure	Share in Total Disburse-ment contribution to SDG targets across health components of the agency with pro-rata distribution of overhead expenditure
All Agencies ave. 2018-2020									
3	12.7	9.0	21.7	13.88	5.99%	8.24			
3.1	6.0	8.0	14.0	19.77	8.38%	16.48	1.02	17.50	13.93%
3.2	13.7	10.0	23.7	40.92	17.57%	32.44	1.44	33.88	27.18%
3.3	15.0	1.0	16.0	19.37	8.29%	12.21	1.15	13.36	10.62%
3.4	16.0	3.0	19.0	12.24	5.18%	8.80	0.72	9.53	7.56%
3.5	1.0	0.0	1.0	1.06	0.45%	0.89	0.13	1.02	0.81%
3.6	4.0	2.0	6.0	8.51	3.61%	7.32	0.71	8.03	6.37%
3.7	7.0	6.0	13.0	26.11	11.06%	21.38	1.10	22.47	17.89%
3.8	12.3	0.0	12.3	82.21	34.99%	12.27	0.78	13.05	10.29%
3.9	2.0	1.0	3.0	0.81	0.35%	0.05	0.03	0.08	0.06%
Sub-Total, Main SDG Targets	**89.7**	**40.0**	**129.7**	**224.88**	**95.87%**	**120.08**	**7.08**	**118.92**	**94.72%**
3A	1.0	0.0	1.0	0.04	0.02%	0.02	0.03	0.04	0.03%
3B	6.0	11.0	17.0	7.66	3.27%	4.35	0.91	5.26	4.17%
3C*	2.0	1.0	3.0	0.88	0.38%	0.59	0.15	0.74	0.59%
3D*	5.0	0.0	5.0	1.07	0.46%	0.53	0.08	0.61	0.48%

SDG Targets	Multiple Tags (With Weights)								
				In Billion Pesos	In Percent	In Billion Pesos	In Percent	In Billion Pesos	In Percent
	# of Main Tags	# of Secondary Tags	# of Total Tags	Total GAA contribution to SDG targets across health components	Share in Total GAA contribution to SDG targets across health components	Total Disbursement contribution to SDG targets across health components	Pro-rata distribution of overhead expenditure	Total Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure	Share in Total Disbursement contribution to SDG targets across health components of the agency with pro-rata distribution of overhead expenditure
All Agencies ave. 2018-2020									
Sub-Total, MOI SDG Targets	14.0	12.0	26.0	9.65	4.13%	5.50	1.16	6.66	5.28%
Grand Total	103.7	52.0	155.7	234.54	100.00%	125.58	8.24		
Total, Net SDG 3 General	91.0	43.0	134.0	220.66		117.34		125.58	100.00%

* No SDG indicators committed by the Philippine government

SDG 3 Process of Linking Budgets to Outcomes

Template 2 summary table is an integrated table linking the public investment of SDG 3 targets at the level of disbursement and the corresponding outputs and outcomes to achieve those goals and targets. Data on agency accomplishments are reported from the PSA's SDG Watch, the PDP Results Matrices, and the agency's physical accomplishment reports or the Budget Accountability Report (BAR) No. 1. Similar to SDG 4 and SDG 5.6, not all SDG 3 targets and indicators contain baseline, target and outcome or output figures. The disbursement contribution to SDG targets is at the level of targets and not indicators.

Arranged by SDG targets and indicators, the first portion of the matrix on Figure 13 below (Columns A-G) displays the public investment amounts based on disbursement contribution to SDG 3 targets across health components of single and multiple tag options for the period of 2018-2020, of which the disbursement contributions include the computation of pro rata distribution of overhead costs. Presented below are the investment amounts based on the final multiple weighted tags (Columns E-G). The second portion, Columns H-L, provides a more compact presentation of the baseline data, the most recent PDP annual plan target (i.e., 2022), and the corresponding accomplishment figures of the SDG indicators of interest, whichever are available from the accomplishment reports, administrative data and surveys of the government.

Figure 13. Integrated summary table linking the public investment of SDG goals and targets and the corresponding outcomes

<table>
<tr><th rowspan="3">SDG Targets & Indicators</th><th colspan="3">Amounts in Billions Pesos</th><th rowspan="3">Indicator of Interest</th><th>Baseline</th><th>Enhanced PDP RM Annual Plan Target</th><th rowspan="3">Agency Target</th><th>Latest Accomplish-ment</th><th rowspan="3">Source Data</th></tr>
<tr><th colspan="3">Multiple Tags (With Weights)</th><th rowspan="2">Data (Year)</th><th rowspan="2">Data (Year)</th><th rowspan="2">Data (Year)</th></tr>
<tr><th>Total Weighted Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure, 2018</th><th>Total Weighted Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure, 2019</th><th>Total Weighted Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure, 2020</th></tr>
<tr><td>3.2</td><td>37.37</td><td>34.46</td><td>29.8</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>3.2.1</td><td></td><td></td><td></td><td>Under five mortality rate (per 1000 live births</td><td>31
(2013)</td><td>22
(2022)</td><td>no data</td><td>27
(2017)</td><td>PSA SDG Watch, NDHS</td></tr>
<tr><td>3.2.2</td><td></td><td></td><td></td><td>Neonatal mortality rate (per 1000 live births</td><td>13
(2013)</td><td>10
(2022)</td><td>no data</td><td>14
(2017)</td><td>PSA SDG Watch, NDHS</td></tr>
<tr><td>3.2.s1</td><td></td><td></td><td></td><td>Infant mortality rate (per 1000 live births</td><td>23
(2013)</td><td>15
(2022)</td><td>no data</td><td>21
(2017)</td><td>PSA SDG Watch, NDHS</td></tr>
<tr><td>3.7</td><td>21.04</td><td>22.36</td><td>24.02</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>3.7.1</td><td></td><td></td><td></td><td>Proportion of women of reproductive age (aged 15- 49 years) who have their need for family planning satisfied [provided] with modern methods</td><td>60.4
(2013)</td><td>N/A</td><td>no data</td><td>56.9
(2017)</td><td>PSA SDG Watch, NDHS</td></tr>
<tr><td></td><td></td><td></td><td></td><td>Proportion of all women of reproductive age (15-49 years old) who are using modern contraceptive methods increased (%) (PDP RM)</td><td>23.5
(2013)</td><td>30
(2022)</td><td>no data</td><td>no data</td><td>PDP RM</td></tr>
</table>

Source: Summary Table (Template 2)

The detailed complete matrix for all SDG targets and corresponding indicators is provided in Appendix G: Summary Table (See Template 2). Tables 33 to 35 show a summarized version of the investments and corresponding outcomes under specific SDG 3 targets and indicators.

SDG 3 Investment and Outcomes

Allocations and disbursements on health-related programs which underwent budget tagging and weighing revealed a relatively increasing budget allocation and expenditure for SDG 3. In the single tag set-up, top SDG 3 allocations are SDG 3.8 on financial risk protection, SDG 3 general, SDG 3.7 on the provision of reproductive health care services, SDG 3.2 on reducing child mortality, and distantly followed by SDG 3.b on access and research and development on vaccines and medicines, and SDG 3.3 on addressing communicable diseases. Under the multiple tag mode, most SDG 3 general budgets are distributed across SDG 3 targets. In this case, SDG 3.8, SDG 3.2, SDG 3.7, SDG 3.1 on reducing maternal mortality, and SDG 3.3 are afforded with the highest allocations.

The huge allocation under the SDG 3.8 is mostly based on the PhilHealth national health insurance program, including assistance to indigent patients in specialty hospitals, among others. However, the wide discrepancy between allocation and disbursement levels in SDG 3.8 for all relevant agencies is due to the absence of a published SAAODB report by PhilHealth. A similar case of either lacking reports or proper disaggregation can also be found in the budgets of two specialty hospitals (i.e., PCMC and PHC). Aside from those observations, disbursement performance vis-a-vis appropriations has been fairly sound for the rest of the SDG 3 targets, except for SDG 3.b. and SDG 3.3.

Meanwhile, the share in the budget allocation and expenditure of SDG 3.9 (reducing illnesses and death from hazardous chemicals and pollution), means of implementation SDG 3.a, SDG 3.c, and SDG 3.d only have meager budgets in both single tag and multiple tag options, never cross the billion-peso mark. Disbursement levels for SDG 3.1, SDG 3.3, SDG 3.4 on reducing non-communicable diseases, and SDG 3.6 on reducing road injuries and deaths are significantly higher in the multiple tag scheme than in their counterpart multiple tag option due to the tagging placement of big-ticket items under SDG 3 general.

In this context, the actual spending under the single tag option ranks SDG 3 general first, with SDG 3.2, SDG 3.7, SDG 3.8, and a distant fifth in SDG 3.3 following suit. For the multiple tag alternative, SDG targets with the highest actual expenditures are the same as with the ranking of their respective allocations, except for SDG 3.8. On average, the percentage share of said SDG 3 targets to the total SDG 3 disbursement is estimated at 93% for the single tag option and 65.9% for the multiple tag option during the period of 2018-2020. But while SDG 3.2 remains a top spending priority among other SDG 3 targets, one point of concern is the decreasing trend of its disbursement levels by 10.65% between 2018 to 2020. This is not the case for the rest of major SDG targets whose disbursement levels are increasing incrementally during the same period.

Said SDG 3 targets cater largely to the big-ticket programs on human resources, health facilities enhancement and operations, and public health (family health, nutrition, and responsible parenting, and immunization programs), including medical assistance, health insurance programs, 4Ps grants for health and rice subsidy components, and supplementary feeding program. For illustration, Tables 33 and 34 present the appropriations and disbursement contribution by SDG 3 target and by tagging scheme.

Table 26. Total Investment Contribution of All Agencies by SDG 3 Target (in billion pesos), Single Tag (without weights), FY 2018-2020

SDG Targets	Single Tag (Without Weights)							
	2018 In Billion Pesos	2019 In Billion Pesos	2020 In Billion Pesos	Ave. year on year growth	2018 In Billion Pesos	2019 In Billion Pesos	2020 In Billion Pesos	Ave. year on year growth
	Total GAA contribution to SDG targets across health components				Total Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure			
SDG 3 General*	57.30	74.30	73.48	14.28%	41.38	41.27	49.47	9.81%
SDG 3.1	0.00	0.00	0.00		0.44	0.47	0.58	14.10%

SDG Targets	Single Tag (Without Weights)							
	2018 In Billion Pesos	2019 In Billion Pesos	2020 In Billion Pesos	Ave. year on year growth	2018 In Billion Pesos	2019 In Billion Pesos	2020 In Billion Pesos	Ave. year on year growth
	Total GAA contribution to SDG targets across health components				Total Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure			
SDG 3.2	32.93	32.81	35.65	4.15%	33.23	29.29	24.54	-14.04%
SDG 3.3	8.08	6.81	7.02	-6.33%	3.06	4.24	4.76	25.30%
SDG 3.4	0.58	0.63	0.61	2.09%	0.49	0.54	0.97	45.48%
SDG 3.5	0.76	1.24	1.20	29.89%	1.10	1.48	1.59	20.87%
SDG 3.6	0.00	0.00	0.00		0.44	0.47	0.58	14.10%
SDG 3.7	24.10	28.92	37.97	25.64%	24.70	27.90	27.78	6.27%
SDG 3.8	74.37	85.72	94.86	12.96%	9.50	12.22	18.09	38.35%
SDG 3.9	0.004	0.03	0.35	882.09%	0.45	0.48	0.58	14.07%
SDG 3A	0.00	0.00	0.00		0.44	0.47	0.58	14.10%
SDG 3B	7.67	7.90	7.91	1.61%	1.68	3.78	2.81	49.66%
SDG 3C**	0.39	0.31	0.29	-13.74%	0.60	0.58	0.65	4.34%
SDG 3D**	1.03	1.20	1.11	4.41%	0.79	1.09	1.29	28.24%
Grand Total, SDG 3	**207.22**	**239.86**	**260.44**	**12.17%**	**118.31**	**124.28**	**134.26**	**6.54%**

Source: Appendix G. SDG 3 Worksheet (Summary Tables, Template 1)

*Refers to General Administration and Support, Support to Operations, health policy standards development program, and DOH-OSEC big ticket items

** no SDG indicators committed by the Philippine government

Table 27. Total Investment Contribution of All Agencies by SDG 3 Target (in billion pesos), Multiple Tags (with weights), FY 2018-2020

SDG 3 Target	Multiple Tags (With Weights)							
	2018 In Billion Pesos	2019 In Billion Pesos	2020 In Billion Pesos	Ave. year on year growth	2018 In Billion Pesos	2019 In Billion Pesos	2020 In Billion Pesos	Ave. year on year growth
	Total GAA contribution to SDG targets across health components				Total Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure			
SDG 3 General*	13.61	15.90	12.13	-3.45%	16.19	17.84	18.47	6.86%
SDG 3.1	16.04	19.23	24.03	22.44%	37.37	34.46	29.80	-10.65%
SDG 3.2	39.41	40.09	43.28	4.84%	11.99	13.17	14.92	11.54%
SDG 3.3	17.45	20.16	20.51	8.65%	8.93	8.30	11.34	14.80%
SDG 3.4	9.40	13.41	13.91	23.22%	0.76	1.15	1.16	26.42%
SDG 3.5	0.76	1.24	1.20	29.89%	7.08	7.64	9.38	15.35%
SDG 3.6	7.03	8.45	10.03	19.46%	21.04	22.36	24.02	6.86%
SDG 3.7	20.67	26.55	31.11	22.80%	9.40	12.47	17.28	35.64%
SDG 3.8	69.53	84.12	92.97	15.75%	0.03	0.08	0.13	114.36%
SDG 3.9	0.92	0.66	0.87	1.57%	0.04	0.05	0.04	7.20%
SDG 3A	0.05	0.04	0.04	-3.76%	4.36	5.31	6.11	18.46%

SDG 3 Target	Multiple Tags (With Weights)							
	2018 In Billion Pesos	2019 In Billion Pesos	2020 In Billion Pesos	Ave. year on year growth	2018 In Billion Pesos	2019 In Billion Pesos	2020 In Billion Pesos	Ave. year on year growth
	Total GAA contribution to SDG targets across health components				**Total Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure**			
SDG 3B	6.77	7.95	8.27	10.76%	0.74	0.67	0.82	6.43%
SDG 3C**	0.95	0.81	0.88	-3.26%	0.39	0.66	0.79	43.91%
SDG 3D**	1.01	1.13	1.08	3.59%	16.19	17.84	18.47	6.86%
Grand Total, SDG 3	**203.58**	**239.73**	**260.30**	**13.17%**	**118.31**	**124.17**	**134.27**	**6.54%**

Source: Appendix G. SDG 3 Worksheet (Summary Tables, Template 1)

*Refers to General Administration and Support, Support to Operations, health policy standards development program, and DOH-OSEC big ticket items

** no SDG indicators committed by the Philippine government

Gathered from either the SDG Watch or the physical accomplishment reports of the agencies (BAR No. 1), most indicators under their respective SDG 3 targets have corresponding data on baseline figures, targets and outcomes culled from the PSA survey data and administrative data from the DOH.

We noted instances in which comparisons could not be made between investments and outcomes even if the outcomes generated modest improvement. This is because the timeline of public investments, as measured by actual disbursements, is not congruent with the timeline of the accomplishment data on outcomes. In some cases, certain SDG 3 indicators would entail cross-validation and data harmonization across other key data sources in order to arrive at a clearer picture of the health outcomes being measured. For indicators with comparable investments and outcomes, some outcome indicators either fell short of its 2022 targets or its latest accomplishment performed below baseline levels despite increases identified in the spending for a particular SDG target.

Unfortunately, SDG targets whose accomplishment data do not align with the investment timeline are three of the top disbursements among SDG targets. Examples are outcomes reflected in indicators under SDG 3.1 (reducing maternal mortality), SDG 3.2 (addressing child mortality), and SDG 3.7 (ensuring universal access to sexual and reproductive health services, except contraceptive prevalence rate) which are based on the 2017 National Demographic and Health Survey (NDHS).

Meanwhile, for analysis purposes, the SDG 3 indicators with investments during the period covered in the study matching with accomplishment outcomes data between the years 2019 and 2020 are contained under SDG 3.3, 3.4, 3.5, 3.8 and 3.b. Among the top SDG 3 investments, SDG 3.8 on financial risk protection and SDG 3.3 on communicable diseases contain data on outcomes that are comparable with the investment timeline.

According to PhilHealth administrative data and the PSA Philippine National Health Accounts (PNHA), social health insurance attained 100% coverage in 2021. But the 2017 NDHS data revealed a 65.8% PhilHealth insurance coverage among the population (Philippine Statistics Authority, 2018: 190-191, 193), which is inconsistent with the 91.0% social health insurance coverage in 2016 based on the PhilHealth administrative data. This outcome indicator improved by 38% in nine years from 2008-2017. Furthermore, PhilHealth access is more challenging for the poor, with the poorest quintile obtaining a coverage of 59% compared to the highest quintile has 79% coverage (Philippine Statistics Authority, 2018: 193; Reyes, 2021: 15).

A similar data inconsistency can also be observed in the out-of-pocket health spending, which decreased by 5% between 2016 to 2020 (from 45.0% to 39.9%) according to the PSA PNHA. But the Department of Health (2019: 7), in its Medium-Term Expenditure Program for the Universal Health Care, cited the same Philippine National Health Accounts but with a different 2016 baseline data at 52.2% (as compared to 45% in the SDG Watch). The absence of a target under the PDP Results Matrix is telling. The DOH (2019: 7) has a conservative target of 50% out-of-pocket health spending as percentage of total health expenditure in 2022. Poverty incidence is also linked to out-of-pocket expenses, as 172,000 impoverished families (or 853,000 population) were saddled into even deeper poverty in 2018 due to catastrophic illnesses brought about by inadequate health insurance and public health services (Reyes, 2021). Thus, outcome indicators with positive performance based on PSA surveys and agency administrative data (such as SDG 3.5.1.p1 on drug treatment completion) should be further validated.

Some outcome indicators also experienced significant levels of performance downturn. The drop in the number of new diagnosed HIV cases (SDG 3.3.1.p1) from 2016 to 2020 suggests the diagnosis performed with people living with HIV has not reached the level at par with the PDP Results Matrix target. Tuberculosis incidence (SDG 3.3.2) increased by 105 cases per 100,000 population between 2016 to 2020 and is slightly higher than its PDP Matrix target. Mortality rate for non-communicable diseases (SDG 3.4.1) and tuberculosis incidence (SDG 3.3.2) rose in 2019 and 2020, respectively, in spite of an upward trend in spending. Proportion of fully immunized children (SDG 3.b.1.p1) and percentage of public health facilities properly stocked with selected essential medicines (SDG 3.b.3.p1) obtained lower-than-baseline results in two years despite spending increase. In particular, the indicator on adequate essential medicines stock in public health facilities performed poorly. Both indicators are way below the designated end-of-year target under the PDP Results Matrix.

The illustrative examples are selected SDG 3 outcome indicators based on the top investments by disbursement levels (See Table 35). Attuned to SDG 4 and SDG 5.6 and Based on the findings explained above, more recent accomplishment data and a longer timeline for both investments and outcomes are needed, including generation and analysis of qualitative data, to be able to properly monitor these outcomes given the enormity of the spending for the featured SDGs.

Table 28. SDG 3 Investments and Outcomes for Select Indicators (in billion pesos), FY 2018-2020

SDG Targets & Indicators	Amounts in Billions Pesos			Indicator of Interest	Baseline	Enhanced PDP RM Annual Plan Target	Latest Accomplishment
	Multiple Tags (With Weights)						
	Total Weighted Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure, 2018	Total Weighted Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure, 2019	Total Weighted Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure, 2020		Data (Year)	Data (Year)	Agency Target
3							
3.1	**16.19**	**17.84**	**18.47**				
3.1.s1				Maternal mortality ratio decreased (per 100,000 live births)	**95.0** (2016)	**108.0** (2022)	**105.0** (2020)
3.2	**37.37**	**34.46**	**29.80**				
3.2.1				Under-five mortality rate (per 1,000 live births)	**31.0** (2013)	**22.0** (2022)	**27.0** (2017)
3.2.2				Neonatal mortality rate (per 1,000 live births)	**13.0** (2013)	**10.0** (2022)	**14.0** (2017)
3.2.s1				Infant mortality rate (per 1,000 live births)	**23.0** (2013)	**15.0** (2022)	**21.0** (2017)
3.3	**11.99**	**13.17**	**14.92**				
3.3.1.p1				Number of new HIV infections (newly diagnosed cases/year)	9,264 (2016)	18,900 (2022)	8,058 (2020)
3.3.2				Tuberculosis incidence per 100,000 population	434.0 (2016)	510.0 (2022)	539.0 (2020)

SDG Targets & Indicators	Amounts in Billions Pesos			Indicator of Interest	Baseline	Enhanced PDP RM Annual Plan Target	Latest Accomplishment
	Multiple Tags (With Weights)				Data (Year)	Data (Year)	Agency Target
	Total Weighted Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure, 2018	Total Weighted Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure, 2019	Total Weighted Disbursement contribution to SDG targets across health components with pro-rata distribution of overhead expenditure, 2020				
3.4	**8.93**	**8.30**	**11.34**				
3.4.1				Mortality rate attributed to cardiovascular disease, cancer, diabetes, and chronic respiratory diseases decreased (number of deaths per 100,000 population aged 30-70 years old)	**462.5** (2016)	**367.1** (2022)	**467.0** (2019)
3.5	**0.76**	**1.15**	**1.16**				
3.5.1.p1				Percentage of drug abuse cases or drug users who completed treatment	**73.0** (2017)	**88.0** (2022)	**83.0** (2020)
3.7	**21.04**	**22.36**	**24.02**				
3.7.1				Proportion of women of reproductive age (aged 15- 49 years) who have their need for family planning satisfied [provided] with modern methods	**60.4** (2013)	N/A	**56.9** (2017)
3.8	**9.40**	**12.47**	**17.28**				
3.8.s2				Out-of-pocket health spending as percentage of total health expenditure	**45.0** (2016)	**TBD** (2022)	**39.9** (2020)
3B	**4.36**	**5.31**	**6.11**				
3.b.1.p1				Proportion of fully immunized children	**69.84** (2018)	**95.0** (2022)	**61.0** (2020)
3.b.3.p1				Percentage of public health facilities properly stocked with selected essential medicines	**80.0** (2018)	**90.0** (2022)	**56.0** (2020)

Sources: SDG 3 Worksheet (Summary Tables, Templates 1 and 2)

2.6.2. Data and process gaps in SDG budget tagging

This section discusses the key issues that the Project Team encountered in tagging PAPs in the national budget that contributed to SDG 3, 4 and 5.6 for the years 2018-2020. These are the following:

a. Alignment/congruence between SDG targets and indicators and PDP-RM and PAPs' targets and outcomes

Implicit in the tagging exercise to link SDG targets/indicators with agency targets and accomplishments was the objective of determining the extent of SDG attainment given the public investments on SDG-related PAPs. Ideally speaking, SDG targets, PDP-RM indicators and PAPs targets should be aligned to deliver the best results for SDG.

The exercise surfaced certain data and process gaps at various levels in the alignment or congruence between SDG targets and indicators, on one hand, and PDP-RM and PAPs targets and outcomes, on the other hand.

At one level, not all SDG indicators have corresponding indicators in PDP-RM and agency targets and accomplishments. As noted in the education sector, only a handful of SDG 4 indicators specifically, SDG 4.1, 4.3 and SDG 4A/C, are contained in the PDP Results Matrix. Similar gaps were noted when SDG targets and indicators were matched with the agency targets and accomplishments.

At another level, the discrepancy is observed between PDP-RM and PAPs. There are PAPs targets and indicators that are aligned with SDG indicators, but they do not have corresponding indicators in the PDP-RM. For example, the proportion of fully immunized children is identified as an indicator in PAPs targets and in the agency accomplishment report, but it is not reflected in the PDP-RM.

Moreover, there are PDP-RM indicators that are aligned with SDG targets and indicators but do not have corresponding PAPs targets and indicators, and by extension, corresponding accomplishments (e.g., under-five mortality rate, neonatal mortality rate, infant mortality rate). Likewise, there are PAPs that can possibly be linked to certain SDG goals, but the targets are not aligned with SDG indicators.

Further, data or information on targets and outcome related to some SDG indicators have not been supplied in the agency accomplishment reports.

The identified gaps and discrepancies in the alignment of SDGs with PDP-RM and PAPs present difficulties in effectively and accurately tracking the budget and expenditures for SDG targets. The gaps can potentially affect the effective monitoring of SDG financing and implementation. This underscores the need for the alignment of SDG goals and targets in PDP-RM and PAPs implementation to ensure consistency and harmony between SDG indicators, on one hand, and the PDP-RM and PAPs indicators, on the other hand, and likewise, between PDP-RM and PAPs.

Given the Philippine government's commitment to SDG, synchronization of national response through the budget, the PDP-RM and agency PAPs targets and indicators with SDG targets and indicators can contribute to better tracking of investments and outcomes towards achieving SDG for 2030. The harmonization will also strengthen due diligence in management and prioritization of resources.

b. Big ticket PAPs and disaggregation

One objective of the budget tagging exercise is to determine the alignment of programs and allocations and expenditures with specific SDG goals and targets in health, education and gender equality. The level of specificity or granularity of PAPs in the agency PREXC is an important consideration in effectively tagging programs and budgets into SDG targets and indicators. What is concerning with big ticket PAPs in so far as budget tagging is concerned is that if these are presented as lump sums with no disaggregation so that budget items and allocations are unclear, they constrain tracking down meaningful links between financing and attainment of specific SDG attain targets and indicators.

The experience in tagging big ticket PAPs surfaced issues related to budget estimation and alignment of programs and resource allocations with specific SDG targets. The key issue with big ticket PAPs is how to correctly determine the amounts that contribute to the attainment of specific SDG targets. Big ticket PAPs are large programs that have consolidated budgets that may encompass several SDG targets.

Examples of big-ticket programs are found in the health and education sectors, i.e., health facilities enhancement program, human resources for health deployment and operations of various health facilities / health facilities operations program under DOH, support to schools and learners program under DepEd, and DSWD's 4Ps which have components that contribute to health, education, gender equality, among others.

Tagging budgets and programs to specific SDG targets will not be easy in large programs. Unless these programs are broken down into its components and the budget is disaggregated according to these components, the desired levels of specificity that clearly connect allocations and spending to specific SDG targets and outcomes may be difficult to achieve. In this regard, the agencies were requested to provide a granular breakdown of big-ticket programs and map these programs to specific SDG targets. Even among the agencies, they recognize and acknowledge the limitations in breaking down large programs at a more granular level. DOH which has several big-ticket programs cites, for example, that its Human Resources for Health cannot be disaggregated "due to its function in contributing to all health programs." The program caters to all health services and, according to DOH, it is most appropriate to tag it under SDG 3 in general. The programs on improving health facilities and operations of hospitals and administration of personnel benefits are not also disaggregated. Another layer of complexity in budget tagging is introduced when programs have multiple fund sources, which is true in the case of hospital operations. The issue of disaggregation also applies to DepEd which has no breakdown of allocation of personnel, buildings and learning materials across education components. According to DepEd personnel, actual needs and requests determine the allocations when the need arises.

Further to the issue of big-ticket PAPs is the matter of how to approach disaggregating the budget and expenditures for personnel whose tasks and responsibilities cater to various SDG targets. While the option of tagging the personnel budget and expense at the broad level of SDG goal has been adopted in this project, the option of applying weights as a way of disaggregating the budget specific to SDG targets and indicators is also provided, albeit it is more complicated and laborious to do.

c. Multiple tagging and potential bloating of allocation and spending

Budget tagging for SDG has employed multiple tags to capture the cross-cutting nature of SDG-related programs. Most of the agencies' PAPs are deemed to contribute to several SDG targets. Multiple tags, however, increase the risk of inflating the budget for SDG-related programs. Specifically, budget line items may be counted or tagged several times when these are assessed as contributing to two or more SDG targets. Multiple tagging without appropriate delineation of allocations related to specific SDG targets distorts the true levels of public investments in SDG implementation.

d. Challenge in identification of SDG 5.6 related content in agency programs

A challenge in tagging PAPs to SDG 5.6 was that in most cases, SDG 5.6 only accounted for a small proportion of budget line items of the PAPs of most agencies that contributed to this goal. Reproductive health and reproductive rights were not often the primary targets of budget allocations. For instance, the DOH and POPCOM budget line items for the RPRH Law implementation were also intended for other programs of the said agencies, not only for RPRH. Even among the PAPs of the DSWD and PCW to support the RPRH Law implementation, some of the activities that contributed in some way to reproductive health and reproductive rights also addressed violence against women. Tagging PAPs without the information to correctly determine the share of SDG 5.6 in budget line items runs the risk of bloating or underestimating the money allocated and spent for the gender-related objective. In this context, agency financial reports are critical; barring that, the agencies tagging the PAPs to SDGs, through, for example, consultative meetings such as the one undertaken by the Research Team is important. Ultimately, who vets and officially decides which PAPs are tagged to specific SDGs need to be further explored.

e. Other Issues

The PAPs' titles or nomenclatures are couched in broad, general language which makes it difficult to ascertain its contents and to correctly link the programs to relevant SDG targets. Program descriptions which could have facilitated the mapping of programs into pertinent SDG targets were not available for all PAPs. Some FAR No. 1 documents contain incomplete information. For example, there are missing PAPs in SAAODB and in UACS codes, or financial data for PAPs are not complete. In some instances, PAPs have incomplete titles.

2.6.3. Highlights of Budget Tagging Process

Tagging Programs into SDG 3, SDG 4 and SDG 5.6

The PREXC budget structure distinguishes programs, sub-programs and budget line items and this format provided a good handle for linking the agency PAPs with the SDGs. While alignment with SDG targets was not absolutely clear-cut for all PAPs, the information that could be discerned from the PAPs' titles provided helpful clues in tagging programs, subprograms and line items that are aligned with SDG targets. When information from the titles was not sufficiently clear, program documents such as program profiles and work and financial plan as well as consultation with the agencies were secured to determine the direct association of agency programs with SDG targets.

In general, tags for SDG targets were applied at the activity/project level or budget line items. When only the program or sub-program, so-called big-ticket programs, is listed, the team resorted to a more granular analysis by disaggregating the item into more identifiable projects or activities. This applied particularly to DOH and DepEd which had several big-ticket PAPs. Undertaking this step enabled the identification of more SDG targets that can be linked to the PAPs.

Single tagging (using either a main or secondary tag for SDG target) was applied to SDG 5.6 using the CCFF model. Multiple tagging was applied to SDG 3 and 4 using the INFF-Colombia framework. Multiple tagging entailed identifying both main and complementary SDG targets that a particular project/activity contributes to. As expected, programs often contribute to multiple SDG targets. This was true for several programs of DOH and DepEd.

Tagging was relatively straightforward for SDG 3 and SDG 4, one reason for which is that there are mandated agencies for health and education. The DOH and DepEd, by law, are responsible for implementing the government's health and education policies and programs, respectively. It is worth mentioning that both agencies assert that all their programs are supportive of SDG 3 and SDG 4, respectively. Their PAPs can be linked to specific SDG 3 and SDG 4 targets with relative ease. Thus, for SDG 3 and 4, the challenge lies in determining the specific SDG targets that the PAPs contribute to.

Tagging of programs related to SDG 5.6 target was focused on select agencies with gender-related/specific programs such as PCW and POPCOM. DOH and DSWD were also included in tagging for SDG 5.6 given that some of their programs contribute to SDG 5.6 target.

Determining SDG Share in the Budget

Tracking the amounts allotted and disbursed for programs contributing to SDGs 3, 4 and 5.6 make it necessary that relevant government financial data and information are available, complete, timely and transparent. The GAA, NEP and agency SAOODB comprised the major budget documents used in determining the allocations and expenditures for SDG-related programs. The SAOODB, in particular, provided actual figures on, among other things, annual and quarterly allocations and disbursements at the program, sub-program and budget line-item levels. To a great extent, the level of details of budget data contained in the SAOODB facilitated tracking of spending by SDG targets and indicators. However, big ticket programs posed a limitation in identifying specific activities or projects with their corresponding budgets that can be aligned with particular SDG targets and indicators. Budget information on big ticket programs was not disaggregated to allow for a more detailed linking between activities/projects and SDG targets. Achieving this level of specificity required more effort at breaking down programs to the lowest granular level possible in order to get the corresponding expenditures of the projects and activities. The budget line item (activities and projects) is the lowest level of disaggregation in the PREXC, but which the team found to be not detailed enough for budget tagging purposes (See findings in health and education, for example). As such, the availability of program descriptions and performance indicators such as outputs and outcomes at the level of the activity (and not only by program level as currently constructed) and direct consultations with the agency should be able to fill in the information gap. It is important to stress, too, that the desired granularity of budget tagging will rest on the decision of the agencies concerned and their objectives for tagging. Thus far, the present tagging exercise has shown the possibilities and the limitations or constraints of budget tagging for SDGs.

Generating the budget estimates for SDG-related programs was straightforward for programs that contribute to single SDG targets. Estimating the budget for programs that contribute to multiple SDG targets required more effort and elaborate computational criteria and procedure. The INFF-Colombia model of computation using percentage weights based on relevance was applied to PAPs with multiple SDG targets. The team also adopted a permutation of the percentage weight distribution for determining expenditure share of tagged PAPS depending on whether the multiple tags are simple or complex combinations of main and secondary tags (See Appendix D for the technical description of the computation for SDG 3 as an example.)

Overhead allocations and expenditures, specifically the GAS and STO, were treated as supporting SDGs in general and these amounts were spread out among the PAPs on a prorated basis.

It bears noting that the methodology of expenditure estimation used here, much like the process of SDG alignment with PAPs, has gone through consultations and validation with the agencies concerned.

Monitoring Results

Budget tagging for SDG gains more meaning when it is linked to targets to be achieved and the actual program results and outcomes. This process is important for it generates information on the progress of SDG implementation and areas for improvement that can help guide policy decisions and actions regarding investments in the SDGs. Monitoring of results and outcomes would require a set of relevant, complete and up-to-date data and information. Existing government documents such as the PDP-Result Matrices, the agency accomplishment reports, SAOOBD and PSA SDG Watch are in place and expected to support the performance data and information needed for monitoring program outcomes in relation to SDG targets and indicators. Certain issues though were encountered in tracking program outcomes vis-a-vis SDG targets and indicators.

There are baseline data for the same SDG indicators that are posted in PDP-RM, PSA SDG Watch and the agency physical accomplishment reports that either have different reference years or information that are quite dated, such as the information culled from the 2013 NDHS. The degree of detailed performance information and completeness of data are not consistent for all the indicators for the period covered in the tagging exercise. There is also the matter of agency reporting format that does not jive with the data needed for monitoring outcomes for SDG indicators. Further, not all SDG indicators have corresponding and updated data in the PDP-RM, agency accomplishment reports and PSA SDG Watch. There are indicators that are not aligned with the targets and outcomes identified in the PDP-RM, the PREXC, and the agency accomplishment reports. Reports on SDG outcomes as gleaned from the agency annual accomplishment reports and the PSA SDG Watch may not necessarily be consistent with each other or have different reporting dates or time frame. Taken together, performance data and information issues such as those mentioned above present a challenge in effective monitoring of SDG outcomes.

Role of Agencies in Budget Tagging

The budget tagging exercise has highlighted the central role of agencies in tracking spending for SDGs. The involvement of the agencies in the tagging exercise was crucial in validating the tags done by the team, clarifying programs, enhancing the tagging tool (template), and resolving tagging issues and concerns encountered along the way. It is thus fully acknowledged that the agencies are in the best position to conduct SDG budget tagging for their own agencies.

2.7. Summary and Recommendations

A. Summary

Tracking Allocations and Disbursements for SDGs 3, 4 and 5.6

In terms of tracking how much was actually allocated and disbursed for SDG 5.6, 4 and 3 from 2018-2020? Below are answers to these questions:

For SDG 5.6, a total of (5) programs from 2018 to 2020 were identified as relevant to SDG 5.6, namely Women's Empowerment and Gender Equality Policy Development and Planning Program; Philippine Population Management Program; Health Systems Strengthening Program; Public Health Program; and Promotive Social Welfare Program. From 2018 to 2020, in terms of the actual budget, DSWD had allocated (PhP 33.42 billion) and spent (PhP 26.10 billion) the highest, on average, among the agencies. DOH came next in the level of appropriations and disbursements (PhP 3.89 billion and PhP 1.34) and then followed by POPCOM (PhP 0.20 billion and PhP 0.18 billion) and PCW (PhP 0.01 billion and PhP 0.01 billion).

Among the tagged programs, the Promotive Social Welfare Program of the DSWD, which included the implementation of conditional cash transfers, had the highest average total appropriations and disbursements at PhP100 billion and PhP 77.69 billion, respectively. It was followed by the DOH programs, namely Health Systems Strengthening Program (PhP 19.84 billion and PhP 12.58 billion) and the Public Health Program (PhP18.19 billion and PhP 6.03 billion). The Promotive Social Welfare Program had average GAA and total disbursements shares of 68%, and the Health Systems Strengthening Program had average total appropriations and disbursements shares of 21%.

On the other hand, the program with the least allocation and spending was the Women's Empowerment and Gender Equality Policy Development and Planning Program. This was the lone program of the PCW, a policymaking and coordinating body, with an average budget of PhP 0.08 billion and average spending of PhP 0.07 billion.

When weights are factored into the investment analysis, a more realistic picture of the allocation and spending estimates for each agency emerges. From 2018 to 2020, POPCOM posted the highest average share in total appropriations at 41.50% and disbursements at 40.67%. It was followed by DSWD (22.58% and 22.71%), PCW (11.68% and 11.23%), and DOH (4.17% and 2.24%).

For SDG 4, on the other hand, a decreasing trend in the budget (DepEd OSEC) was noted during the three-year period covered in this study. In particular, budgetary allocation for education stood at PhP 552.5 billion in 2018, dipped in 2019 to PhP 500.3 billion, before slightly increasing to PhP 520.3 in 2020. Nonetheless, actual disbursements during the same period increased from PhP 423.7 billion in 2018, to PhP 470.8 billion and PhP 461.0 billion in 2019 and 2020, respectively.

In terms of budget items, the largest allocation went to schools and learners program covering K-12, as well as government assistance and subsidies with a total budget share of 85.8% in 2020 and actual disbursement share of 90.6% during the same year. This program contributes to most of the SDG targets, specifically, SDG 4.1, 4.3, 4.5, 4.6, 4.A and 4.C. In contrast, during the same year, inclusive education program, which caters to SDG 4.5 and 4.6, received a total budget share of 0.23% and actual disbursement share of 0.09%. The low spending level may be partly due to COVID 19 which hit the country starting March 2020. Nonetheless, the figures for both 2018 and 2019 present similar allocation and disbursement patterns.

For SDG 3, under the single tag scheme, the budget allocation for all relevant agencies, DOH-OSEC and its attached agency the NNC, DOH-affiliated government corporations and specialty hospitals, POPCOM (an attached unit of NEDA) and selected PAPs under DSWD-OSEC, stood at PhP 260.44 billion in 2020, from an appropriation amounting to PhP 207.22 billion in 2018 and PhP 239.86 billion in 2019.

For the multiple weighted tag alternative, a slight adjustment is observed due to the variances in the tagging exercise. From a budget allocation of PhP 203.58 billion in 2018, a yearly incremental increase of 11.68% resulted into a higher budget of PhP 239.79 billion in 2019, and PhP 260.30 billion in 2020. In both modes, a similar upward trend is noted for the budget allocation.

For the DOH-OSEC, activities and projects under the Health Systems Strengthening Program, Health Facilities Operations Program, and Public Health Program possess the bulk of the share of the allocation for the department, accounting for 77.93% share on average in the total appropriations over the three-year period of the study.

As a whole, the PhilHealth received the largest allocation among the health-associated government corporations tagged under SDG 3.8, amounting to an average of PhP 66.44 billion between 2018 to 2020. But the lack of financial report on the PhilHealth budget cannot ascertain the actual spending levels for the National Health Insurance Program.

The DSWD's Promotive Social Welfare Program, covering the Pantawid Pamilyang Pilipino Program, has an allocation of PhP96 billion over three years, while PhP 10.21 billion on average was allocated to the Protective Social Welfare Program, which contains feeding/nutrition and financial assistance programs. Both programs incurred a fairly sound spending performance. DOH specialty hospitals, the NNC and POPCOM had modest allocations for the three-year period.

The total disbursement contribution to specific SDG 3 targets follows an upward trajectory for the period of 2018-2020 for both the single tag and the weighted multiple tags. A slight increase of 6.54% annually was received by SDG 3-tagged programs. Incorporating the proportional distribution of overhead expenditure, the total disbursement contribution to SDG 3 targets resulted in an actual spending of PhP 118.31 billion in 2018, PhP 124.28 billion in 2019, and PhP 134.26 billion in 2020. The identical spending levels for the proposed tagging schemes is due to the inclusion of overhead expenditure apportioned in a pro-rated manner across SDG 3 targets.

However, disbursement levels are uneven for the top budgets under the department. The Public Health Program incurred low disbursement levels, four times lower than its allocation in 2018, and one and a half times less than its appropriation in 2020. National Immunization and Family Health and Responsible Parenting had significant degrees of low disbursement during the said period. The same could be observed with the Health Systems Strengthening Program for 2019, where actual spending was 177% lower than its allocation. In particular, its component activity, Health Facilities Enhancement Program, had a disbursement that was seven times lower than its counterpart appropriation.

Linking Public Investments with Outcomes

Public investments are crucial for achieving the SDG. The national expenditures program (NEP) as proposed by the executive department and enacted into GAA is a solid instrument for translating the national government's commitments to SDG into concrete results and outcomes. Among other factors, transparent, complete and timely information about the budget and expenditures, disaggregated data on programs, activities and projects (PAPs) and availability of up-to-date performance data are essential building blocks for an effective monitoring of SDG public investments and outcomes.

Did public investments in SDG 3, 4 and 5.6 for the period 2018-2020 matter? If they did matter, what do the performance indicators show in terms of meeting the SDG targets for the 3-year period? The budget tagging exercise shows that crossing the bridge from intentions as manifested by the national budget to desired levels of achievements as measured by actual spending is neither a linear nor a self-propelling automatic process. It has been noted that budget utilization was consistently below allocations, regardless of whether the budget was increasing or decreasing. As the following discussion shows, the outcomes of investments speak for themselves. Some improvements have been noted, but more remain to be done.

On SDG 5.6

Tracking the outcomes of investments on SDG 5.6 focused on the key result areas of the RPRH law that directly relate to sexual and reproductive health and reproductive rights. These outcome areas are maternal, neonatal, child health and nutrition; family planning; adolescent sexual and reproductive health; and sexually transmitted infections. (Note: HIV/AIDS, though it contributes to RPRH, was excluded from the investment analysis due to incomplete data for the period under study.) It is important to point out that the RPRH or elements of it being implemented by the member-agencies of the National Implementing Team of the RPRH (PCW, POPCOM, DOH, and DSWD) comprise only a small segment of the agencies' PAPs. Tagging results show that, in most cases, SDG 5.6 accounted for a small share of budget line items of these agencies.

Among the five agencies, DSWD led in public investments (computed with weights) for SDG 5.6 for the period 2018-2020 which registered the highest average appropriations and spending in absolute terms (PhP 33.42B and PhP 26.10, respectively). Relative to share in the agency's budget, POPCOM led the other agencies in supporting SDG 5.6 during the period with an average percentage share of 41.40% and 40.67% of its budget going to allocation and spending, respectively. Actual average expenditures for the three-year period of all agencies, except PCW, fell short of their appropriations for SDG 5.6. PCW posted the same average allocation and expenditure. There was no data for POPCOM spending in 2018.

Five (5) performance indicators were tracked under SDG 5.6 namely, modern contraceptive prevalence rate; 2) percentage of adolescent birth rate (for ages 10-14 years; ages 15-19 years) per 1000 women in that age group; 3) number and percentage of couples reached by responsible parenthood and family planning classes; 4) number and percentage of adolescents and youth provided with ASRH information; and 5) percentage of Anti-Retroviral Treatment (ART) eligible PLHIV on ART. The modern contraceptive prevalence rate and percentage of adolescent birth rate (for ages 10-14 years; ages 15-19 years) per 1000 women in that age group are common indicators of POPCOM and DOH programs.

The outcome of investments in SDG 5.6 has mixed results. Of the five indicators, only two showed improvements during the period under study. The number and percentage of adolescents and youth provided with ASRH information remarkably increased to 343,098 in 2020 from 30,947 in 2018, registering a growth of 1009% in just two years. Improvement was also noted in the number and percentage of couples reached by responsible parenthood and family planning classes. From 890,597 units in 2018, the baseline figure increased to 1,159,767 units in 2020, posting a growth of 30% between 2018 and 2020. Both these programs are under POPCOM.

Performance of the other indicators fell below the 2022 targets. Not only did the indicators not meet the targets, but their accomplishment rate was also even below the 2013 or 2016 baseline data. Where modern contraceptive prevalence rate is concerned, this suffered a decline under both POPCOM and DOH, with the decline steeper under DOH based on 2013 baseline data.

On SDG 4

The education budget has been noted to have decreased from PhP 552.5 billion in 2018 to P520.3 in 2020. While spending showed an upward trend, the actual expenditures fell short of the authorized allocations at any given year for the same period. Even the highest expenditure of PhP 470.8 billion in 2019 was below the lowest budget allocation of 500.3 billion for 2019. Do these trends reflect the trajectory of investment outcomes for the sector? As the tagging experience show, it is difficult to establish the impact of investments on overall SDG 4 and its specific targets given that, among other factors, the SDG 4 indicators as adopted by the Philippine Government do not exactly match the existing education indicators as culled from both DepEd administrative data and PSA survey data. When proxy indicators were used to compute for investment, performance results were mixed. Functional literacy, for example, showed modest increases from the 2013 baseline data to 2019. The related programs of ALS and CLC, however, decreased in numbers during the period under study. On inclusive education under SDG 4.5, available data showed mixed results, particularly on the percentages of learners enrolled in education programs that enhance equity. A bright spot was noted though in net enrolment rates and completion rates which showed modest increments but still below the target set for 2022

On SDG 3

The budget for the health sector (DOH-OSEC proper and attached agencies, and DOH-BHGC) fluctuated for the period 2018-2020, from P171B in 2018, then diving to P169B in 2019 and then once again increasing to P176B in 2020. The fluctuating trend goes as far back as 2016 especially for DOH-OSEC proper and attached agencies when that year's budget of P123B declined to P96B in 2017. In contrast, the expenditure trend for the same period increased steadily, marked by an annual average increase of 12.83%. Interestingly, levels of spending for the government's health programs for the three-year period were consistently below the agency's budget. Government actual expenditures ranged between 32% to 40% of the budget, or an annual average spending of 36% for 2018-2020.

The available performance data for SDG 3 targets and indicators show that some outcome indicators either fell short of their 2022 targets or the latest accomplishments were below baseline levels despite increased spending. For example, the number of new diagnosed HIV cases (SDG 3.3.1.p1) dropped from 9,264 in 2016 to 8,058 in 2020, suggesting that the diagnosis performed with people living with HIV has not reached the PDP Results Matrix target of 18,900. Tuberculosis incidence (SDG 3.3.2) increased by 105 cases per 100,000 population between

2016 to 2020 and is slightly higher than its PDP Results Matrix target. Mortality rate for non-communicable diseases (SDG 3.4.1) and tuberculosis incidence (SDG 3.3.2) rose in 2019 and 2020, respectively, in spite of an upward trend in spending. Proportion of fully immunized children (SDG 3.b.1.p1) and percentage of public health facilities properly stocked with selected essential medicines (SDG 3.b.3.p1) obtained lower-than-baseline results in two years despite spending increase. In particular, the indicator on adequate essential medicines' stock in public health facilities performed poorly. Both indicators are way below the designated end-of-year target under the PDP Results Matrix.

Meanwhile, conflicting reports of outcomes are observed for social health insurance and out-of-pocket health spending. PhilHealth administrative data and the PSA Philippine National Health Accounts (PNHA) reported100% coverage of social health insurance in 2021. But the 2017 NDHS data revealed a 65.8% PhilHealth insurance coverage among the population (Philippine Statistics Authority, 2018: 190-191, 193), which is inconsistent with the 91.0% social health insurance coverage in 2016 based on the PhilHealth administrative data.

For out-of-pocket health spending, the PSA PNHA reported a decrease of 5% between 2016 to 2020 (from 45.0% to 39.9%). But the Department of Health (2019: 7), in its Medium-Term Expenditure Program for the Universal Health Care, cited the same Philippine National Health Accounts but with a different 2016 baseline data at 52.2% (as compared to 45% in the SDG Watch). This is not helped any by the fact that the PDP Results Matrix did not set a target for this indicator.

The team noted the difficulty of coming up with definitive assessment of investment outcomes for some indicators even if these indicators showed modest improvements vis-a-vis their respective baseline data. This is because the timeline of public investments, as measured by actual disbursements, is not congruent with the timeline of the accomplishment data on outcomes. In some cases, certain SDG 3 indicators would entail cross-validation and data harmonization across other key data sources in order to arrive at a clearer picture of the health outcomes being measured. This applies particularly to SDG 3.1 (reducing maternal mortality), SDG 3.2 (addressing child mortality), and SDG 3.7 (ensuring universal access to sexual and reproductive health services) which are based on the 2017 National Demographic and Health Survey (NDHS). Incidentally, these indicators recorded the highest disbursements among the SDG targets. Parenthetically, while SDG 3.2 remained a top spending priority among other SDG 3 targets, the corresponding disbursement levels have been decreasing by 10.65% between 2018 to 2020.

B. Recommendations

One of the major issues to be hurdled in budget tagging for SDG is related to the lack of congruence and alignment of the PDP-Results Matrices, PREXC PAPs and program outcome indicators with the SDGs. Budget data and information especially for big ticket programs were presented in aggregate amounts preventing a more detailed examination of SDG related budget and expenditures. The issue concerning estimation for SDG allocation and spending is closely related to the lack of disaggregated budget data and information. The tagging exercise was rendered more difficult because up-to-date and complete performance data and information were not always readily available, if at all. This made the process of comparing investments viz-a-viz outcomes more difficult to undertake. In light of these, the following recommendations are proposed to address the identified issues encountered in the SDG budget tagging:

1) On congruence and alignment of PDP-RM, PREXC and agency program outcome indicators with the SDGs

Philippine commitment to SDGs is taken into account in the national plan and public investments of the government. In particular, the inclusion of SDG targets and indicators in the 2017-2022 PDP-RM is clearly established for SDGs 3, 4 and 5.6. Notwithstanding this, the tagging exercise shows areas for improving the integration of the three SDGs in the national plan and agency programs. Essentially, this means closing the breaks or gaps in order to promote congruence and consistency between the SDGs and PDP-RM on one hand and the PDP-RM and PREXC, including the PREXC outcome indicators, on the other hand. It is important that articulation of Philippine commitments to SDG 3, 4 and 5.6 targets and indicators are internally congruent and harmonized across the PDP-RM, PREXC and the agency target matrix/program outcome indicators. Harmonization and alignment of the PDP-RM outcome indicators with SDG indicators have to be done as well to ensure effective integration of SDG in the national plan. In this regard, a review of the Philippine SDG targets and indicators vis-a-vis PDP-RM would be useful in moving forward the congruence and harmonization of SDGs and PDP-RM.

2) On enhancing budget tagging for SDGs

The major issues encountered in the tagging process, such as lack of disaggregated budget information especially for big ticket programs, broad program descriptions that can confuse identification and/or separation of SDG-related targets, and the related issue of inflating the budget due to multiple tagging, may be minimized if not avoided in the future if the budget documents and financial information contained therein are presented in a "trackable" manner. Among other factors, a "trackable" budget document can help facilitate tracking of allocations and expenditures for SDGs. Toward this end, the PREXC can incorporate some identifying markers or codes that link the PAPs and budget to particular Philippine SDGs commitments. This may be done at the program and subprogram levels, and the line items if possible, during the budget preparation. While pre-tagging the budget may entail additional work, the agencies are in the best position to determine how this can be done in the most efficient and effective manner.

To the extent possible, providing program and budget information that is detailed and disaggregated vis-a-vis Philippine SDG targets will greatly boost the effort of monitoring SDG implementation. In this regard, the agencies are imbued with the authority and possess the relative competence to undertake pre-coding or pre-tagging their PAPs in the PREXC that are SDG-related. They are also in the best position to determine how to properly approach PAPs that do not lend themselves easily to disaggregation for SDG tagging. Based on the tagging experience, big budget items that contribute to other components in the PREXC do not have disaggregated or detailed enough information to allow for precise tagging.

In preparation for the next PDP and 2024 national budget planning exercise, the agencies which collaborated in this project can initially explore pre-tagging their PAPs that contribute to specific SDG targets. Alongside program tagging, SDG tags need to be considered as well for the allocations and expenditures being proposed by the agencies. In the context of assessing resource allocations vis-a-vis SDG outcomes, aiming at a more granular pre-tagging of PAPs, to the extent possible, will help contribute to establishing meaningful links between public investments and SDG implementation.

3) On determination of budget share of SDG-related PAPs

Determination of budget share of SDG-related PAPs is easier for single tags. Here, the full one hundred per cent (100%) of the budget is assigned to the target. Pro-rata estimation of budget contribution to SDG targets has also been employed for overhead expenditures such as GAS and STO. It is reasonably assumed that these expenditures, in general, support the PAPs.

It is more challenging for PAPs with multiple tags and big clusters of programs and expenditure items that do not have disaggregated budget data and information. A multi-pronged methodology of estimation has been utilized in the tagging exercise and may be considered for future budget tagging for SDGs.

To reiterate, in the absence of relatively straightforward SDG tagging for PAPs especially for single tags, tagging of SDG targets can be derived from budget breakdowns based on financial documents containing agency PAPs retrieved from the agencies. When these documents are not available, tagging is based on the recommendations of the designated agency personnel. In situations where there are no budget breakdowns from financial documents nor are there recommendations from the agencies on the tagging of certain PAPs, then two tagging models can be employed: The Climate Budget Tagging (CBT) for single tags of a single SDG target and the Colombia framework for multiple tagging of multiple SDG targets.

The initial step in CBT involves identifying the level of relevance (i.e., high, medium, and low) of a PAP to a specific target. Each level of relevance has a corresponding percentage weight (i.e., 100%, 50%, and 20%), which will be applied to the budget. The integration of CBT in the tagging process minimized the overestimation of allocations contributing to a particular objective.

Generally, the INFF-Colombia framework involves identification of main and secondary SDG targets in relation to PAPs that contribute to several SDG targets, assigning weights relative to the categories of main and secondary targets, and determining of weights based on degree of relevance assigned to the PAPs. As a cautionary remark, the estimation method using weights has been used here for illustrative purposes in order to enlarge the menu of options for computing allocations and expenditures for SDG-related programs.

4) On Tracking SDG Investments and Outcomes

The PREXC, SAOODB (Financial Accountability Report), agency physical accomplishment reports (Budget Accountability Report) and PDP-RM constitute a robust information base for tracking the allocations and expenditures for SDG implementation and outcomes for specific SDG targets and indicators. The tracking of public investments and results, however, could be made more effective and seamless if there is clearer alignment or matching of SDG-related PAPs and PDP-RM with the SDG targets and indicators and if the performance information on PAPs that contribute to achievement of SDG targets and indicators in a manner that is complete and up to date. To the extent possible, annual updating of PDP-RM, particularly the information on performance indicators of programs and subprograms using agency annual accomplishment data can be explored to improve monitoring of SDG achievements.

Finally, the SDG tagging exercise undertaken by the Research Team proved to be a complex and analytically rich exercise given the various variables and data needed, information which was not always easy to come by. The very act of tagging relevant PAPs to the SDGs under study was not always a straightforward process compelling the Research Team to look for other modalities to ascertain and validate the tagging process such as through the conduct of agency consultations. Furthermore, the process of figuring out public investment levels in relation to the SDGs under study within a given timeline required the Research Team to employ the use of single and multiple tags as well as apply the method of weights to estimate to what extent certain PAPs contributed to the attainment of select SDGs, and by how much. Here, the previous experience of the Philippine government as well as other countries in budget tagging proved extremely useful.

The methodology and steps on how SDG budget tagging can be done, and as discussed and explained in this research, was the product of the Research Team's efforts to actually undertake the budget tagging process– guided by the project objectives– through learning by doing and trial and error. This research on SDG budget tagging for SDG 3, 4 and 5.6, in spite of some challenges encountered, provides some methodological options on how it can be done. Since ensuring adequate public investments for the attainment of the SDGs is critical, drawing up the appropriate and effective methodology for this is an essential step. It is hoped that this research provides both a conceptual and practical contribution to the discourse and practice of SDG budget tagging, in the Philippine context and beyond.

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CHAPTER 3
Review of PFM Systems
Output 1 of the SDG Budget Tagging System Study

3.1 Introduction

Background and context. This engagement involves the establishment of an SDG Budget Tagging System. It is one of the outputs under the Joint SDG Fund Joint Programme on Reaping the Demographic Dividend and Managing the Socio-Economic Impact of COVID-19 by Applying an Integrated National Financing Framework in the Philippines (JP INFF and DD) which plans to strengthen the link between national planning, on the one hand, and the budgeting processes and financing strategies, on the other. As such, the JP INFF and DD hopes "to ensure a more effective resource allocation, and establish a more diversified financing framework that can leverage additional resources for the implementation of COVID-19 recovery strategies, and ultimately, the achievement of the SDGs in an integrated manner."

Overall objective and scope of the SDG Budget Tagging System study. The objective of this assignment is to support the National Economic and Development Authority (NEDA) and the Department of Budget and Management (DBM), through the Joint Programme Participating UN Organizations, led by UNDP, by providing guidance on the establishment of a framework for SDG Budget Systems and Processes. Said framework is envisioned to be a policy-based and standardized codification system that would identify, tag, and track/ monitor SDG-related programs, activities, and projects (PAPs) of government agencies. It is also expected to delineate clear institutional responsibilities for SDG monitoring and reporting (Appendix 1 – TOR for Establishment of the SDG Budget Tagging Systems).

The SDG Budget Tagging System is envisaged to promote the prioritization of SDG-related PAPs in project preparation, investment programming and the allocation of budgetary resources on said programs by establishing a system that:

- **(i)** Facilitates the identification, aggregation and reporting of financial transactions involving SDG-related PAPs in various stages of the budget cycle (i.e., budget preparation, budget execution, accounting, reporting and auditing processes) within the framework of existing PFM system;
- **(ii)** Provides timely analytics that are needed to evaluate the impact of present SDG public spending levels on meeting the SGDs, or alternatively, to assess how much additional budgetary resources is required to yield target outputs and outcomes in the context of performance-informed budgets;
- **(iii)** Identifies the least and most underfunded SDGs in the planning and budgeting processes, and inform SDG financing interventions.

Also as indicated in the TOR, the consultant is expected to provide overall technical guidance and methodological support on the design of the SDG Budget Tagging Systems and Processes in the following areas: (i) Output 1. PFM systems review; (ii) Output 2. SDG codification framework mapping; (iii) Output 3. Matching programs and budget allocations across NEDA and DBM systems; and (iv) Output 4. Roadmap to further strengthen the link of planning and budgeting systems.

Objective and scope of the present report: Output 1 – PFM systems review. The present report aims to assess the current public financial management (PFM) system, processes and infrastructure in order to gain a better understanding of how the existing PFM systems can best support/ accommodate (i) the tagging of the programs/ activities and projects (PAPs) of national government agencies (NGAs) that contribute to the achievement of SDGs and the establishment of a SDG tagging system, (ii) the tracking of SDG spending of NGAs in their various forms (i.e., appropriations, commitments/ obligations, and disbursements) and (iii) the tracking of public investment programs/ projects from their inclusion in the Philippine Investment Program (PIP) to their inclusion in the NEP and the GAA and the associated amounts allocated thereof as a step towards a more integrated planning and budgeting system. This review looks at the following systems: the Online Submission of Budget Proposal System (OSBPS), the Unified Reporting System (URS) and the Public Investment Program Online (PIPOL).

3.2 Basic Elements of the Existing PFM System

Public financial management refers to “the set of laws, rules, systems and processes used by sovereign nations (and sub-national governments), to mobilize revenue, allocate public funds, undertake public spending, account for funds and audit results” (Lawson, 2015). “The purpose of a good PFM system is to ensure that the policies of governments are implemented as intended and [that they] achieve their objectives” (PEFA Secretariat 2016). A good/ well-functioning PFM system has the potential to contribute to the achievement of the following desirable fiscal and budgetary outcomes:

- Aggregate fiscal discipline is achieved when “aggregate levels of tax collection and public spending are consistent with targets for the fiscal deficit, and do not generate unsustainable levels of public borrowings” (Lawson 2015). In general, fiscal discipline refers to the effective control of budget totals by ensuring that expenditure ceilings are binding not only at the aggregate level but also at the level of individual agencies” (OECD PEM Handbook 2001).

- Strategic allocation of resources involves “planning and executing the budget in line with government priorities aimed at achieving policy objectives” (PEFA Secretariat 2016).

- Efficient service delivery “requires using budgeted revenues to achieve the best levels of public services within available resources” (PEFA Secretariat 2016). Put another way, it refers to achieving value for money in the delivery of services” (Lawson 2015).

- Transparency and accountability is achieved when due process is followed, budgeting and accounting rules are complied with, information is publicly accessible, and checks and balances are applied to enforce accountability (Lawson 2015).

How does one differentiate a good PFM system from one that is not? The Public Expenditure and Fiscal Accountability (PEFA) framework identifies 7 pillars of performance in a PFM system that are “essential to the achievement of good fiscal / budgetary outcomes” (PEFA Secretariat 2016). In a sense, these 7 pillars define the characteristics of a good, well-functioning PFM:

- **Pillar I** - Budget reliability. The government budget is realistic and is implemented as intended.

- **Pillar II** - Transparency of public finances. This is achieved through a comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access to fiscal and budget documentation.

- **Pillar III** - Management of assets and liabilities. This is deemed effective when “public investments provide value for money, assets are recorded and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.”

- **Pillar IV** - Policy-based fiscal strategy and budgeting. This requires that “the fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections.”

- **Pillar V** - Predictability and control in budget execution. This requires that “the budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended. ... This pillar is the most critical to attaining the goals of desirable budget outcomes: aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery.”

- **Pillar VI** - Accounting and reporting. This requires that “accurate and reliable records are maintained, and information produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.”

- **Pillar VII** - External scrutiny and audit. This requires that “public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive.”

Following the PEFA framework and drawing from the 2016 Philippine PEFA assessment report (WB 2016), this paper will make use of these 7 pillars in assessing the Philippine PFM system in Section III below.

A. Institutional Arrangements of the Philippine PFM System

Executive Order (EO) 292 (or the Administrative Code of 1987) delineates the roles and functions of the key agencies that steer public financial management policies, systems and processes in the Philippines:

- The Department of Finance (DOF) is primarily responsible for the sound and efficient management of the financial resources of the government. In particular, it is responsible for (i) the formulation, institutionalization and administration of fiscal policies in coordination with the other oversight fiscal agencies, (ii) the generation and management of financial resources of government, ensuring that said resources are generated and managed judiciously in a manner supportive of development objectives; and (iii) the review, approval and management of all public sector debt, both foreign and domestic, with the end in view of ensuring that all borrowed funds are effectively utilized and all such obligations are promptly services by the government. As such, the DOF has oversight over the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC), the key tax collection agencies and the Bureau of the Treasury (BTr) which manages the government's cash resources and public debt. It also supervises government owned and/ or controlled corporations (GOCCs) and the financial affairs of LGUs.

- The Department of Budget and Management (DBM) is responsible for the formulation and implementation of the national budget with the goal of attaining the country's socio-economic plans and objectives. In particular, it shall be responsible for the efficient and sound utilization of government funds and revenues to achieves the country's development objectives. It also assists the President in the preparation, execution and control of the National Budget, preparation and maintenance of accounting systems essential to the budgetary process, achievement of more economy and efficiency in the management of government operations, administration of compensation and position classification systems, assessment of organizational effectiveness and review and evaluation of legislative proposals having budgetary or organizational implications.

- The National Economic and Development Authority (NEDA) shall be responsible for "studying, reviewing, formulating and recommending continuing, coordinated and fully integrated economic and development policies, plans and programs, including the formulation of annual and medium-term public investment programs, programming official development assistance … and the monitoring and evaluation of plan implementation" [Book V Title II Subtitle C Section 2]. In particular, NEDA's primary responsibilities are (i) to formulate the Philippine Development Plan (PDP) and the Public Investment Programs (PIP) and (ii) to monitor the implementation of the PDP-Results Matrix.

- The Commission on Audit (COA) has the responsibility to: "(1) determine whether or not the fiscal responsibility that rests directly with the head of the government agency has been properly and effectively discharged; (2) develop and implement a comprehensive audit program that shall encompass an examination of the financial transactions, accounts and reports, including evaluation of compliance with applicable laws and regulations; (3) institute control measures through promulgation of auditing and accounting rules governing the receipts, disbursement, and uses of funds and property, consistent with the total economic development efforts of government; and (4) promulgate auditing and accounting rules and regulations so as to facilitate the keeping, and enhancement of the information value of the accounts of government"" [Book V Title I Subtitle B Section 10].

The need for inter-agency coordination cannot be overestimated, given the involvement of a number of oversight agencies in different aspects of the PFM systems and processes (i.e., planning by NEDA, budgeting, procurement and organizational structure issues by DBM, fiscal, revenue generation, cash and debt management by the DOF, and accounting and auditing by COA). The following Cabinet-level inter-agency committees under the NEDA Board provide the venue for such coordination.

- ***Development Budget Coordinating Committee (DBCC).*** The DBCC is composed of the Secretary of Budget and Management, as chairman, the Secretary of Economic Planning as co-chairman, the Executive Secretary, Secretary of Finance, and the Governor of the Bangko Sentral ng Pilipinas (BSP), as members. The DBCC determines the overall budget obligation ceiling (i.e., maximum expenditures for current and capital expenditures) based on projections of central government revenues, including ODA, the fiscal deficit target and upper limit for new borrowings for the year. The DBCC focuses on the consistency of the overall budget ceiling and financing plan with projections/targets of key macroeconomic variables like GNP/GDP growth rate, inflation rate, Treasury bill rate, foreign exchange rate, and the London Interbank Offered Rate (LIBOR).

- ***Investment Coordinating Committee (ICC).*** The ICC consists of the Secretary of Finance, the Secretary of Socioeconomic Planning as chairman, the Secretary of Socioeconomic Planning as co-chairman, the Executive Secretary, the Cabinet Secretary, the Secretaries of DBM, Department of Energy (DOE), Department of Trade and Industry (DTI), and the Governor of the BSP as members. The ICC evaluates individual national government and corporate projects which cost more than PhP 2.5 billion except as otherwise provided by law, such as but not limited to: (i) projects covered by Republic Act 6957 as amended by RA 7718; (ii) projects which will require National Government borrowing or guarantee covered by RA 4860, as amended, otherwise known as the Foreign Borrowings Act, and RA 8182, as amended, otherwise known as the Official Development Assistance Act; (iii) projects which will require Presidential or NEDA Board approvals based on existing laws, rules and regulations; and (iv) all proposed projects for funding with the Chinese government, regardless of amount. The ICC also performs the following functions: (i) evaluates the fiscal, monetary and BOP implications of major national projects, and recommends to the President the timetable of their implementation on a regular basis; (ii) advises the President on matters related to the domestic and foreign borrowings program; and (iii) submits a status of the fiscal, monetary and balance of payments implications of major national projects.

WB (2016, p 35) points out that the current "institutional set-up for PFM has two unusual attributes. First, the dual external auditing and accounting roles of the Commission on Audit are considered conflicting under international standards. ...Second, the division of tasks between the Department of Budget and Management and Department of Finance is also overlapping; in many jurisdictions, though not all, fiscal, budgetary, cash, and debt management tasks are placed within the same entity."

Anchors of the Legal and Regulatory Framework for the Philippine PFM System

The legal and regulatory framework for PFM in the Philippines is anchored on the 1987 Constitution and EO 292. Other laws, presidential orders, and circulars and memoranda that are issued by oversight agencies from time to time provide more detailed rules and guidance for the administration of the PFM arrangements that are prescribed under the 1987 Constitution and EO 292, including, but not limited to the following:

- ***Philippine Development Plan (PDP).*** The PDP presents the medium-term socioeconomic agenda of the country. It lays out the policies, strategies, and programs that will lead to the achievement of societal goals as well as sectoral goals. In 2011-2016, the overall societal goal of the PDP was "to reduce poverty and promote inclusive development." In 2017-2022, the overall societal goal of the PDP is "to lay the foundation for inclusive growth, a high trust society and a globally competitive economy." Two documents accompany the PDP: the PDP-Results Matrix (PDP-RM) and the Public Investment Program (PIP). The PDP-RM lays out "the statements of results to be achieved in the medium term, which include those for the societal goals, intermediate goals, sector outcomes, and aggregate outputs. ... Alongside these statements of results in the PDP-RM are the corresponding indicators, baseline information, the annual and the end-of-Plan targets. It also presents the means of verification per indicator, and the agencies responsible for delivering and reporting the results" (NEDA, PDP-RM, 9 October 2017). The PIP includes the priority programs and projects that national government agencies identify in support the attainment of PDP goals.

- ***Budget Memoranda and Circulars issued by DBM*** to guide budget preparation, budget execution and accountability.

- ***National Guidelines on Internal Control (NGICs).*** It contains the fundamental principles, policies and general standards that guides the heads of the agencies in designing, installing, implementing and monitoring their respective internal control systems.

- ***Philippine Government Internal Audit Manual (PGIAM).*** It intends to help internal auditors understand the nature and scope of the internal audit function in the public sector, including the institutional arrangements, protocols, and processes for the conduct of internal audit.

- ***Government Procurement Reform Act (RA 9184)*** which governs procurement activities in government. Philippine Public Sector Accounting Standards (PPSAS), Philippine Public Sector Standards on Auditing (PPSSA), Government Accounting Manual (GAM) for NGAs, Revised Chart of Account.

1987 Constitution

The 1987 Constitution establishes the basic principles and overall policies with respect to government budgeting, revenue mobilization, fiscal accountability and transparency. Among others, these include:

- No money shall be paid out of the Treasury except in pursuance of an appropriation made by law [Article VI, Section 29 (1)].

- All money collected on any tax for a special purpose shall be treated as a special fund and paid for such purpose only [Article VI, Section 29 (3)].

- The President shall submit to Congress, within 30 days from the opening of every regular session, a budget of expenditures and sources of financing, including receipts from existing and proposed revenue measures [Article VII, Section 22]. The President's budget shall be the basis of the General Appropriations Bill.

- Congress may not increase the appropriations recommended by the President for the operation of the government as specified in the budget [Article VI, Section 25 (1)].

- The President has the power to veto any particular item/s in the appropriation bill but the veto will not affect item/s to which he does not specifically object [Article VI, Section 27 (2)].

- If, by the end of the fiscal year, Congress shall have failed to pass the general appropriations bill for the ensuing year, the general appropriations law for the preceding fiscal year shall be deemed reenacted and shall remain in force until a new bill is passed by Congress [Article VI, Section 25 (7)].

- The President, the Senate President, the Speaker of the House of Representative, the Chief Justice of the Supreme Court, and the heads of the Constitutional Commissions may be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations but no law may be passed which authorizes any transfer of appropriations [Article VI, section 25 (5)].

- All appropriation, revenue or tariff bills, bills authorizing increase of the public debt, bills of local application, and private bills, shall originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments [Article VI Section 24].

- The rule of taxation is uniform and equitable. Congress is to evolve a progressive taxation system [Article VI Section 28].

- The state shall ensure the autonomy of local governments [Article II Section 25]

- Local governments units shall have a just share in national taxes which shall be automatically released to them [Article X, Section 6].

- Local governments shall be entitled to an equitable share in the proceeds of the utilization and development of national wealth in their areas [Article X, Section 7].

- The state shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption [Article II Section 27].

- Subject to reasonable conditions prescribed by law, the State adopts and implements a policy of full public disclosure of all its transactions involving public interest [Article II Section 28]

- The Commission on Audit (COA) shall have exclusive authority to define the scope of its audit and examination, establish the techniques and methods required therefor, and promulgate accounting and auditing rules and regulations, including those for the prevention and disallowance of irregular, unnecessary, excessive, extravagant, or unconscionable expenditures or uses of government funds and properties [Article IX.D Section 2].[8]

- The COA shall submit to the President and the Congress, within the time fixed by law, an annual report covering the financial condition and operation of the Government, its subdivisions, agencies, and instrumentalities, including government-owned or controlled corporations, and non-governmental entities subject to its audit, and recommend measures necessary to improve their effectiveness and efficiency [Article IX.D Section 4].

- Congress may establish an independent economic and planning agency headed by the President, which shall, after consultations with the appropriate public agencies, various private sectors, and local government units, recommend to Congress, and implement continuing integrated and coordinated programs and policies for national development. Until Congress provides otherwise, the National Economic and Development Authority shall function as the independent planning agency of the government [Article XII Section 9].

Executive Order 292 (Administrative Code)

EO 292 expounds with greater specificity the principles and policies that should govern the PFM, particularly national government budgeting. It also prescribes in detail the form, content and manner of budget preparation, authorization, execution and accountability.

- It is the policy of the state that the formulation of the government budget should be guided by the following approaches: planning and budgeting linkage, national resource, regional budgeting, and long-term budgeting (Book VI Section 3].

    - ***Planning and budgeting linkage.*** "The budget shall be formulated as an instrument for the attainment of national development goals and as part of the planning-programming-budgeting continuum. ... The aggregate magnitudes of the budget should be determined in close consultation among planning, budgeting and fiscal agencies. ... Budgetary priorities shall be those specified in the approved national plans, keeping in mind the capability and performance of the implementing agencies concerned" [Book VI Section 4].

    - ***National resource budgeting.*** The formulation of the national budget shall take into account "the aggregate of revenue, expenditure and debt of all units of government, including the national government (NG), local government units (LGUs) and government-owned or controlled corporations (GOCCs)" and "within the framework of the total impact of government activity on the national economy" [Book VI Section 5].

    - ***Regional budgeting.*** "The budget preparation process shall originate at the regional and local levels, and shall be consolidated and reviewed by the central offices of the various national agencies. The regional development strategies and plans, including the physical framework and resource-use plans, shall be considered in the preparation of the budget" [Book VI Section 6].

    - ***Long-term budgeting.*** "The annual budget of the national government shall be prepared as integral part of a long-term budget picture. The long-term economic and physical framework plans of government, multi-year requirement of approved programs and projects, and other commitments assumed should be specified in the budget process" [Book VI Section 7].

[8] World Bank (2016) defines government auditing as "the analytical and systematic examination and verification of financial transactions, operations, accounts, and reports of any government agency for the purpose of determining their accuracy, integrity, and authenticity; and satisfying the requirements of law, rules, and regulations."

- Book VI also promotes the one-fund concept by providing that all income of the government departments, offices and agencies shall be deposited to the National Treasury and shall accrue to the unappropriated surplus of the General Fund [Section 44]. In line with this, it also limits the creation of extrabudgetary (i.e., special, fiduciary and trust) funds to those authorized by separate legislation [Section 45] even as it mandates the automatic appropriation of debt service, national government guarantees of obligations which are drawn upon, and personnel retirement and government service insurance premiums [Section 26].

- Budget preparation. Book VI Section 14 (7) espouses the use of performance budgeting by providing that the budget proposals that agencies submit to DBM during budget preparation include a description of their major thrusts, priority programs and projects, the results expected for each budgetary program and project, nature of work to be performed, and estimated costs per unit of work.

- Book VI Section 12 prescribes the form and content of the proposed General Appropriations Act.

- Book VI Section 13 provides that no appropriation for current operations and capital outlays of the government shall be proposed unless the amount involved is covered by ordinary income, or unless it is supported by a proposal creating additional sources of funds or revenue, including those generated from domestic and foreign borrowings, sufficient to cover the same.

- Book VI Section 16 provides that agencies' budget proposals submitted to DBM during budget preparation "shall be reviewed on their own merits and not on the basis of a given percentage or peso increase or decrease from the prior year's budget level or other similar rule of thumb … Proposed activities, whether new or ongoing, shall be evaluated using a zero-based approach and on the basis of (1) relationship with the approved development plan, (2) agency capability as demonstrated by past performance, (3) complemental role with related activities of other agencies.

- Budget legislation. Book VI, Section 24 further limits the power of the legislative branch over the budget by providing that Congress shall in no case increase the appropriation of any project or program of any department, bureau, agency or office of the government over the amount submitted by the President in his budget proposal. Moreover, it provides that any reduction in the proposed appropriation for a project or program of any government agency shall elicit a corresponding reduction in the total appropriation of the agency concerned. However, it should be emphasized that this provision is followed more in breach than in contract.

- Budget execution. Book VI, Section 33 and Section 41 ordains that no expenditures shall be undertaken by the different departments and agencies without any spending authorization (allotment advice) from the Department of Budget and Management (DBM).

- Book VI calls for the preparation and implementation of both an obligation (expenditure) program [Section 34] and an operational cash budget to ensure the availability of cash resources for priority development projects and to establish a sound basis of determining the level, type and timing of public borrowings [Section 36]. Thus, the aggregate level of appropriations defines obligations (or commitment) limits as well as cash payment limits according to these obligations.

- Book VI, Section 1 (6) provides that the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court and the heads of the Constitutional Commissions may, by law, be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations.

- Book VI, Section 39 authorizes President to approve the use of any savings in the regular appropriations in the GAA for programs and projects of any department, bureau, office or agency to cover the deficit in any other item of the regular appropriations. In addition, the President is authorized not only to establish reserves against appropriations (to provide for contingencies and emergencies) [Section 37] but also to suspend any expenditure that is already authorized in the GAA (except those for personal services of permanent employees) [Section 38]. However, Section 28 decrees that unexpended balances of appropriations authorized under the GAA shall revert to the unappropriated surplus of the General Fund at the end of the fiscal year except for appropriations for capital outlays which remain valid until the end of the ensuing fiscal year.

- Book VI Section 49 provides that savings provided in the GAA may be used for the settlement of various obligations (e.g., priority activities that will promote the economic well-being of the nation, including food production, agrarian reform, energy development, disaster relief, and rehabilitation, repair, improvement and renovation of government buildings and infrastructure and other capital assets damaged by natural calamities) incurred during the current fiscal year or previous fiscal years as may be approved by the Secretary in accordance with rules and procedures as may be approved by the President.

- Budget accountability. Book VI Section 9 calls on the DBM to evaluate and monitor both work and financial performance "so as to ensure that the targets approved in authorization are in fact attained at minimum cost." This mandate is reiterated in Section 51.

- Book V Title I Subtitle B Section 1 provides that the head of agency has the responsibility to ensure that "all government resources are managed, expended or utilized in accordance with law and regulations and safeguarded against loss or wastage through illegal or improper disposition to ensure efficiency, economy and effectiveness in the operations of governments."

- Article VI Section 52 calls on the Secretary of Budget to "determine accounting and other items of information, financial or otherwise, needed to monitor budget performance and to assess effectiveness of agencies' operations" and to "prescribe the forms, schedule of submission…"

- Article VI Section 53 provides that "expenditures of national government agencies shall be recorded so as to identify expenditures as classified into such categories as may be determined by the DBM, including but not limited to the following: (1) agency incurring the obligation, (2) program, project, and activity, (3) object of expenditures, (4) region or locality of expenditure, (5) economic or functional classification, (6) obligational authority and cash transactions arising from fund releases, and such other classifications."

- Article VI Section 56 provides that "the heads of departments, bureaus, offices or agencies of the government shall submit a semi-annual report of their accomplishments, both work and financial results. These reports shall be designed and used for the purpose of monitoring the efficiency and effectiveness with which budgeted funds are utilized, and generally for verifying the attainment of goals established in the budget process.

WB (2016) underscores the relatively strong executive control over the budget. For instance, the power of the purse that is granted to the legislative branch under the 1987 Constitution is counterbalanced by the power of the President (i) to veto any particular line item/s in the appropriation bill, (ii) to establish reserves against appropriations (in other words, to impound or sequester appropriations), and (iii) to reallocate unspent balances as "savings."

3.3 Assessment of the State of Philippine PFM System[9]

The 2016 Philippine Public Expenditure and Financial Accountability (PEFA) report noted significant improvements in the Philippines's PFM system as a result of the reforms that were undertaken in response to the 2010 PEFA assessment (WB 2016). Three out of the seven PFM pillars of the government's PFM system (transparency, management of assets and liabilities and policy-based fiscal strategy and budgeting) were found to be strong and creditably better than in 2010.

In particular, 5 out of the 6 performance indicators and 9 out of the 12 dimensions of Pillar II (transparency) were rated B or better in the 2016 Philippine PEFA report. The same is true of 3 out of the 4 performance indicators and 8 out of the 13 dimensions of Pillar III (management of assets and liabilities) and 5 out of the 5 performance indicators and 16 out of the 17 dimensions of Pillar IV (policy-based fiscal strategy and budgeting).

[9] A more detailed assessment of the Philippine PFM system is provided in Annex 1.

Pillar II (transparency). "Transparency of information on public finances is necessary to ensure that activities and operations of governments are taking place within the government fiscal policy framework and are subject to adequate budget management and reporting arrangements. Transparency is an important feature that enables external scrutiny of government policies and programs and their implementation" (PEFA Secretariat 2016 p 96). It is "achieved through a comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access to fiscal and budget documentation" (PEFA Secretariat 2016 p 2).

Pillar II has 6 performance indicators: (i) budget classification, (ii) budget documentation, (iii) central government operations outside financial reports, (iv) transfers to sub-national government, (v) performance information for service delivery, and (vi) public access to fiscal information. The 2016 Philippine PEFA assessment report gave the government a rating of B+ or better in all of these performance indicators with the exception of that for budget classification which received a C rating.

The government adopted the Unified Accounts Code Structure (UACS) in FY 2014, a government-wide harmonized budgetary, treasury, and accounting code classification structure jointly developed by DBM, COA, DOF and BTr" which aims to facilitate the identification, "aggregation, consolidation and reporting of financial transactions within an agency and across government agencies." The original UACS code structure was subsequently enhanced with the issuance of COA-DBM-DOF Joint Circular 2014-1.[10] By assigning a unique 54-digit code to each budgetary item, the UACS "ensures that each item of expenditure uses a single code, from the time the DBM includes it in the Proposed Budget up to the moment that COA audits it" (DBM 2016). The UACS consists of 5 elements: (i) an 8-digit segment for the "funding source" code, (ii) a 12-digit segment for the "organization" code, (iii) a 9-digit segment for the "location" code, (iv) a 15-digit segment for the "MFO/ PAP" code, and (v) a 10-digit segment for "object" code (Figure 1).

Figure 14. Enhanced Unified Accounts Code Structure (UACS) under COA-DBM-DOF Joint Circular 2014-1

Fund Cluster	Financing Source	Authorization	Fund Category	Department Code	Agency Code	Operating Unit Classification	Lower Operating Unit Classification	Region	Province	City/Municipality	Barangay	Sector/Horizontal Outcomes	Program/Project	MFO/Project	Activity Level 1/Project sub-category	Activity Level 2/Project Title	Revised Chart of Account	Sub-Object code
Funding Source				Organization				Location				MFO/PAP					Object	
(8)				(12)				(9)				(15)					(10)	
00	0	00	000	00	000	00	00000	00	00	00	000	00000	0	00	00	00000	00000000	00

Sources: COA-DBM-DOF Joint Circular 2014-1

However, at the time when the PFM assessment was conducted for the 2016 Philippine PEFA report, the full roll-out of the enhanced UACS was still underway and DBM's practice in classifying expenditures by sector was found to be not COFOG-compliant. For these reasons, the 2016 Philippine PEFA assessment report gave government a C rating for budget classification.

The present study notes that the performance of the Philippine PFM system in Pillar II (transparency) of the PEFA framework registered further improvements in the period after the conduct of the 2016 Philippine PEFA assessment. In particular, full roll-out of the enhanced UACS in 2016-2017 and the adoption of the Classification of the Functions of the Government (COFOG) to classify expenditures by sector in 2017[11] are key factors in promoting greater transparency in the budget processes and documentation relative to the situation before its introduction.

[10] The enhanced version of the UACS was adopted in FY 2015.

These developments would have allowed the Philippine performance in Pillar II (transparency) to secure a B rating or better in the performance indicator for budget classification in lieu of the C rating that it received in the 2016 Philippine PEFA report. Thus, the PEFA rating for Pillar II (transparency) would have improved by scoring B or better in all of its 6 performance indicators and 10 out of its 12 dimensions at present.

Pillar III (management of assets and liabilities). Management of assets and liabilities is deemed effective when "public investments provide value for money, assets are recorded and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored" (PEFA Secretariat 2016 p 2).

The performance of the Philippine PFM system in Pillar III (management of assets and liabilities) is creditable, particularly in 3 out of its 4 performance indicators: public investment management, fiscal risk reporting and debt management. One, the country's public investment management systems and processes obtained an A rating from the 2016 PEFA assessment for applying robust appraisal methods in evaluating major investment projects and the extent to which the project selection process prioritizes investment projects relative to clearly defined criteria. To wit, all national government and GOCC projects costing at least PhP 2.5 billion require the approval of the Investment Coordinating Committee (ICC). The evaluation criteria include (i) alignment and contribution of projects to PDP, and (ii) appraisal of the financial, economic, technical, environmental, institutional, and social aspects of the project. Two, the country's fiscal risk reporting system and processes received a B rating from the 2016 PEFA assessment with the DBCC publishing a Fiscal Risks Statement that "provides a comprehensive view of the country's exposure to fiscal risks emanating from fiscal projections and turnouts, public debt, and contingent liabilities associated with the financial sector, GOCCs, public-private partnerships, local government units, and natural disasters" yearly since 2012. Three, the country's debt management practices and controls also secured a B rating from the 2016 PEFA assessment given DOF's mandate to review, approve, and manage both domestic and foreign public sector debt and BTr's mandate to certify allowable debt and guarantees and to formulate the government's debt strategy.

Pillar IV (policy-based fiscal strategy and budgeting). This pillar requires that "the fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections" (PEFA Secretariat 2016 p 2).

The performance of the country's present PFM system and processes in Pillar IV of the PEFA framework is also strong, with 3 out of its 5 performance indicators (macroeconomic and fiscal forecasting, medium-term perspective in expenditure budgeting, and budget preparation process) garnering an A rating and the other 2 performance indicators (fiscal strategy and legislative scrutiny of the budget) a B/ B+ rating from the 2016 PEFA assessment. One, the country's macroeconomic and fiscal forecasting practices and projections garnered an A rating from the 2016 PEFA assessment on the basis of DBM publishing yearly the macroeconomic assumptions (for GDP growth rate, inflation rate, interest rate, peso-dollar exchange rate, among others), the fiscal projections (for national government revenues, expenditures and fiscal surplus/ (deficit) and financing mix) for the budget year and two outer years as approved by the DBCC, including the sensitivity of the fiscal variables to changes in key macroeconomic variables in the BESF while the debt sustainability analysis is included in the Fiscal Risk Statement. This practice is crucial to enhancing the predictability of budget allocations. Two, the continuous application of the MTEF approach during the budget formulation process likewise secured an A rating from the 2016 PEFA assessment (i) for ensuring that budget ceilings under Tier 1 of the Two-Tier Budgeting Approach (2TBA) takes into account the budgetary requirements of decisions made in the previous year, (ii) for facilitating a more judicious determination of the fiscal space (or uncommitted funds) that is available for allocation to new programs after taking into account the future cost of ongoing programs and existing policies under the forward estimates (FE) process, and (iii) for supporting a stronger linkage between planning and budgeting to the extent that the allocation of the fiscal space is then guided by national government strategic priorities and plans as set out in the Budget Priorities Framework. With the adoption of the 2TBA the link between planning and budgeting is further strengthened. Moreover, "the shift to an outcome-based performance-informed budget helped tighten the alignment of spending with desired socio-economic outcomes and measurable outputs" (ADB 2017). Three, the country's budget preparation process also obtained an A rating from the 2016 PEFA assessment given the budget calendar is well defined with enough time for agencies to prepare their budget proposals and for oversight agencies to review/ evaluate said proposals and finalized and submit the NEP to Congress in a timely manner. Also, the budget call prescribes clear and comprehensive guidelines in the preparation of the budget.

[11] In 2017, the COFOG-compliant Sector code was removed from the UACS and included in a separate tagging facility and database.

Pillar V - Predictability and Control in Budget Execution. This performance indicator requires (i) "predictability in the availability of resources when they are needed" (PEFA Secretariat 2016 p 96), and (i) "the budget is implemented within a system of effective standards, processes, and internal controls that ensures that resources are obtained and used as intended" (PEFA Secretariat 2016 p 2). "This pillar of the PEFA framework is the most critical to attaining the goals of desirable budget outcomes: aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery" (WB 2016). "Predictable and controlled budget execution is necessary to ensure that revenue is collected and resources are allocated and used as intended by government and approved by the legislature.

Pillar V was deemed by the 2016 Philippine PEFA assessment to have exhibited middling performance. It has 8 performance indicators: (i) revenue administration, (ii) accounting for revenue, (iii) predictability of in-year allocations, (iv) expenditure arrears, (v) payroll controls, (vi) procurement management, (vii) internal control on non-salary expenditures, and (viii) internal audit. The 2016 PEFA assessment report gave a B rating for the revenue administration performance indicator; an A rating for the accounting for revenue performance indicator;[12] a B+ rating for the predictability of in-year allocations performance indicator; a C+ rating for the expenditure arrears performance indicator; a B+ rating for the payrolls control performance indicator; a C+ rating for the procurement management performance indicator[13], a B+ rating for the internal control of non-salary expenditures performance indicator; and a C+ for the internal audit performance indicator.[14] Put another way, the Philippines scored B or better in 5 out of the 8 performance indicators and in 23 out the 28 dimensions of Pillar V.

However, the present study deems that the country's performance in terms of the performance indicator for predictability of in-year resource allocation of Pillar V has improved since the conduct of the 2016 Philippine PEFA assessment. "This indicator assesses (i) the extent to which the central Ministry of Finance [or its equivalent] to identify and consolidate cash balances as a basis for informing the release of funds, (ii) the extent to which budgetary unit commitments and cash flows are forecast and monitored by the Ministry of Finance [or its equivalent], (iii) the reliability of in-year information available to budgetary units on ceilings for expenditure commitment for specific periods, and (iv) the frequency and transparency of adjustments to budget allocations" (PEFA Secretariat 2016 p 61).

"Predictability for budgetary units as to the availability of funds for commitment is necessary to facilitate planning of activities and procurement of inputs for effective service delivery and to avoid disruption of the implementation of these plans once they are underway. ... For commitments to be considered reliable, the amount of funds for commitment or spending made available to an entity for a specific period should not be reduced during that period" (PEFA Secretariat 2016). Since 2014, the General Appropriations Act (GAA) has served as the allotment release document for all budget items in GAA (with the exception of three items[15]) and is comprehensively released at the start of the year.

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[12] While COA Accounting Circular Letter 2007-001 for NGAs requires agencies to include aging of accounts payables as part of the submission of year-end financial reports, a consolidated report on the aging of accounts payables is not included in the COA Annual Financial Report for the National Government.

[13] The 2016 Philippine PEFA assessment reviewed 15 national government agencies that awarded contracts in 2014 in the amount of PhP 35.4 billion, comprising goods, works, and services using different procurement methods (WB 2016). Seventy-four percent of the total value of contracts awarded were done through competitive bidding. Also, the data from the procurement monitoring systems maintained by the sample NGAs were found to be "accurate and complete for most (about 80% by value) of the contracts procured using different methods for goods, services and works" (WB 2016). However, "there is no independent administrative procurement complaints system under the GPRA" (WB 2016).

[14] The 2016 Philippine PEFA report found that while an Internal Audit Service/ Unit has been established in all national government agencies covering revenue and expenditure, the quality assurance process is not yet in place and there are delays in the completion of internal audit programs at the agency level due to shortage of staff.

[15] These exceptions include: (i) appropriations for lumpsum funds that have yet to be itemized, (ii) appropriations that by virtue of law, general or special provisions, and rules and regulations have conditions or requirements before release; and (iii) appropriations that require a Special Budget under the general and special provisions in the GAA itself.

GAA as allotment release document (GAAARD) means that the GAA itself authorizes government agencies to obligate or commit funds, i.e., enter into contracts. To reinforce the predictability of commitment ceilings resulting from the GAAARD policy, the DBM also issues a comprehensive Notice of Cash Allocation (NCA)[16] equivalent to the estimated cash requirement of spending units for the first six months of the budget year[17] (i.e., January to June) at the start of the year. Subsequent releases of comprehensive NCA are made to cover the cash requirements of agencies for the second semester, subject to their submission of Budget and Financial Accountability Reports at end of June of the budget year. With the GAAARD and the comprehensive release of NCA, the commitment ceilings are reliable and predictable, thereby promoting advance planning of expenditures.[18]

On the other hand, all national internal revenue taxes, customs duties and other national government revenue collections are remitted to the TSA by authorized agent banks and authorized government depository banks. On the other hand, national government spending agencies process payments to their contractors and suppliers through the Modified Disbursement System (MDS).[19] In December 23, 2013, in line with the implementation of the TSA, the DBM issued Circular Letter 2013-16, mandating the implementation of the Expanded Modified Direct Payment Scheme (ExMDPS) starting 2014. Under the ExMDPS, national government spending agencies make checkless payments to their creditors/ contractors/ suppliers by issuing a document called the List of Due and Demandable Accounts Payables with Advice to Debit Account (LDDAP-ADA) to their respective government servicing banks (MDS-GSBs). Said document authorizes the MDS-GSBs to credit payments directly to the account of the agencies' suppliers, consultants, and other clients not later than 48 hours after the LDDAP-ADA is issued (DBM 2016). National government spending units are required to submit Monthly Report of Disbursements to DBM. On the other hand, the MDS-GSBs are required to submit a monthly report on NCAs credited and utilized per MDS account of NGAs to DBM. MDS-GSBs are also required to provide the BTr a copy of the LDDAP-ADA of any given national government spending agency on the same day of receipt of said document. The exMDPS expands the number of agencies that are able to take advantage of the benefits of the MDPS. To wit, "the MDPS has contributed to the substantial reduction of agencies' due and demandable accounts payable and has minimized the volume of outstanding checks. In addition, said scheme has addressed cash programming concerns relative to the predictability of resource requirements" (DBM Circular Letter 2013-16). In sum, the implementation of the ExMDPS is expected to further facilitate the consolidation of cash balances in the General Fund and improve the predictability of in-year resource allocation "although Special accounts of ODA funds and those trust accounts with legal basis that are maintained by the ministries, departments, and agencies implementing the projects are currently not covered in the treasury single account and hence are not included in the consolidated cash balances" (WB 2016 p. 85). Thus, the PEFA rating for Pillar V (predictability and control of budget execution) would have improved with a rating of B or better in 24 (instead of 23) out of its 28 dimensions.

However, downstream budget execution processes are not strong enough to fully ensure that appropriated amounts are actually received by spending units and used as intended because of weak internal control. The 2016 Philippine PEFA assessment found some weaknesses in the controls over procurement, payroll expenditure, and non-salary expenditure, thereby putting "at risk the sound basis established by the more effective up-stream budget-cycle processes" (WB 2016 p 116). It also found that the integrity of financial data processes and the "timeliness and information quality of in-year budget execution reports, and the reliability of departmental and government-wide annual financial reports are not in accordance with international accounting standards and as such fails to support improvements in budget execution and budget planning for the incoming budget year (WB 2016 p 118). To address both issues, the 2016 Philippine PEFA report recommended the development of an integrated accounting and financial management information system.

[16] The NCA serves as the disbursement authority, it authorizes spending agencies to pay for the obligations they have incurred.

[17] The estimate of the monthly cash requirement of spending units is based on the Monthly Disbursement Program that national government agencies submit to DBM.

[18] Together with the GAAARD and the comprehensive release of NCA, the policy authorizing agencies to undertake procurement activities short of award even before the GAA is enacted has fostered faster budget execution.

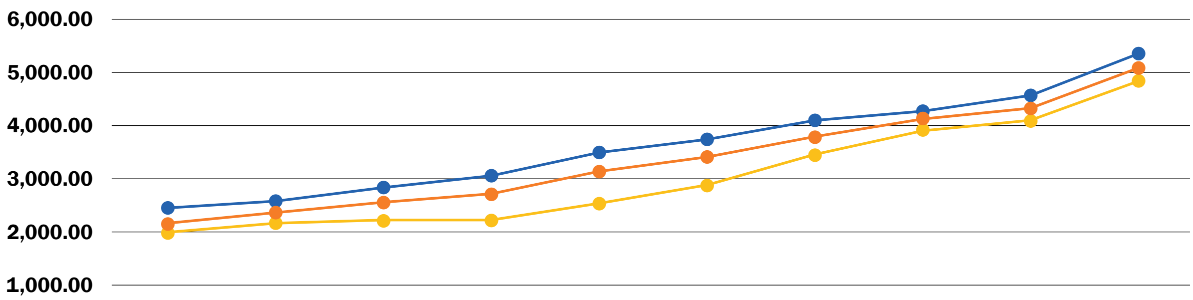
[19] The MDS is an arrangement whereby the BTr provides the cash requirements of national government agencies through authorized government servicing banks.

Pillar I (budget reliability). Budget reliability obtains when "the government budget is realistic and is implemented as intended" (PEFA Secretariat 2016). This is measured by comparing actual government revenues and actual government expenditures, on the one hand, against the projected level of revenues and the level of government expenditures that appear in the original approved budget document, on the other. Under the PEFA framework, budget reliability is measured using 3 performance indicators: (i) aggregate expenditure outturn, (ii) expenditure composition outturn, and (iii) revenue outturn.

The 2016 Philippine PEFA assessment found the country's PFM system performance in terms of Pillar I (budget reliability) to be weak with the government receiving a D rating for aggregate expenditure outturn performance indicator; a D+ rating for the expenditure composition outturn" performance indicator; and a B rating for the revenue outturn performance indicator. Put another way, the Philippines scored B or better in 1 out of the 3 performance indicators and in 2 out of the 6 dimensions of Pillar I (WB 2016).

However, the present study found that the government's performance in terms of the performance indicator for aggregate expenditure outturn under Pillar I has improved significantly in the period after the conduct of the 2016 Philippine PEFA assessment. In particular, the variance between total actual obligations incurred and the total appropriations fell within +/ - 10% of total appropriations in 2 of the 3 fiscal years in the 2017-2019 period, consistent with a B rating, up two notches from its D rating under the 2016 PEFA report (Figure 2). Thus, the PEFA rating for Pillar I (budget reliability) would have improved by scoring B or better in 2 out of its 3 performance indicators and 3 out of its 6 dimensions at present.

Figure 15. Trend Analysis of appropriations, allotments and obligations, FY 2011-2020 (in billion pesos)



Legend	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Appropriations	2,408.79	2,529.56	2,818.39	3,077.80	3,507.80	3,758.93	4,113.29	4,285.77	4,582.17	5,378.55
Allotments	2,161.40	2,379.41	2,573.71	3,146.83	3,146.83	3,429.17	3,797.85	4,152.93	4,331.05	5,089.47
Obligations	1,997.29	2,196.11	2,228.00	2,554.02	2,554.02	2,894.61	3,446.16	3,949.75	4,104.76	4,872.41

Sources: COA-DBM-DOF Joint Circular 2014-1

In contrast, the performance of the country's PFM system in 2 out of the 7 PFM pillars (accounting and reporting, and external scrutiny) continue to be poor. To wit, none of the 3 performance indicators and only 4 out of the 10 dimensions of Pillar VI (accounting and reporting) and none of the 2 performance indicators and only 2 out of the 8 dimensions of Pillar VII (external scrutiny and audit) were rated B or better.

Pillar VI (accounting and reporting). "Timely, relevant and reliable financial information is required to support fiscal and budget management and decision-making processes" (PEFA Secretariat 2016 p 96). This pillar has 3 performance indicators: (i) financial data integrity, (ii) in-year budget reports, and (iii) annual financial reports. The 2016 Philippine PEFA assessment report gave government a C+ rating for financial data integrity, a D+ rating to the in-year budget reports, and C+ for annual financial reports. Put another way, the Philippines scored worse than B in 3 out of the 3 performance indicators and in 6 out of the 10 dimensions of Pillar VI.

In particular, the 2016 Philippine PEFA report pointed out that the quality and reliability of financial reporting process is low because reports are prepared manually using spreadsheets. As such, the accounting and reporting of budget performance and financial transactions is hampered by lack of control mechanisms that will ensure accuracy and validity of financial data (WB 2016 p 99/ 104). ADB (2017) also noted that “a lack of data integrity, a delay in the timely submission of reports and the lack of electronic reporting mechanisms have resulted in qualified audit opinions for most departmental annual accounts.” The introduction of eNGAS and eBudget by COA is expected to improve the financial data integrity processes dimension of Pillar VI at the agency level by embedding control mechanisms in the said applications.[20] However, these systems have not been fully rolled out to date despite having undergone several revisions, (ADB 2017).

Pillar VII (external scrutiny). “Effective external audit and scrutiny by the legislature are enabling factors for holding the government’s executive branch to account for its fiscal and expenditure policies and their implementation” (PEFA Secretariat 2016). The performance indicators for this pillar are as follows: (i) external audit, and (ii) legislative scrutiny of the external audit. The 2016 Philippine PEFA assessment report gave government a C+ rating for external audit, and a D rating for legislative scrutiny of the external audit. Put another way, the Philippines scored worse than B in 2 out the 2 performance indicators and in 6 out of the 8 dimensions of Pillar VII.

Although the auditing standards used by COA are aligned with international standards and while the scope of the audit covers the entire government, “the revenue audit of the BIR is limited to the verification of the collection and receipts, including remittances” (WB 2016). COA submits its audit report to the head of the agency that is being audited. Said report is also submitted to the Speaker of the House of Representatives and the Senate President, typically within 9 months after the end of fiscal year that is the subject of the audit, longer than the 6-month cut-off for the submission of the report under the PEFA framework (WB 2016). Furthermore, the 2016 Philippine PEFA assessment noted that there is no formal scrutiny of audit reports by the legislature.

[20] The eNGAS is an accounting software that was developed by COA to ensure the correctness, reliability, completeness and timeliness in recognizing financial transaction and to generate reports in accordance with the policies and procedures prescribed under the Government Accounting Manual (GAM) for National Government Agencies while the eBudget is an application system developed and designed to record and keep track of budget-related transactions, such as appropriations, allotments, sub-allotments, obligations incurred, and adjustments to allotments and obligations, and to facilitate the monitoring of the status and balances of these allotments and obligations.

Reforms undertaken after the 2016 Philippine PEFA assessment. The reforms that supported the greatly improved performance of the country's PFM system since 2010 includes:

- ***Zero-Based Budgeting (ZBB).*** First introduced during the formulation of FY 2011, the ZBB adopts the "program evaluation approach through which major agency programs and projects are assessed/evaluated primarily by third party entities to: (i) assess the continuing relevance of these programs and projects; (ii) explore alternatives and better ways to achieve their objectives; (iii) determine whether the resources for a program/project should be kept at the present level, increased, reduced or discontinued; and (iv) guide departments/agencies in eliminating funding for activities which are not aligned with priorities or which are inefficient, ineffective and fraught with leakages" (NBM 125 of 2016). As implemented by the B. Aquino administration, "DBM still considered ongoing programs that were expected to continue in the following years. This gave funding predictability to agencies for their ongoing programs and enabled DBM to focus on funding new or expanded projects as well as focusing the ZBB reviews on crucial or problematic programs" (DBM 2016).

- ***Treasury Single Account (TSA).*** Introduced in 2013, the TSA is "a set of banking arrangements that enables the government to have a consolidated view of its cash position on a daily basis, and manage the cash balances of individual bank accounts of the agencies. ... It is supported by the TSA Reporting and Monitoring System (TRAMS), an ICT system that provides real-time information on cash resources." It strengthened government's "ability to manage its cash resources in real time and make the availability of funds to the agencies more predictable" (DBM 2016).

- ***Unified Accounts Code Structure (UACS).*** Introduced in 2015, "the enhanced UACS provides a single classification system for all financial transactions throughout the PFM cycle from budgeting to treasury cash management, accounting, and audit. ... The UACS assigns a unique 54-digit code for each budgetary item to be tracked accurately and consolidated into regular accountability reports. It serves as the backbone of the GIFMIS as it ensures that each item of expenditure uses a single code, from the time the DBM includes it in the Proposed Budget up to the moment that COA audits it" (DBM 2016 p 89L). In principle, one should be able to compare expenditure outturns (in terms obligations as well as disbursements) against the approved budget (appropriations) not only at the level of agency totals but also up to the level of the PAPs of any given agency. However, full realization of this aspiration is hampered by the absence of "an integrated IT solution that will collect and organize financial information in a central database to support budget management and financial reporting" (PFM Program Brief 2012).

- ***Performance-informed budgeting (PIB).*** Adopted since formulation of the FY 2014 budget, the PIB aims "to strengthen linkages between planning, budgeting and outcomes, simplify budget presentation, and enhance transparency and accountability in the allocation of resources" (DBM NBM No. 117 s. 2013). By presenting both the financial allocations and the performance information of each agency in the budget document under the PIB approach, both Congress and the public are informed about the outputs and outcomes an agency is committing to deliver in exchange for budgetary allocations it receives. Thus, the link between funding and results is clearly established. The performance information which is presented alongside the budget in the NEP and GAA includes: a) the performance indicators and targets for the agency's organizational outcomes;[21] and b) the performance indicators and targets for the major final outputs (MFOs) that an agency delivers/renders to its external clients through the implementation of programs, activities and projects.[22] On the other hand, "the inclusion of outcome indicators in the budget "strengthens the link between planning and budgeting, as the agency's organizational outcomes are aligned with the sectoral outcomes stipulated in the PDP-Results Matrix" (DBM 2016 p. 80L).

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[21] Organizational outcomes are the short- to medium-term benefit to clients as a result of the MFOs an agency delivers in line with its mandate/s. In turn, an agency's organizational outcomes contribute to the goals of the sector said agency belong to.

[22] With the change in the budget structure from one that is OPIF-based to one that is program-based (or PREXC-based), the output information now refers to that of programs instead of MFOs. Under PREXC, programs are defined as an integrated groups of activities and projects that achieve a common purpose.

• ***Budget Priorities Framework (BPF).*** Introduced since the preparation of the FY 2014 budget, government has published the BPF. Drawing from the PDP and the PIP, the BPF indicates the programs and sectors which should be prioritized in the proposed budget.[23] It also presents the fiscal strategy that should guide the formulation of the proposed budget. "While the BPF has so far enabled the government to weave the PDP [and the PIP] into the annual process of budget preparation, … the lack of "resource constraint" of the PDP must be addressed" (DBM 2016 p 34L).

• ***Two-tier budgeting approach (2TBA).*** Introduced during the formulation of the FY 2016 budget, "the 2TBA streamlines the budget process by separating the discussion and deliberations of the requirements of ongoing policies with the new spending proposals" (DBM 2016). The first tier of the 2TBA involved the determination of forward estimates (FEs) based on (i) the budgetary requirements of existing policies and ongoing programs/ projects given macroeconomic factors such as inflation and other factors that impact on the cost of delivering these programs and (ii) the disbursement performance or absorptive capacity of the agency and its performance to deliver services in the last two fiscal years. The allocation of the fiscal space that is left uncommitted after the aggregate Tier 1 budget ceilings have been determined is then made available for new programs and projects as well as the expansion of existing ones under Tier 2. Tier 2 proposals are then assessed/ evaluated on the basis of their alignment with the Budget Priorities Framework (BPF) and their readiness for implementation. "By separately deliberating on continuing and new expenditures, and by using the FEs as "hard" ceilings," more time is made available for the evaluation of Tier 2 proposals. "The 2TBA consolidated and deepened the reforms that strategically link planning and budgeting" like the ZBB, the BPF, and the PCB. "As a consolidator reform, the 2TBA centers on instilling discipline in resource allocation, predictability of the process, and collaboration among oversight agencies" (DBM 2016).

• ***Program Expenditure Classification (PREXC).*** Implemented for the first time in the formulation of FY 2018 budget, "the PREXC moves the Philippines closer to program budgeting. … At the core of the PREXC is the restructuring of the budgets of an agency to categorize all its "line item" activities and projects under a set of major Programs. … A program is defined as integrated grouping of activities and projects that contributes to a particular outcome of an agency. It constitutes all expenditures that are intended to achieve a common purpose or objective. … These Programs are then grouped according to the organizational outcomes to which they contribute." PREXC has enabled performance indicators and targets are measured in terms of outputs for each activity/ project and in terms of outcomes for each of the organizational outcomes (DBM 2016).

• ***Introduction of GIFMIS/BTMS.*** The 2016 Philippine PEFA report suggests that the weaknesses in both the internal control and the accounting and reporting aspects of the PFM system can be addressed by the development of an integrated accounting and financial management information system (WB 2016 p 116). Recognizing this need, the PFM Committee "decided in 2015 to focus on developing a core ICT system for the execution and accountability phases of the national budget cycle. This core system, the Budget and Treasury Management System (BTMS), is an integrated web-based government-wide financial management information system that will be used to collect and organize government financial information through central database that supports the following crucial PFM functions: budgeting, treasury, and financial management and reporting processes of the DBM and the DOF-BTr" (DBM 2016 p89L). The implementation of the BTMS is envisioned to facilitate/ enable (i) integration of appropriations, allotments, cash allocations, commitments, obligations, disbursements, and reporting functions; (ii) real time on-line monitoring of appropriations versus allotments versus obligations versus disbursements; (iii) more timely and efficient government-wide consolidation of reports; (iv) systematic real time recording and reporting of all revenues, expenditures, assets and liabilities, (v) government-wide standardization of processes, formats, and reporting, and (vi) the automation of manual processes (https://www.btms.gov.ph/what-is-btms). In particular, the BTMS is designed to provide national government agencies with a platform for the IT-enabled integration and automation of key PFM processes that "provides standard workflow and signing authorities [for various financial transactions] ensuring proper segregation of duties and enforcement of budget execution controls," e.g., obligation should not exceed allotment, disbursement should not exceed obligation (DBM Circular Letter No. 2019-4). The development of the BTMS started in 2017 and was in the process of being piloted in a few agencies when it was suspended indefinitely in mid-2021.

[23] The BPF typically includes the SDGs as one of the key spending priorities for the budget year.

To summarize, the more recent PFM reform initiatives further strengthen the government's performance in Pillar IV (policy-based fiscal strategy and budgeting) which indicates that the budget formulation process ensures that (i) the budget is allocated in line with government's strategic priorities and plans, which as will be shown below are aligned with the SDGs, and (ii) the fiscal strategy that is adopted is fiscally sustainable. With the adoption of the 2TBA the link between planning and budgeting is further strengthened. Moreover, "the shift to an outcome-based performance-informed budget helped tighten the alignment of spending with desired socio-economic outcomes and measurable outputs" (ADB 2017). As indicated earlier, the adoption of the GAAARD and the comprehensive release of the NCA for the first semester improves the reliability and predictability of the amounts that will be made available to spending agencies to make commitments for the purchase of goods and services and make payments for the contracted goods and services that have been delivered, thereby promoting advance planning of expenditures and faster utilization of appropriations.

However, downstream budget execution processes are not strong enough to fully ensure that appropriated amounts are actually received by spending units and used as intended because of weak internal control. The 2016 Philippine PEFA assessment found that some weaknesses in the controls over procurement, payroll expenditure, and non-salary expenditure, thereby putting "at risk the sound basis established by the more effective up-stream budget-cycle processes" (WB 2016 p 116). It also found that the integrity of financial data processes and the "timeliness and information quality of in-year budget execution reports, and the reliability of departmental and government-wide annual financial reports are not in accordance with international accounting standards and as such fails to support improvements in budget execution and budget planning for the incoming budget year (WB 2016 p 118). To address both issues, the 2016 Philippine PEFA report recommended the development of an integrated accounting and financial management information system.

3.4 The Philippine PFM System and SDG Budget Tagging

This section provides an assessment of how the current state of the Philippines' PFM system (see Section III) can accommodate/ enable the integration of SDG tagging, tracking SDG expenditures and analysis of the budget on SDG targets. It starts by clarifying the rationale for the tagging of SDG programs and tracking of SDG expenditures and the conditions that enhance the success of such an exercise. This is followed by a discussion of the salient features of the PFM system in the context of its capacity to enable/ accommodate the integration of SDGs in the budget process, more broadly, and SDG tagging, tracking and evaluation, in particular.

A. Rationale for the Tagging of SDG programs and the Tracking of SDG Expenditures

The primary objective of establishing a tagging and coding system for SDG programs in the budget is "to track, report, monitor and review budgets and expenditures on SDGs" in order to improve budget allocation decision making, to identify financing gaps, and to support analytical work on the efficiency, effectiveness, benefit incidence and equitableness of SDG spending (Nohman 2021 p 13). Such an exercise is expected not only to make SDGs more visible (and perhaps foster public debate and public action that will result in prioritizing SDGs during the strategic budget planning and budget preparation stages of the budget cycle) but also to strengthen accountability in the use of public funds by highlighting the connection between funding and results (SGD targets). In particular, the institutionalization of a tagging and coding system for SDG programs in the budget may be viewed as the first step in the integration of SDGs into the budgeting/ PFM systems and processes.

B. Conditions for the Successful Integration of SDGs in the Budget/PFM System

After reviewing the experience of nine countries which have integrated SDGs in their budget processes, Hege and Brimont (2018 p 14) identified a number of factors that ensure that such an exercise is useful. One, the integration of SDGs into the budget/ PFM processes is facilitated by a stocktaking exercise on where the country stands in terms of mainstreaming the SDGs into national strategic planning, policy formulation, budgeting, monitoring and evaluation process" (B4SDG 2020 p 11). In particular, Hege and Brimont (2018 p 14) argues that "it is easier to link the SDGs to the budget if there is a national implementation plan or strategy that formulates national priorities." Related to this, Manasan (2020) has shown that "all the SDGs can be mapped into the priorities of the Philippine Development Plan or PDP (Figure 3).

Because the Chapters of the PDP cut across the SDGs and vice versa, this mapping is shown in greater detail in Table 29 and elaborated below:

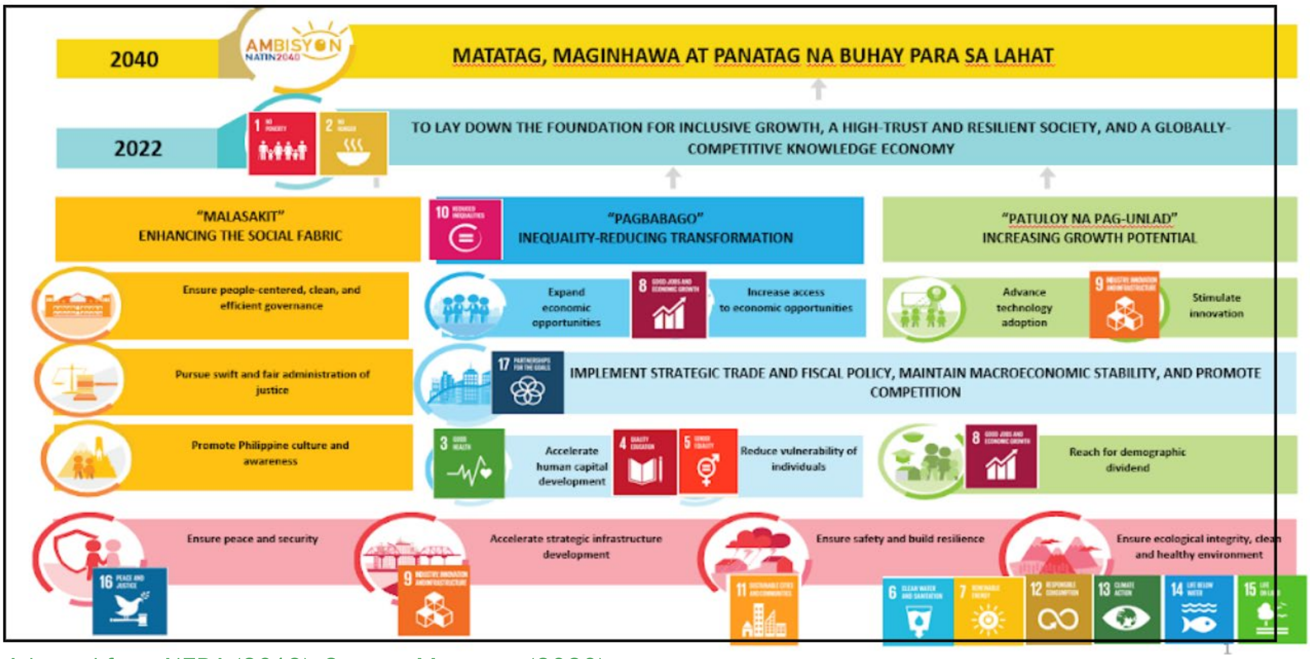
- ***SDG 1*** (ending poverty) is consistent with the overarching goal of the PDP;

- ***SDG 2*** (ending hunger, achieving food security, food nutrition, promoting sustainable agriculture) is included in the PDP's Chapter 8 (Expanding Economic Opportunities in Agriculture, Fisheries and Forestry) and in the section on "Sector Outcome A – Nutrition and Health for All Improved" of Chapter 10 (Accelerating Human Development);

- ***SDG 3*** (ensuring healthy lives and promote well-being for all at all ages) is covered in the section on "Sector Outcome A - Nutrition and Health for All Improved" of Chapter 10 (Accelerating Human Development);

- ***SDG 4*** (ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all) is included in the section on "Sector Outcome B – Lifelong Learning Opportunities for All Ensured" of Chapter 10 (Accelerating Human Development);

Figure 16. 2017-2022 PDP Development Framework with Corresponding SDGs



Adapted from NEDA (2019); Source: Manasan (2020)

- ***SDG 5*** (achieving gender equality and empower all women and girls) is covered in the various sections of Chapter 8 (Expanding Economic Opportunities in Agriculture, Fisheries and Forestry), Chapter 9 (Expanding Economic Opportunities in Industry and Services through Trabaho and Negosyo), Chapter 10 (Accelerating Human Development), Chapter 11 (Reducing Vulnerabilities of Individuals and Families), Chapter 17 (Attaining Just and Lasting Peace), and Chapter 18 (Ensuring Security, Public Order and Safety);

- ***SDG 6*** (ensuring availability and sustainable management of water and sanitation for all) is found in the section on "Water Resources" of Chapter 19 (Accelerating Infrastructure Development) and in the section on "Water Quality Management" of Chapter 20 (Ensuring Ecological Integrity, Clean and Healthy Environment);

- ***SDG 7*** (ensuring access to affordable, reliable, sustainable and modern energy for all) is consistent with the section on "Energy" of Chapter 19 (Accelerating Infrastructure Development);

- ***SDG 8*** (promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all) is found in Chapter 8 (Expanding Economic Opportunities in Agriculture, Fisheries and Forestry), Chapter 9 (Expanding Economic Opportunities in Industry and Services through Trabaho and Negosyo), the section on "Sector Outcome C – Employability Improved" of Chapter 10 (Accelerating Human Development), Chapter 13 (Reaching for the Demographic Dividend), Chapter 14 (Vigorously Advancing Science, Technology and Innovation), Chapter 15 (Ensuring Sound Macroeconomic Policy), and Chapter 16 (Leveling the Playing Field through a National Competition Policy);

- ***SDG 9*** (building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation) is covered in Chapter 9 (Expanding Economic Opportunities in Industry and Services through Trabaho and Negosyo), Chapter 14 (Vigorously Advancing Science, Technology and Innovation), and Chapter 19 (Accelerating Infrastructure Development);

Table 29. PDP Chapters vis-à-vis the SDGs

	5	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
SDG 1 - No poverty	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
SDG 2 - Zero hunger				x		x										
SDG 3 - Good health & well being						x	x									
SDG 4 - Quality education						x										
SDG 5 - Gender equality				x	x	x	x						x	x		
SDG 6 - Clean water & sanitation															x	x
SDG 7 - Affordable, clean energy															x	
SDG 8 Decent work & econ growth				x	x	x			x	x	x	x				
SDG 9 - Industry, innovation, infrastructure					x					x					x	
SDG 10 - Reduced inequalities				x	x	x	x	x								
SDG 11 - Sustainable cities & communities								x								
SDG 12 - Responsible consumption & production																x
SDG 13 - Climate action																x
SDG 14 - Life below water							x								x	x
SDG 15 - Life on land																x
SDG 16 - Peace, justice & strong institutions	x	x	x											x	x	

Chapter 5 - Ensuring People-centered, Clean, and Efficient Governance; Chapter 6 - Pursuing Swift and Fair Administration of Justice; Chapter 7 - Promoting Philippine Culture and Values, Chapter 8 - Expanding Economic Opportunities in Agriculture, Fisheries and Forestry, Chapter 9 - Expanding Economic Opportunities in Industry and Services through Trabaho and Negosyo, Chapter 10 - Accelerating Human Development, Chapter 11 - Reducing Vulnerabilities of Individuals and Families, and Chapter 12 - Building Safe and Secure Communities, Chapter 13 - Reaching for the Demographic Dividend, Chapter 14 - Vigorously Advancing Science, Technology and Innovation, Chapter 15 - Ensuring Sound Macroeconomic Policy, Chapter 16 -Leveling the Playing Field through a National Competition Policy, Chapter 17 - Attaining Just and Lasting Peace, Chapter 18 - Ensuring Security, Public Order and Safety, Chapter 19 - Accelerating Infrastructure Development, Chapter 20 - Ensuring Ecological Integrity, Clean and Healthy Environment

Source: Manasan (2020)

- ***SDG 10*** (reducing inequality within and among countries) is consistent with various sections of Chapter 8 (Expanding Economic Opportunities in Agriculture, Fisheries and Forestry), Chapter 9 (Expanding Economic Opportunities in Industry and Services through Trabaho and Negosyo), Chapter 10 (Accelerating Human Development), Chapter 11 (Reducing Vulnerabilities of Individuals and Families), and Chapter 12 (Building Safe and Secure Communities);

- ***SDG 11*** (making cities and human settlements inclusive, safe, resilient and sustainable) is congruent with Chapter 12 (Building Safe and Secure Communities);

- ***SDG 12*** (Ensuring sustainable consumption and production patterns) is covered in Chapter 11 and in section on "Subsector Outcome 2 – Environmental Quality Improved" of Chapter 20 (Ensuring Ecological Integrity, Clean and Healthy Environment);

- ***SDG 13*** (taking urgent action to combat climate change and its impacts) is found in the section on "Dealing with Natural Hazards" of Chapter 11 (Reducing Vulnerabilities of Individuals and Families), the section on "Subsector Outcome 3 – Asset Preservation Ensured" of Chapter 19 (Accelerating Infrastructure Development), and in the section on "Subsector Outcome 3 – Adaptive Capacities and Resilience of Ecosystems Increased" of Chapter 20 (Ensuring Ecological Integrity, Clean and Healthy Environment);

- ***SDG 14*** (Conserving and sustainably use the oceans, seas and marine resources for sustainable development) and SDG 15 (Protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, and halting and reversing land degradation and halting biodiversity loss) are covered in the section on "Sector outcome A.1 – Biodiversity and Functioning of Ecosystem Services Sustained" and section on "Sector outcome A.2 – Environmental Quality Improved" of Chapter 20 (Ensuring Ecological Integrity, Clean and Healthy Environment);

- ***SDG 16*** (promoting peaceful and inclusive societies for sustainable development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels) is consistent with Chapter 5 (Ensuring People-centered, Clean, and Efficient Governance), Chapter 6 (Pursuing Swift and Fair Administration of Justice), Chapter 7 (Promoting Philippine Culture and Values), Chapter 17 (Attaining Just and Lasting Peace), and Chapter 18 (Ensuring Security, Public Order and Safety); and

- ***SDG 17*** (Strengthening the means of implementation and revitalizing the Global Partnership for Sustainable Development) is included in the Chapter 15 (Ensuring Sound Macroeconomic Policy)."

Two, Hege and Brimont (2014 p 14) also point out that high-level political support is an important condition for success. In relation this, it is notable that in October 2016 when PDP 2017-2022 was being prepared, the President Duterte issued Memorandum Circular No. 12, series of 2016 which mandates the NEDA to coordinate the executive and legislative branches of government in formulating the PDP in such a manner that the national goals and strategies included therein are aligned with (i) Ambisyon Natin 2040, the 25-year long-term vision for the country, (ii) the 0+10-point agenda of President Duterte, and (iii) the Agenda 2030 for Sustainable Development.

Three, Hege and Brimont (2014 p 14) argue that the active involvement of the finance ministry or equivalent is crucial in the success of such an endeavor. Related to this, "in December 11, 2019, the DBCC approved the creation of the Sub-committee on SDGs under the Development Budget Coordination Committee (DBCC) for the purpose of (i) identifying gaps in current policies and programs that are needed to drive achievement of SDGS, and (ii) reviewing and approving SDG-related policy, program, partnership and budget recommendations of the Technical Working Groups, and (iii) presenting these recommendations to the DBCC. This sub-committee is chaired by the NEDA and co-chaired by the DBM. The sub-committee is envisioned to promote the greater integration of efforts to include the SDGs in the annual budgets.

Four, Hege and Brimont (2014) note that in order to promote transparency and broader public debate, it is essential that CSOs, legislators and the wider public hold governments accountable for their commitments to the Agenda 2030. In relation to this, a good number of CSOs (e.g., Social Watch Philippines) have had experience monitoring the progress in the achievement of the MDGs and have actively advocated for MDGs receiving a bigger share of the budget pie.

Key Features of the PFM System that Enable the Integration of SDGs in the Budget

One, program-based budgeting was introduced in 2018 with the adoption of the PREXC. It built on the agencies' experience with Organizational Performance Indicator Framework (OPIF) and the use of the results framework in helping them (i) articulate the hierarchical causal relationship that first links their programs, activities, and projects (PAPs) with their major final outputs (MFOs), then links their MFOs with their organizational outcomes, and then finally links their organization outcomes with higher level societal goals (as may be defined in the government's medium-term development plan), and (ii) identify measurable performance indicators for their MFOs and organizational outcomes. The implementation of the OPIF since 2010 and performance-informed budgeting[24] since 2014 allowed agencies to gain the critical capacity to establish how the programs they implement contribute to the achievement of their various organizational outcomes and to formulate appropriate output and outcome indicators for each of their programs. The program-based structure of the budget facilitates the mapping of a given SDG target to one or more budget program/s through the application of the results framework approach or the theory of change approach[25] to check whether a given budget program contributes to the attainment of an SDG. For example, the organizational outcome of the entire DepEd (Access of every Filipino to an enhanced basic education program enabling them to prepare for further education, entrepreneurship and the world of work) is almost identical with Goal 4 of Agenda 2030 itself. (By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.) Alternatively, SDG targets and budget programs may be matched by comparing the SDG targets with output/outcome indicators of the budget programs. Also, SDG targets and budget programs may be matched by comparing their program beneficiaries.

Two, the adoption of the UACS in 2013 and the PREXC-compliant UACS in 2018 is a game changer in terms of providing government the means to be able to ensure that "each item of expenditure uses a single code, from the time the DBM includes it in the Proposed Budget up to the moment that COA audits it" (DBM 2016 p 89L). As such, the UACS allows one to track government spending on various programs not only in terms of appropriations but also in terms of obligations and disbursements. The PREXC-based UACS achieves this by assigning a unique 54-digit code to each PAP in the budget document. It consists of 5 elements: (i) an 8-digit segment for the "funding source" code, (ii) a 12-digit segment for the "organization" code, (iii) a 9-digit segment for the "location" code, (iv) a 15-digit segment for the "cost structure/ PAP" code, and (v) a 10-digit segment for "object" code (Figure 4). For purposes of SDG tagging, the 5-digit department/ agency code and the 15-digit segment for the "cost structure/ PAP" code are the most important. It is noted that the 15-digit cost structure/ PAP code is not unique across NGAs.

Related to this, the Philippine experience in the tagging and tracking of climate change expenditure may be instructive to the implementation of plans to institute a establish SDG expenditure tagging/ tracking scheme. To wit, "in 2014, the DBM in coordination with the Climate Change Commission (CCC) launched climate change expenditure tagging with the issuance of DBM-CCC Joint Memorandum Circular (JMC) 1, s. 2013 and JMC 1, s. 2015 for the purpose of identifying, monitoring and reporting spending on climate change-related PAPs to enable oversight and line department managers to better assess progress of in the implementation of these PAPs. These JMCs mandated all national government agencies to identify, tag and classify the climate change related programs, activities and projects (PAPs) in their respective budget structures using a common policy-based typology of climate change related activities" (Manasan 2020).

[24] With the adoption of performance-informed budgeting approach, the performance information (in terms of both output and outcome indicators) is presented "side by side" with the financial allocation for each PAP of an agency in the budget document.

[25] "A 'theory of change' explains how activities are understood to produce a series of results that contribute to achieving the final intended impacts" (Rogers 2014).

Figure 17. PREXC-compliant UACS code structure

Fund Cluster Code	Financing Source Code	Authorization Code	Fund Category Code	Department Code	Agency Code	Operating Unit Classification	Lower Operating Unit Classification	Region	Province	City/Municipality	Barangay	Cost Structure/Purpose	Organizational Outcome	Program	Sub-program	Identifier	Lowest Level Activity/Project	Reserved Code	Revised Chart of Account	Sub-Object code
Funding Source				**Organization**				**Location**				**Cost Structure/Activity/Project**							**Object**	
(8)				(12)				(9)				(15)							(10)	
00	0	00	000	00	000	00	00000	00	00	00	000	0	0	00	00	0	00000	000	00000000	00

Source: COA-DBM-DOF Joint Circular 2017-1

"In accordance with these JMCs, national government agencies must first identify which of their PAPs are intended to address either climate change adaptation (CCA) or climate change mitigation (CCM) on the basis of the technical description of each their PAPs.[26] PAPs which are identified to be either CCA-related or CCM-related are then further categorized in terms of the strategic priorities of the National Climate Change Action Plan (NCCAP), namely:

- **(i)** Food security,
- **(ii)** Water sufficiency,
- **(iii)** Environmental and ecological stability,
- **(iv)** Human security,
- **(v)** Climate smart industries services,
- **(vi)** Sustainable energy, and
- **(vii)** Knowledge and capacity development.

[26] A PAP is classified as "CCA-related if it intends to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience. Climate change adaptation includes the following responses: (i) measures that address the drivers of vulnerability; ...some of the drivers of vulnerability are poverty, lack of economic assets and lack of knowledge on the risks since they limit the capacity of the exposed population to cope properly to climate change; some of the expenditure programs that fall under this category include poverty reduction, income and livelihood diversification, and health programs that are specifically designed to respond to climate change risks and variability; (ii) measures that directly confront climate change impacts; these types of expenditures are those that directly address the impacts or potential impacts of climate change variability, such as infrastructures that incorporate climate change risks in their design and/or their implementation to minimize impacts from climate change risks; (iii) measures that build resilience to current and future climate risks; building resilience means increasing the capacity of the social or ecological system to reach or maintain an acceptable level of functioning or structuring while undergoing changes; expenditure programs under this category ... include but [are] not be limited to reducing land degradation, reforestation programs, climate resilient crop varieties or farming techniques, effective early warning systems, and other investments specifically designed to respond to projected climate changes and variability." On the other hand, a PAP is classified as CCM-related "if it aims at reducing greenhouse gas emissions (GHG), directly or indirectly, by avoiding or capturing GHG before they are emitted to the atmosphere or sequestering those already in the atmosphere by enhancing "sinks" such as forests." Climate change mitigation measures include but are not limited "to improved energy efficiency, renewable energy projects, reforestation/ improved forest management, and improved transport systems" DBM-CCC JMC 1, s. 2015.

… In addition to the formulation and publication of a coding manual for CC-related PAPs, budget and planning staff of government agencies had to be capacitated on tagging their climate change-related PAPs. Also, a help desk was installed at the CCC to provide support to national government agencies (NGAs) and government-owned-and-controlled corporation (GOCCs) in the initial year of CCET implementation" (Manasan 2020). At present, the CCC reviews/evaluates the Budget Preparation (BP) Form 201-F that NGAs and GOCCs submit to the CCC in the first instance (for the CCC to perform its quality assurance function) and then to the DBM in order to ensure the quality of the "tagging" done by said NGAs and GOCCs. BP Form 201-F shows both UACS code and the CCET code that NGAs and GOCCs assign to each of their PAPs and the consolidation of all CC-related expenditures of NGAs and GOCCs (with disaggregation by department and by CCA/ CCM) is "carried out on a parallel system outside of the 54-digit Unified Accounts Code Structure (UACS) … to minimize the risk of making the UACS too 'complicated' for users" (Manasan 2020).[27] At this point, a similar approach may be the most feasible way of implementing any prospective SDG tagging/ tracking exercise.

Three, the integration of SDGs in the budget process may also be carried out by first comparing and then aligning to the extent feasible the SDG targets, on the one hand, and the outcome/output targets that are currently used for purposes of the budget under the PIB as well as those in the PDP Result Matrices (PDP-RM). "The PDP Results Matrices (PDP-RM) is one of the two accompanying documents of the PDP. It aims to support the results orientation in the implementation of the PDP and to exact greater accountability from the various departments, agencies and other instrumentalities of government. It lays out "the statements of results to be achieved in the medium term, which include the societal goals, intermediate goals, chapter outcomes, and aggregate outputs. … Alongside these statements of results in the PDP-RM are the corresponding indicators, baseline information, the annual and the end-of-Plan targets. It also presents the means of verification per indicator, and the agencies responsible for delivering and reporting the results" (NEDA, PDP-RM, 9 October 2017). As such, the indicators in the RM may be used by the implementing agencies to guide them in identifying, planning, programming and budgeting for the programs, activities and projects (PAPs) that will deliver the outcomes and outputs that they are accountable for. On the other hand, the RM will assist the oversight agencies, in their regular monitoring and evaluation of the implementation of the PDP" (Manasan 2020).

Achieving greater congruence between the SDG targets, on the one hand, and the PDP-RM indicators and the output/ outcome indicators under the PIB, on the other, operationalizes the integration of SDG implementation and PDP implementation. "A mapping of the SDG indicators against the indicators in the 2017-2022 PDP-RM indicates that 68 (or 44%) of the 155 SDG indicators were included in the 2017-2022 PDP-RM. With the mid-term review of the both the PDP and the PDP-RM, NEDA decided to expand the list of SDG indicators that are included in the PDP-RM. Thus, the total number of SDG indicators included in the draft updated PDP-RM as of February 2020 stands at 123 (or 79%) of the total number of SDG indicators (Manasan 2020).

Four, perhaps the most effective way of integrating SDGs in the budget process is by influencing the formulation of the Budget Priorities Framework so that SDGs with the most significant financing gaps are included in the top spending priorities for the year and the medium term, and thus secure high scores during the evaluation of proposed expansion/ new PAPs under Tier 2 of the Two-Tier Budgeting approach. For this to happen, two ingredients are important: (i) analytical work on SDG costing and financing gap estimation, and (ii) engagement with partners – CSOs as well as legislators – to get their support for the advocacy work that will be needed.

[27] The Korea Institute for Development Strategy or KDS (2021) noted that "the UACS coding blocks used in the entire information system are designed as too complex and long. This design is difficult to use, and it also has a problem of degrading the overall performance of the system."

3.5 Issues in Integrating the Priority Investment Projects in the Public Investment Program (Pip) in the Budget

In this section, we review (i) the existing arrangements that govern the preparation, evaluation, prioritization, and programming of programs, activities and projects that are included Public Investment Plan (PIP), and (ii) an assessment of select elements of the public investment management system that impacts on the integration of the PIP PAPs in the annual budget with the end in view of strengthening the planning – budget linkage.

Description of the Public Investment Program and its Formulation[28]

At the start of the term of each new administration, the NEDA coordinates the preparation of the PDP, a 6-year socio-economic plan that spans the term of the President. The PDP 2017-2022 is anchored on the 0-10 point Socioeconomic Agenda and is geared towards the AmBisyon Natin 2040 which articulates the Filipino people's collective vision of a MATATAG, MAGINHAWA, AT PANATAG NA BUHAY PARA SA LAHAT. It also takes into account the country's international commitments such as the 2030 SDGs. The PDP is further supported by the PDP-Results Matrix (PDP-RM) and the Public Investment Program (PIP). The PDP-RM lays out "the statements of results to be achieved in the medium term, which include those for the societal goals, intermediate goals, sector outcomes, and aggregate outputs" (NEDA, PDP-RM, 9 October 2017). It also presents the corresponding indicators, baseline information, the annual and the end-of-Plan targets for each of the said the societal goals, intermediate goals, sector outcomes, and aggregate outputs. On the hand, the Public Investment Program (PIP) is an enumeration of the programs and projects (together with their cost estimates) that national government agencies have prioritized in support of the attainment of PDP goals, outcomes and outputs. The PDP, the PDP-RM and PIP are widely circulated and are available on the NEDA website.

In more specific terms, "the 2017-2022 Public Investment Program (PIP) contains the list of priority projects that are programmed to be implemented by NGAs, GOCCs, GFIs, and other national government offices and instrumentalities, including SUCs within the medium term (or the Plan period: 2017 to 2022). These priority PAPs are aimed at contributing to the achievement of the societal goal and targets in the Philippine Development Plan (PDP) and are responsive to the outcomes and outputs in its Results Matrices (RM). More importantly, "it also serves as a guide in the programming and budgeting of PAPs, and eventually, in the monitoring and evaluation of annual progress and End-of-Plan targets" (NEDA, 2017-2022 PIP, 2018 p 3)

At the programming stage, each national government agency or office prepares and submits a rolling list of its priority PAPs for inclusion in the PIP[29] based on guidelines issued by the NEDA. During the formulation of the 2017-2022 PIP, PAPs submitted for inclusion in the PIP have to meet the following criteria: (i) responsive to the 2017-2022 PDP and its RM, and the 0-10 Point Socioeconomic Agenda; (ii) included any one of the following: NEP, GAA, Multi-year Obligational Authority, existing master plan/ sector studies/ procurement plan, signed multilateral/ bilateral agreements between the GOP and development partner, and the list of Regional Development Council (RDC) - endorsed projects (NEDA 2018 p 4).

[28] This section draws heavily from Chapter 1 of the 2017-2022 PIP (NEDA 2018).

[29] The PAPs included in the PIP may be financed through various sources, namely: national government financing (including the internal cash generated by GOCCs), partnership with the private sector or the public-private partnership (PPP) scheme, and official development assistance or ODA, which could either be in the form of grants and/or loans from development partners."

In terms of readiness, the PAPs to be included in the PIP are: (i) those that are to be implemented within 2017-2022; and (ii) those with pre-investment study available as follows:

- ***Level 1:*** With NEDA Board and/or ICC approval but not yet ongoing;
- ***Level 2:*** With Project Proposal/Feasibility Study (FS) completed, for ICC processing in 2017 (where applicable), and for inclusion in the NEP for 2018;
- ***Level 3:*** With Project Proposal/ FS currently being prepared and to be completed in 2017, for ICC processing in 2018 (where applicable), and for inclusion in the NEP for 2019; and
- ***Level 4:*** With Concept Paper and Project Proposal/FS for completion in 2018, for ICC processing in 2019 (where applicable), and for inclusion in the NEP for 2020 (NEDA 2018 p 4)

"As a programming document, the PIP has three subsets, namely: the Core Investment Programs/ Projects (CIPs), non-CIPs, and the Three-Year Rolling Infrastructure Program (TRIP). CIPs refer to the big-ticket PAPs of the PIP that serve as the pipeline for the ICC and the NEDA Board review and approval. CIPs will be implemented, through national government funds, in partnership with the private sector or for PPP implementation, or through ODA. Non-CIPs refer to proposed priority PAPs that need not go through the ICC or NEDA Board review and approval process, as well as to ongoing priority PAPs" (NEDA 2018 p 5)

"The TRIP, on the other hand, is a three-year programming document containing nationally-funded priority infrastructure PAPs. It shall form the basis of the DBM in the determination of infrastructure PAPs to be included in the GAA. ... The 2017-2022 PIP also includes NG-implemented PAPs under the Regional Development Investment Program (RDIP). For these PAPs to be included in the PIP, they should contribute to the sectoral outcomes in the PDP and RM, are for implementation within 2017 to 2022, and are endorsed by the RDCs" (NEDA 2018 p 5).

The NEDA launched the PIP Online (PIPOL) system during the formulation of the 2017-2022 PIP with the end in view of streamlining the investment programing process. The PIPOL system is an online database that manages data entry and updates on PAPs under the PIP.

"PIP submissions from agencies/offices are consolidated and subjected to the validation of the NEDA Secretariat. The validation process is focused on determining the compliance of the submission with the criteria set for inclusion of PAPs in the PIP (responsiveness, readiness, and typology[30]), appropriateness of their inclusion to the different programming documents (PIP/CIP/TRIP), and consistency of entries reflected in the PIPOL System vis-a-vis available information with the NEDA Secretariat on the PAPs. The NROs also provides inputs in the PIP validation, particularly on the status and inclusion of priority PAPs contained in their respective RDIPs."

After this validation process is completed, the NEDA Secretariat then submits the consolidated PIP to the respective Planning Committees and Subcommittees for their confirmation (NEDA 2018). In the case of the TRIP, it is presented to the NEDA INFRACOM for confirmation and/or approval. The approved consolidated PIP/ TRIP is subsequently shared with DBM for it to use in identifying new PAPs that may be included under the NEP.

The PIP/ TRIP is updated yearly in support of the formulation of the national government budget for the fiscal year two years after the current year. During budget preparation, national government agencies and offices are expected to link the annual budget to the Plan. This occurs when the PAPs that NGAs proposed for inclusion in NEP are the ones that are included in the PIP and if these PAPs are accorded priority in the review by DBM of the annual budget proposal of line agencies during budget preparation. In this sense, "the PIP becomes a mechanism in improving resource mobilization towards PAPs that achieve sector outcomes embodied in the Plan." (NEDA 2018 p 4).

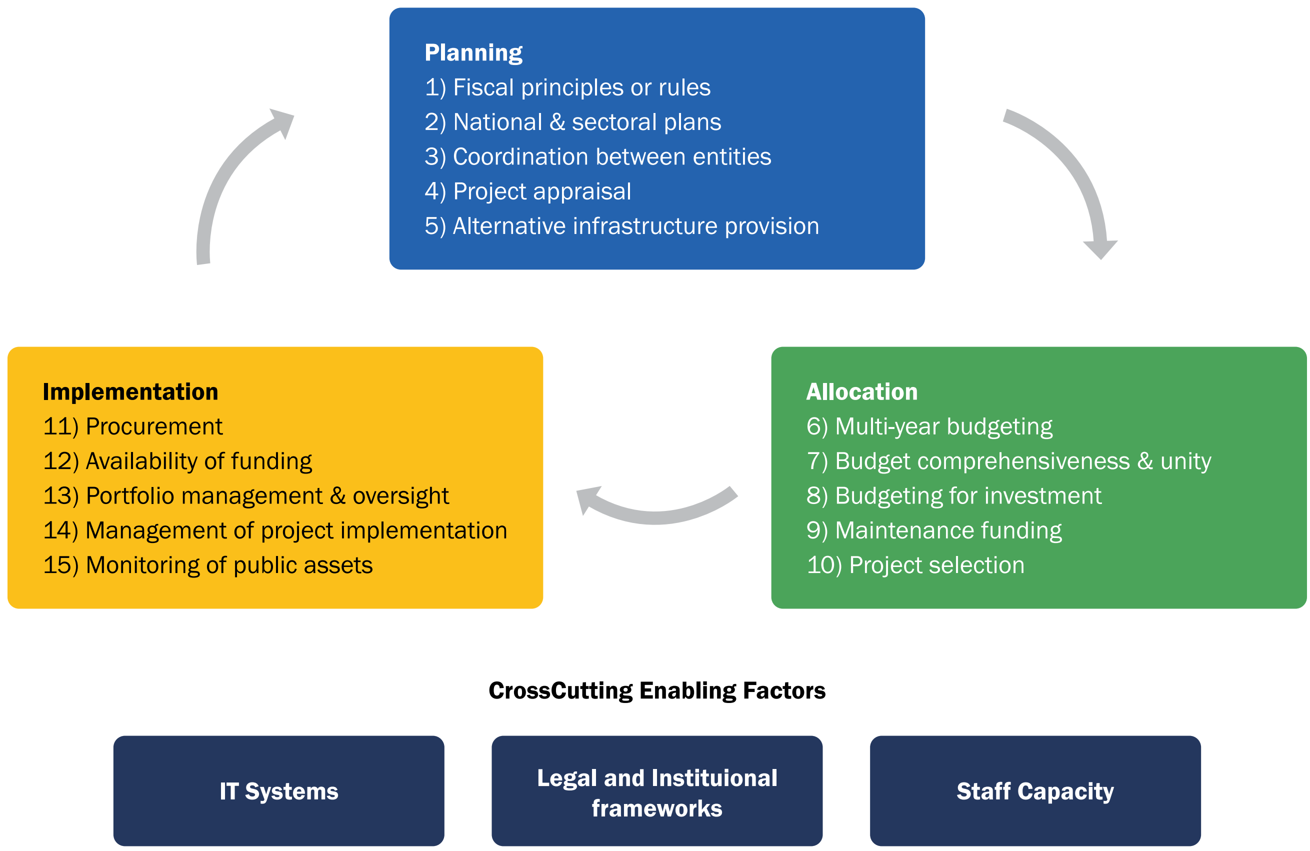
[30] The PAPs included in the PIP may belong to the following typologies: (i) capital investment projects to deliver public goods and services that contribute specifically to the country's productive capacity; (ii) technical assistance and institutional development activities; and (iii) relending activities of GFIs to national government offices and/or local government units (LGUs).

Assessment of the Philippine Public Investment Management System

This section provides an assessment of the country's public infrastructure investment management system, particularly as it relates to budgeting for investment. It is largely based on the Public Investment Management Assessment (PIMA) framework which was used by the IMF to assess the quality of the country's PIM system based on information that was available in 2018 (IMF 2019).

The PIMA framework is a comprehensive framework that is used to assess public infrastructure governance practices in different countries. It evaluates the design and effectiveness of 15 key institutions (i.e., policies, rules, procedures and organizations) that govern and 3 enabling factors that support the planning, allocation and implementation of public investment projects (Figure 18).

Figure 18. PIMA Framework



Source: IMF 2019

Fiscal principles or rules. The 2019 Philippine PIMA report found that while there are no legislated fiscal rules that limit the levels of public debt or fiscal deficit, revenue, spending, fiscal strategy is formulated in the context of a DBCC-approved Medium-Term Fiscal Program (MTFP) and "debt management practices are well developed" (IMF 2019).

National and sectoral plans. The 2019 Philippine PIMA report recognized the alignment of the PAPs included in the PIP with the strategic directions and priorities laid out in the PDP. "Within the PIP, major projects are identified as Core Investment Programs and Projects (CIPs),[31] which are the proposed "big ticket PAPs" subject to review and approval by the Investment Coordination Committee (ICC) or the NEDA Board. In addition, a Three-Year Rolling Infrastructure Program (TRIP) is a subset of PIP containing only national government-funded priority infrastructure PAPs; it serves as the basis for the DBM for determining the infrastructure PAPs to be included in the national government budget. ... The updating of the PIP costs and schedules is done by implementing agencies through the PIP Online (PIPOL) system during the first quarter [of each year] and in accordance with NEDA guidance" (IMF 2018 p 31). However, the TRIP is not subjected to financial constraints nor does it take into account the absorptive capacity of line agencies. For instance, the total project cost of nationally funded projects that are included in the 2017-2022 PIP[32] (PhP 4780 trillion for the 6-year period or an annual average of PhP 797 billion) is significantly higher that the government's absorptive capacity in 2011-2016 (an annual average of PhP 395 billion). The PIP's apparent lack of "resource constraint" was also raised by the DBM (2016) which called the strengthening of the appraisal and the medium-term costing of capital projects.

Project appraisal. As discussed in Section III, CIPS are required to secure the approval of the ICC and, thus, are subjected to a fairly rigorous evaluation process that includes an appraisal of the financial, economic, technical, environmental, institutional, and social aspects of the project. However, the 2019 PIMA report points out that "such analyses are not required to be published for transparency and for public comments [n]or to undergo independent external review."

In the case of the PIP and TRIP, PIP submissions of agencies are subjected to a validation process by the NEDA Secretariat that is focused on determining the compliance with criteria for inclusion of PAPs and completeness and accuracy of submission. Thus, the 2019 Philippine PIMA report notes that "the quality of project appraisals varies among line departments. There are often underestimates of cost and time for land clearance, including right-of-way and resettlements. This practice leads to delays and cost overruns during implementation. ... In addition, weaknesses in technical design in some projects have led to significant changes in technical design and scope during implementation. The lack of systematic identification of risk mitigation measures during project appraisal increases the likelihood of cost overruns and delays" (IMF 2019).

Multi-year budgeting. Many, if not most, of the PAPs that agencies submit in the PIP are multi-year programs and projects these agencies later broken down into annual components when they submit their budget proposals to DBM. Given this perspective, the 2019 PIMA report suggests that medium-term budgeting for infrastructure programs should be expanded to identify and present the outer-year implications of new infrastructure programs and projects that are approved under Tier 2 of the 2TBA. This would help present future commitments in the form of MYOA and complement the presentation of the annual budget to Congress by providing a more comprehensive view of how much has been committed and would be committed beyond the annual appropriation for the budget year (IMF 2019). In this manner, the realism of budget requests and the visibility of funding that has already been committed in the outer years will be improved.

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[31] "Core Investment PAPs (CIPS) are those PAPs that satisfy any of the following: (1) major capital PAPs with total project cost of at least PhP2.5 billion; (2) ODA-assisted grants with total project cost of at least PhP2.5 billion or ODA loans (including program loans, namely, budget support), regardless of amount requiring national government guarantee; (3) relending activities to national government offices and/or LGUs with total project cost of at least PhP2.5 billion; (4) solicited national projects that may be financed, constructed, operated, and maintained by the private sector through the contractual arrangements or schemes authorized under R.A. 7718 or the BOT Law and its Implementing Rules and Regulations; (5) priority projects under the Joint Venture (JV) Agreement with government contribution of at least PhP 150 million; and (6) administrative buildings with total project cost of at least PhP1 billion" (IMF 2019 p 31).

[32] As approved by the Cabinet Committee on Infrastructure (InfraCom) in July 25, 2017.

Project selection. The 2019 Philippine PIMA report point out that the TRIP (or the updated PIP) constitutes a pipeline of infrastructure projects that may be considered for funding under Tier 2 during budget preparation. However, "projects outside of this pipeline may be included in the budget."[33] On the other hand, "many projects are budgeted and start implementation before completing land clearance, leading to delays and cost overruns during construction. In addition, in some cases, technical designs are not completed before budgeting, rendering inaccurate estimates of cost for budgeting" (IMF 2019). The 2019 Philippine PIMA report recommends that more detailed "status of implementation readiness" indicators that line agencies provide as part of TRIP/ PIP updating be published or made accessible to the DBM to improve the selection of investment projects that will included in the NEP.

Linking the DBM's OSBPS and NEDA's PIPOL. One of the objectives of the present study is to gain a better understanding of "current PFM infrastructure and framework in terms of planning and budgeting system data sharing and interoperability." The UNDP "Project Tracing and Exploratory Data Analysis of NEDA and DBM Databases" study[34] which traced PAPs from NEDA's PIPOL system to DBM's OSBPS to the GAA[35] provides substantive insights in this regard.

The "Project Tracing" study makes use of 3 datasets: (i) the PIPOL dataset, (ii) the OSBPS dataset, and (iii) the GAA dataset to track a PAP and its budget from the project planning/ programming phase to the budget preparation phase to the budget legislation phase using 2 alternative record matching algorithms. The authors of the study notes that this exercise "is not straightforward because of mixed data ownership and maintenance. NEDA manages the PIPOL system, while DBM manages OSBPS and GAA. These datasets are disjointed, which means that the transfer of data across these systems is neither streamlined nor automated (UNDP 2021, p 10).

The "Project Tracing" study points out that "for data sets to be interoperable, they must posses the following characteristics: (i) there is a unique identifier per record, (ii) data types are clearly defined and strictly followed; (iii) data is up-to-date (e.g., all submissions and revisions are coursed through the system), and (iv) Information in fields shared across multiple data sources are consistent and non-contradictory" (UNDP 2021 p 21). At present, "NEDA and DBM databases do not share unique project identifiers, which poses a challenge to matching PIP entries—which are often larger, multi-year PAPs—with the proposed and approved PAPs under an agency's annual budget proposal and the General Appropriations Act (GAA)" [UNDP 2021? P 5]. In particular, PAP entries in the OSBPS have unique UACS code. On the other hand, PIP entries in PIPOL are assigned unique PIP code. The PIP code contains a 4-digit segment to indicate the budget year for which the PIP updating is prepared (?), a 5-digit segment that indicates the agency code of the PAP "owner," and a 6-digit segment that distinguishes the different PAPs proposed by the same agency from one another. The PIPOL system also has a field for the UACS code of each of the PAP that is included in the PIP. However, while all Tier 1 (or existing) projects have UACS code, Tier 2 (or new and expanded) projects may not yet have UACS code.

The analysis conducted under the "Project Tracing" study made use of the project title as the main variable for matching the PAPs in PIPOL to the PAPs in OSBPS and GAA. The fuzzy logic algorithm was able to find GAA matches for 21% of the total BFAR PIP entries and GAA matches for 28% of the total NNC PIP entries (UNDP 2021 p 29). The study concludes that more than an indication of low PIP PAP approval rate, the matching success rates provide insights on possible improvements to both NEDA's and DBM's data acquisition processes to ease the tracing of PAPs between their respective databases (UNDP 2021 p 4).

[33] This statement needs to be validated further from DBM colleagues.

[34] Henceforth in this report, said study will be referred to as the "Project Tracing" study.

[35] The Project Tracing study also traced PAPs' linkages to PDP-RM outcomes and indicators.

The Project Tracing study team “learned the following:

- Use of the matching algorithm will not be necessary if NEDA and DBM are reliably capturing complementary project identifier codes in their respective systems (e.g. UACS code in PIPOL and PIPOL ID in DBM systems).

- Implementing agencies are critical in project tracing. Both NEDA and DBM have no visibility on how agencies may be disaggregating a PIP entry into multiple budget proposal investment items or lumping expenses from different PIP entries into one budget proposal investment item.

- The matching algorithm will not directly solve challenges in project tracing. To address the lack of project linkages, oversight agencies should implement complementary technology and process solutions:

  - For the technology component, data platforms - such as PIPOL or OSBPS - should be built to implement data or input validation rules to enforce data cleanliness and completeness at source.

  - For the process component, NEDA and DBM should include completeness and accuracy of input as part of their respective acceptance criteria. This should include the critical fields for UACS and PIPOL ID.

- A shared data platform that pulls and pushes data to existing NEDA and DBM systems would be critical for reducing data input redundancies for implementing agencies. This way, NEDA and DBM have access to its others’ datasets and would not have to request implementing agencies for information that has already been submitted” (UNDP 2021 p 4)

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CHAPTER 4
SDG Codification and Mapping Framework

4.1 Introduction

Background and context. This engagement involves the establishment of an SDG Budget Tagging System. It is one of the outputs under the Joint SDG Fund Joint Programme on Reaping the Demographic Dividend and Managing the Socio-Economic Impact of COVID-19 by Applying an Integrated National Financing Framework in the Philippines (JP INFF and DD) which plans to strengthen the link between national planning, on the one hand, and the budgeting processes and financing strategies, on the other. As such, the JP INFF and DD hopes "to ensure a more effective resource allocation, and establish a more diversified financing framework that can leverage additional resources for the implementation of COVID-19 recovery strategies, and ultimately, the achievement of the SDGs in an integrated manner."

Overall objective and scope of the SDG Budget Tagging System study. The objective of this assignment is to support the National Economic and Development Authority (NEDA) and the Department of Budget and Management (DBM), through the Joint Programme Participating UN Organizations, led by UNDP, by providing guidance on the establishment of a framework for SDG Budget Systems and Processes. Said framework is envisioned to be a policy-based and standardized codification system that would identify, tag, and track/ monitor SDG-related programs, activities, and projects (PAPs) of government agencies. It is also expected to delineate clear institutional responsibilities for SDG monitoring and reporting (Appendix 1 – TOR for Establishment of the SDG Budget Tagging Systems).

The SDG Budget Tagging System is envisaged to promote the prioritization of SDG-related PAPs in project preparation, investment programming and the allocation of budgetary resources on said programs by establishing a system that:

(i) Facilitates the identification, aggregation and reporting of financial transactions involving SDG-related PAPs in various stages of the budget cycle (i.e., budget preparation, budget execution, accounting, reporting and auditing processes) within the framework of existing PFM system;

(ii) Provides timely analytics that are needed to evaluate the impact of present SDG public spending levels on meeting the SGDs, or alternatively, to assess how much additional budgetary resources is required to yield target outputs and outcomes in the context of performance-informed budgets;

(iii) Identifies the least and most underfunded SDGs in the planning and budgeting processes, and inform SDG financing interventions.

Also as indicated in the TOR, the consultant is expected to provide overall technical guidance and methodological support on the design of the SDG Budget Tagging Systems and Processes in the following areas: (i) Output 1. PFM systems review; (ii) Output 2. SDG codification and mapping framework; (iii) Output 3. Matching programs and budget allocations across NEDA and DBM systems; and (iv) Output 4. Roadmap to further strengthen the link of planning and budgeting systems.

Objective and scope of the present report: Output 2 – SDG codification and mapping framework. The objective of the present report is to review the existing international initiatives related to SDG budget tagging with the end in view of identifying alternative options that can be adapted by the Philippines given its planning and budget systems. The codification framework should tackle issues such as programs contributing to multiple SDGs and other issues that may be later identified.

4.2 International Experience in SDG Budget Coding and Tracking

Rationale for Undertaking SDG Budget Tagging

The WB (2021) notes that the declared objectives of many countries in implementing some form of budget tagging (e.g., climate budget, green budget tagging, gender budget tagging or SDG budget tagging) typically include one or some combination of the following reasons: (i) raise awareness and give greater visibility to need for government action, (ii) align budget planning and budget allocation decisions with national priority objectives; (iii) enhance transparency and accountability by reporting on government expenditures on tagged climate/ green/ gender/ SDG programs, climate-related expenditures; (iv) report on the financing of international commitments (e.g., Nationally Determined Contributions under the United Nations Framework Convention on Climate Change (UNFCCC), and (v) mobilize domestic and international finance through the issuance of Green, Social, or Sustainability Bonds.[36]

On the other hand, the OECD (2020 p 33) argues that "using the information [generated from budget tagging] for awareness raising alone is unlikely to achieve substantial results and will not justify the time and effort that is involved." Instead, the information and evidence gathered from budget tagging is most valuable when used to support analytical work such as public expenditure reviews, program evaluations, and benefit incidence analysis that aim to contribute to the improvement of the efficiency, effectiveness and equitableness of public budgeting (OECD 2020). Such initiatives are expected not only to make SDGs/ climate change/ gender more visible (and perhaps foster public debate and public action that will result in prioritizing these objectives during the strategic budget planning and budget preparation stages of the budget cycle) but also to strengthen accountability in the use of public funds by highlighting the connection between funding and results (Ishtiaq, 2021).

Review of International Experience on Budget Tagging and Coding SDG Spending

This section summarizes the experience of a number of countries that have implemented budget tagging and coding to track government spending that are responsive to all or some of the SDGs, including a number of cross-cutting ones like climate change.

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[36] Green bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance projects with clear environmental benefits. Eligible Green Project categories include renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, terrestrial and aquatic biodiversity conservation, clean transportation, sustainable water and wastewater management, climate change adaptation, circular economy and/or eco-efficient projects, and Green buildings. Social Bonds finance projects that directly aim to address or mitigate a specific social issue and/ or seek to achieve positive social outcomes, especially but not exclusively for a target population/s. Social Project categories include providing and/or promoting: affordable basic infrastructure, access to essential services, affordable housing, employment generation, food security, or socioeconomic advancement and empowerment. Sustainability Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance a combination of Green and Social Projects. In all three cases, the bonds should be the core components of the Green/ Social/ Sustainability Bonds Principles: (i) use of proceeds, (ii) process for project selection and evaluation, (iii) management of proceeds, and (iv) reporting (ICMA 2021). Using their respective budget tagging system as basis, Indonesia issued a sovereign Green Bond in 2018 while Mexico issued the first sovereign SDG bond in 2020.

Mexico

The creation of the Specialized Technical Committee for SDGs in 2015 marked the beginning of the Mexican federal government's commitment towards the achievement of SDGs (Larios, 2022). The Ministry of Finance and Public Credit then partnered with the UNDP to define suitable mechanisms to link the budget with SDGs and to estimate the amount of the budget that contributes to the achievement of the SDGs "from a Management for Results perspective" (Government of Mexico, Secretaría de Hacienda y Crédito Público and UNDP, 2017). A Decree was issued in February 2018 which mandated that the design of public strategies and programs during the formulation of the National Development Plan (NDP) should incorporate the SDGs. In line with this, the higher-level goals of the entire country or national aspirations in the NDP are expressed in terms of more specific lower-level objectives including the SDGs. In turn, the NDP also identifies the strategies and programs which when implemented contribute to the attainment of the said lower-level objectives.

Government budgeting in Mexico is performance-based and, thus, its budget structure is program-based. As such, activities that contribute to the achievement of a common policy objective or goal are grouped together under one budget program, i.e., budget programs are associated with a specific goal and target. The performance information as well as targets for the output/ outcome indicators of these budget programs and their associated policy objectives are established and monitored under what is called the Performance Evaluation System (PES). The allocation and utilization of budgetary resources to these budget programs are expected to yield measurable indicators of program outputs or outcomes.

"The Mexican government links its budgetary programs to SDG goals so they can determine the percentage of a goal linked to any budgetary program and conversely the number of budgetary programs linked to each goal" (Ministry of Finance and Public Credit and UNDP, 2017 as cited in Hege and Brimont, 2018). Under the Mexican budget tagging system, the budget programs are linked with the SDG targets on the basis of the Logical Framework Approach or by matching the performance indicator for a given budget program in the PES with any one of the SDG targets. In the case of SDG targets which have many sub-targets, the Mexican budget tagging system parses such a SDG target into its sub-targets. For example, SDG 1.4 (By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance) was broken down into 5 sub-targets: (i) rights to economic resources, (ii) access to basic services, (iii) right to own and control land and other forms of property, inheritance, and natural resources, (iv) access to new technology, and (v) access to financial services. In this manner, it is possible to establish a one-to-one link between budget programs and a SDG sub-target. Altogether, Mexico has 102 SDG targets and 330 SDG sub-targets.

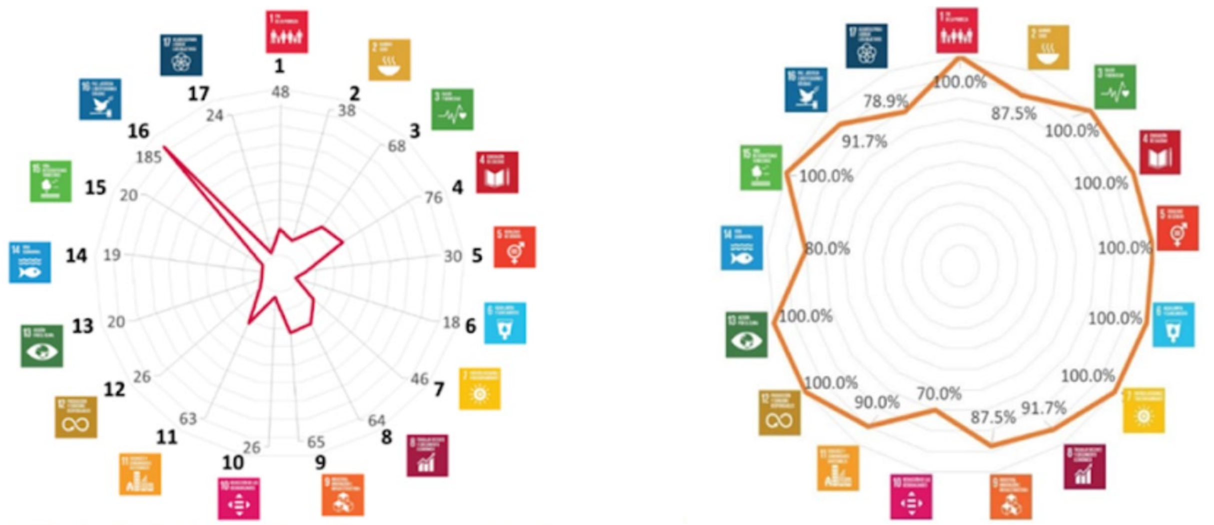
The Mexican SDG budget tagging system also makes the distinction between (i) budget programs that have a direct contribution to the achievement of a SDG target/ sub-target, and (ii) budget programs that create or generate conditions that promote/ enhance the achievement of a SDG target, i.e., budget programs that have an indirect contribution to the achievement of a SDG target. At the same time, the Mexican budget tagging system does not link debt service to SDG targets.

The results of the analysis based on the FY 2020 budget shows that SDG 16 had the greatest number of budget programs linked to it (185), followed by SDG 4 (76), SDG 3 (68), SDG 9 (65) and SDG 8 (64). In contrast, SDG 14 had the least number of budget programs linked to it (19), followed by SDG 13 (20) and SDG 14 (20). On the other hand, the same dataset shows that there is 100% coverage of the total number of SDG sub-targets for 9 SDGs, greater than 85% coverage for 5 SDGs and between 70% and 80% coverage for 3 SDGs (Figure 1) [Ministry of Finance and Public Credit, undated]. Of the 602 budget programs that were tagged to at least 1 SDG goal, the share of budget programs that have a direct contribution to the achievement of the SDG to the total number of budget programs linked to the said SDG is highest for SDG 6 (88.2%) and SDG 9 (70.2%) and lowest for SDG 12 (36.7%), SDG 10 (46.4%) and SDG 11 (46.5%) [Figure 2]. Nohman (2021) noted that the early rounds of the Mexican budget tagging exercise highlighted certain issues: "(i) even though performance information is available on SDGs and other goals (through national survey data), more work is needed to ensure that this data is used to analyze spending effectiveness, and make changes as needed (ii) hundreds of extra budgetary entities and federal trust funds still need to be included in the budget, and (iii) financial information systems do not ensure consistency across information sources."

Figure 19. Alignment of budgetary programs and SDGs in Mexico, FY 2020

A. Number of budget programs that are linked to each SDG goal

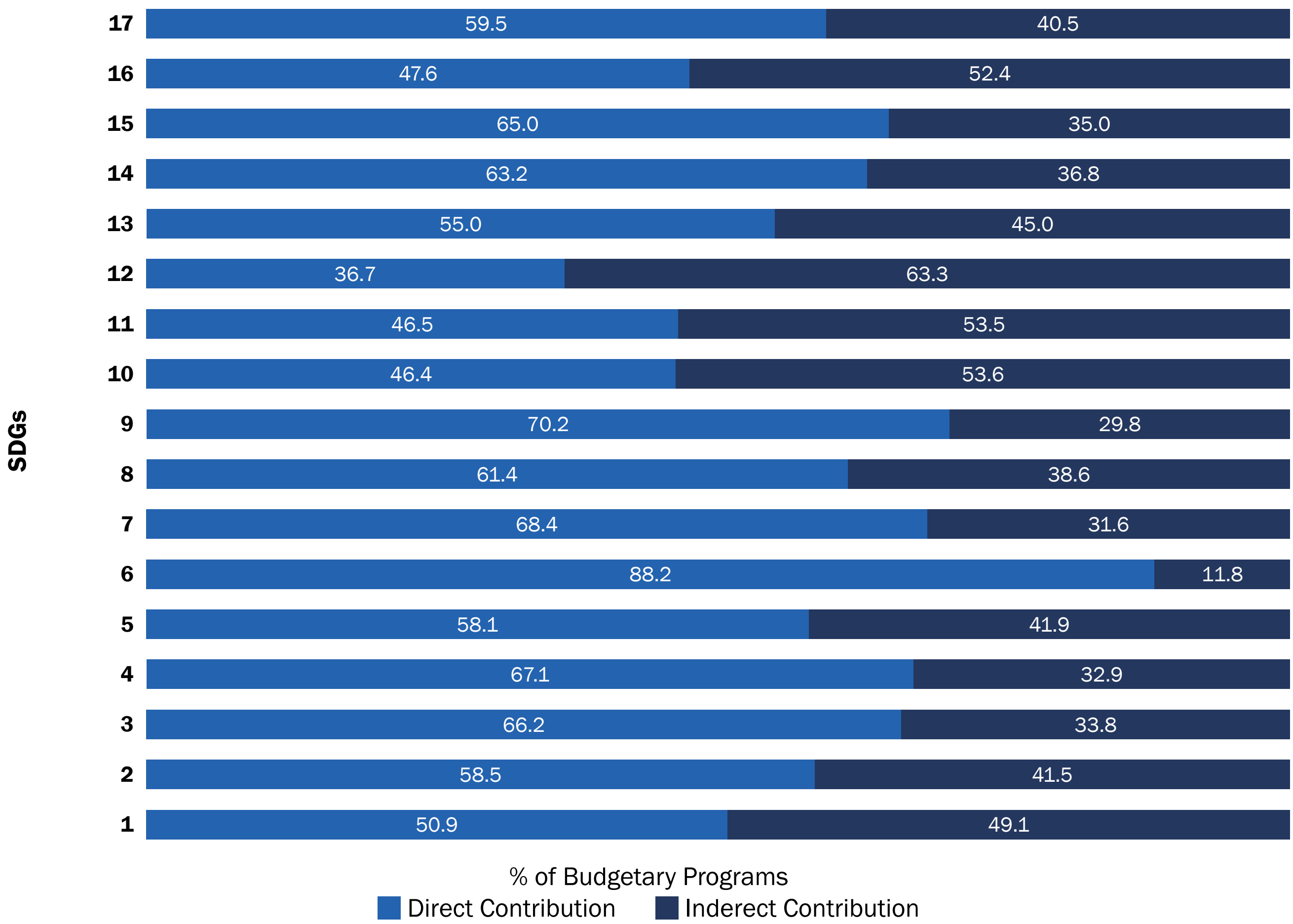
B. Percentage of total number of SDG sub-targets that are linked to any budget program[a/]



[a/] For each goal, number of SDG targets/sub-targets that are linked to any budget program as % of total number of SDG targets/sub-targets

Source: Ministry of Finance and Public Credit, undated

Figure 20. Type of contribution by SDG goal in Mexico



Source: Ministry of Finance and Public Credit, undated

Colombia

Colombia had undertaken a comprehensive exercise that attempts to link the government's FY 2020 budget and ODA funds with the 17 SDG goals and 169 SDG targets. As part of this budget tagging exercise, Colombia also came up with a SDG taxonomy as a "first approach to determine which components of public budgets can contribute to the SDGs" (Joint SDG Fund, INFF Colombia, and UNDP, 2022). Colombia's SDG taxonomy provides a handy guide on the association criteria that may be used to identify kind of budget programs that are linked to each of the 169 SDG targets. Colombia's SDG taxonomy is available at: https://bit.ly/SDG_Taxonomy. It should be emphasized that while the association criteria in Colombia's SDG taxonomy is largely applicable in most countries, the expenditure examples provided are context-specific.

The other output of this exercise is a detailed documentation of Colombia's experience in SDG alignment and budget tagging, a noteworthy knowledge product that may serve as a methodology that other countries can learn from and adapt to the peculiarities of their own PFM systems, and local socioeconomic and demographic conditions.

General technical guidance. It is better (i) to use the most disaggregated budget data available in order to make the association between the budget programs and the SDG targets more robust and less subjective; (ii) not to include debt service in the budget tagging analysis because debt service essentially pays for government expenditures made in previous years; (iii) to align budget programs to the 169 SDG targets rather than 17 SDG goals; (iv) to align each budget program to one main SDG target and up to 5 secondary SDG targets, i.e., to do multidimensional tagging rather than single tagging in consideration of the greater precision that is associated with this approach and the synergies across budget sectors;[37] (v) to tag expenditures on budget programs at the commitment or obligation stage because this measure of government spending to more closely reflects the amount of goods/ services that contributes to the achievement of SDG targets; and (vi) to "identify and maintain the official coding assigned to the most detailed level of budget data available within the FMIS" because the coding system within the FMIS supports the extrapolation of the budget program-SDG target alignment to other fiscal years (Joint SDG Fund, INFF Colombia, and UNDP, 2022).

Typology of budget programs that are tagged. Under the Colombian budget tagging system, both government investments (or capital outlays) and operational expenditures (or recurrent expenditures) may be aligned with at least one of the 169 SDG targets. In turn, government expenditures (whether in the form of investments or operational expenditures) are classified into two categories: (i) government expenditure that are intended for a "specific" purpose, and (ii) "general operational" expenditures, i.e., expenditures that do not have a specific purpose but which support the "general operations of government institutions and facilitate their mission."[38]

On the one hand, "specific" budget programs/ investment projects may be differentiated between those that can be aligned to exactly one SDG target and those that can be aligned to more than one SDG target. On the other hand, "general operational" expenditures may further be classified into: (i) "general operational" expenditures of institutions/ agencies which have budget programs that are directly linked to at least one SDG target, and (ii) "general operational" expenditures of institutions/ agencies which do not have any budget programs that are directly linked to at least one SDG target.

Tagging rules. "Specific" government expenditures may be linked to one or more SDG targets based on available information on their general and specific objectives, deliverables, and intended beneficiaries using the theory of change approach[39] or the results framework of budget programs. In contrast, the "general operational" expenditures of institutions/agencies which have budget programs that are specifically directed at the attainment of one or SDG targets may be linked to the said SDG targets indirectly on the ground that these "general operational" expenditures enable these government entities to carry out their thematic obligations by supporting their operations.

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[37] "A multidimensional approach is desirable but not necessary when detailed data is available. However, when only sectoral level or program level budget data is available, a multidimensional approach is essential to capture [the] multiple policy intentions contained in aggregated budget data" (Joint SDG Fund, INFF Colombia, and UNDP, 2022).

[38] If this typology were adapted in the Philippines, general operational expenditures will include the budget allocations for "General Administration and Support" (GAS) and "Support to Operations" (STO) portions of the generic budget structure of national government agencies.

[39] The theory of change approach describes how certain activities can produce a specified outcome which contribute to the attainment of certain higher-level goals.

Rules in allocating the SDG expenditures under the multidimensional tagging approach. In the case of "specific" budget programs/ investment projects which are aligned with more than one SDG target, said SDG targets are then classified into two: (i) one SDG target which is considered of primary relevance to the given budget program/ investment project and (ii) the rest of the SDG targets which are considered to be of "secondary" relevance to the given budget program/ investment project. The total budget/ expenditure that is allocated/ spent on the "specific" budget program/ investment project under consideration is then allocated to the SDG targets that are linked to it on the basis of an allocation formula that assigns a weight equal to wm to the main target, where w_m is not less than 50%, and a weight equal to $(1 - w_m) / n$ to each of the secondary SDG targets, where n is the number of secondary SDG targets. For instance, if the main or primary SDG target is assigned a weight of 75%, the rest of the SDG targets is assigned a combined weight of 25%. On the other hand, in the case of institutions/ agencies which have budget programs that are directly linked to at least one or more SDG targets, their "general operational" expenditures are pro-rated in direct proportion to the share of the program/s that are linked with any given SDG target in the total expenditures of these agencies on all programs that are intended to achieve a specific purpose.

Nepal

In Nepal, budget "formulation, execution, recording, and reporting is based on administrative, economic, and functional[40] classification using GFS/ COFOG standards. Both classifications and the charts of accounts[41] are aligned" with the chart of accounts being able to generate all information, for all stages of budget cycle, from the FMIS system (Nepal Ministry of Finance, 2015). The budget classification coding structure in Nepal consists of 7 digits with the first 3 digits referring to the ministry, the next 3 digits referring to department, office and program, and the last digit referring to the type of budget (i.e., recurrent, capital or financing).

During preparation of the budget for FY 2016/17 and FY 2017/18, line ministries together with the National Planning Commission (NPC) and the Ministry of Finance (MoF) classified 484 development programs according to their relevance to the attainment of SDGs. SDG coding used the detailed budget classification coding structure described above and essentially followed the approach used for climate budget coding which has been in place since 2013 (UNDP Bangkok Regional Hub, 2019).

To wit, the approach used in climate budget coding may be described in the following manner. Climate change related budget programs were first identified by referring to a list of climate-relevant programs that are included in its national climate change policy (WB 2021). The detailed activities under each of these climate change related budget programs were then tagged as either climate change related or not climate change related. Subsequently, the government budget allocation for all the activities under a climate change related program that was tagged as climate change related is summed up and taken as percentage of the total budget for the given climate change related program. "If more than 60 percent of the allocated budget for a given program is intended for climate related activities, the program is considered highly relevant to climate change, and marked as '1' in the code. In the same manner, if 20 to 60 per cent of the allocated budget of the program is intended for climate related activities th program is considered relevant to climate change, and marked as '2' in the code. However, if less than 20 percent of the total allocated budget program is intended for climate related activities or if the program is not related to climate change, the program will be considered neutral to climate change, and marked as '3' in the code" (Nepal National Planning Commission, 2012).

The Nepal budget tagging and coding exercise found that the programs of several ministries addressed several SDGs. In relation to this, SDG coding in Nepal considered the nature of the programs rather than the nature of the ministries. Also, the budgets of government agencies which did not relate to any SDGs (like general administration) were not included in the SDG coding exercise. At the same time, SDG coding was applied to the central government budget only. It is not applied to the budget of sub-national governments.[42]

[40] "Program classification may substitute for sub-functional classification, if it is applied with a level of detail at least corresponding to sub-function" (Nepal Ministry of Finance, 2015)." This appears to be the case in Nepal.

[41] "The Chart of Account provides a coding structure for the classification and recording of relevant financial information (both flows and stocks) within the financial management and reporting system" (Cooper, Julie and S. Pattanayak, 2011).

[42] In 2015, Nepal adopted a federal form of government consisting of 3 levels of governments: federal or central government, 7 provincial governments, and 753 local units.

Ghana

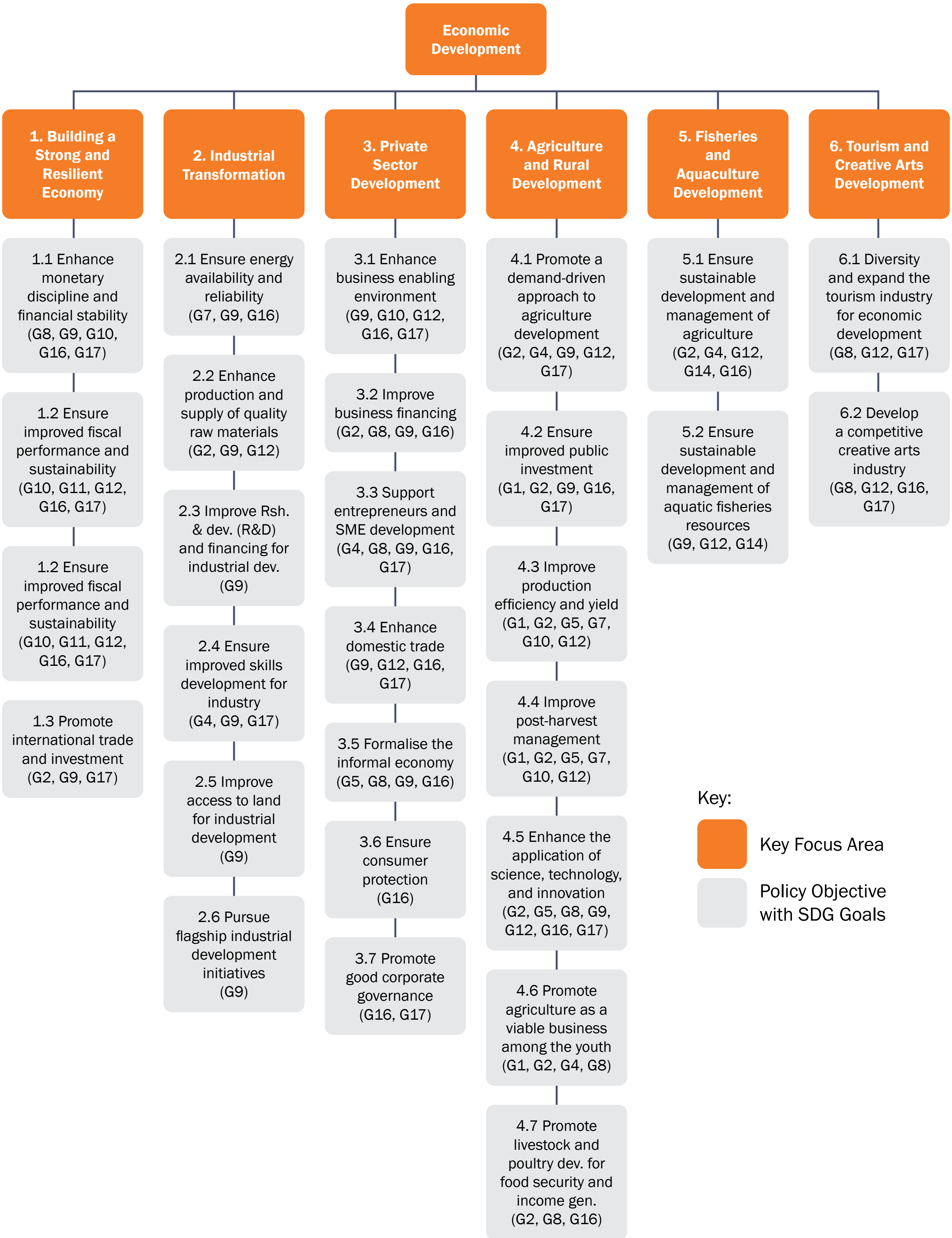
Ghana's Chart of Account forms the basis of the Ghana Integrated Financial Management Information System (GIFMIS), and the Budget Management System (Hyperion) and is a coding system for classifying the government budget. The CoA is made up of 12 segments with a total size of 74 digits: (i) a 3-digit segment for the "institution" code, (ii) a 5-digit segment for the "funding" code, (iii) 5-digit segment for the "functions of government" code, (iv) a 10-digit segment for the "organization" code, (v) a 6-digit segment for the "policy objectives" code, (vi) an 8-digit segment for the "program/ sub-program" code, (vii) a 7-digit segment for the "project" code, (viii) a 6-digit segment for the "operation/ activity" code, (ix) a 7-digit segment for the "location" code, (x) a 6-digit segment for a "spare 1" code, (xi) a 4-digit segment for a "spare 2" code, and (xii) a 7-digit code for the "natural account" segment. It is consistent with international best practices (GFS/ COFOG).

The National Development Planning Framework (NDPF) consists of five thematic areas these are: (i) economic development, (ii) social development, (iii) environment, infrastructure & human settlements, (iv) governance corruption & public accountability, and (v) Ghana's role in international affairs. Each thematic area consists of a set of focus areas, which in turn may be broken down into a set of policy objectives. The chart below shows how the "economic development" theme may be parsed into its focus areas, each of which consists of a number of key policy objectives which are in turn linked to SDG targets (Figure 3).

In 2018, the government of Ghana with the support of key stakeholders decided to "redesign the budget system to enable the tracking of all SDG allocations and funding," specifically, by aligning "policy objectives" with the SDGs targets. (Ghana Ministry of Finance, 2018). Subsequently, it was decided to use the "policy objective" segment of the Chart of Account for tagging and coding programs/ sub-programs, projects, and activities that contribute to the achievement of SDG targets. In doing so, the Ghanian methodology calls for linking one SDG target to a single "policy objective" but one "policy objective" can be linked to a number of SDG targets (Ghana Ministry of Finance, 2018).

In integrating the budget code for SDG targets in the Chart of Accounts, Ghana re-arranged in "policy objective" code to build the SDG targets into the coding system. Specifically, under this re-arrangement the first 2 digits of the 6-digit "policy objective" segment is used to identify the key focus area as defined by the NDPF, the next 2 digits is used to identify and code the "policy objective" under each key focus area, and the last 2-digits is used to identify and code the SDG target. In other words, the SDG target codes in the Ghanian system are integrated in its Chart of Accounts.

Figure 21. Linkage between thematic theme, focus area and key policy objectives of the National Development Planning Framework of Ghana



Source: Ghana Ministry of Finance, 2018

Ukraine

The final deliverable of a study entitled "Budget Tagging of Ukrainian Budget System with Sustainable Development Goals" (Lvych, 2022) that was commissioned by the UNDP[43] proposes detailed methodology and techniques for SDGs budget tagging in a country with multi- level governance system and may provide helpful insights for countries that are similarly situated.

Ukraine is a unitary state with 3 tiers of subnational governments. Since 2020, the top tier is composed of 24 oblasts (or regions) and 1 special city; the second tier consists of 136 rayons (or districts); and the third tier includes 1,469 hromadas (or local self-governing communities).

"According to Article 118 of the Constitution, the executive power at the top tier and rayons is exercised by local state administrations. Executives at these levels are appointed by the President upon the recommendation of the Cabinet and are accountable to him. In this respect, subnational governments at the oblast and rayon level operate as deconcentrated agencies of the central government, rather than as governments accountable to local constituencies" (WB PEFA, 2019). In contrast, hromadas are not controlled by state administration and are self-governed within the limits of the Constitution and the laws of Ukraine (Article 140 of the Constitution of Ukraine). These units are headed by are headed by either a town council or a village council who are directly elected and exercise some degree of control over their local budgets.

Ukraine has "a centralized PFM system built around a TSA and an automated accounting and reporting system "E-Treasury". This system incorporates salary and other expenses as well as commitment controls and covers both central and local government" (WB PEFA, 2019). The budget classification system tracks allocation of funds in accordance to: (i) functional classification, (ii) economic classification, (iii) key spending unit, and (iv) budget program. The program-based classification has the highest number of disaggregation and, as such, is a suitable basis for SDG tagging.

The budget coding system for the State budget assigns a 7-digit code to each State budget program while the local budget program coding system assigns a 4-digit code to each local budget program. In the case of the budget coding system for the State budget, the first 4 digits is used to identify the executor/ department, the fifth digit refers to the financing source for the program, and the last 2 digits refer to the program number. It should be emphasized that "the program names and content differ between those 2 systems," largely because of the different expenditure responsibilities assigned to States and to local government units under a decentralized set up. As such, "community level local budgets need to be separately analyzed and tagged with proper SDGs" (Lvych, 2022).

The first necessary step of the budget tagging is to define each program by the policy maker, goal, beneficiaries and success indicators to ensure most relevant linkage with SDGs. Oblasts and rayons are in essence deconcentrated agencies of the central government, their spending form part of central government expenditures. In contrast, local self-governing communities (or hromadas) have partial influence on their budget priorities, then local budget tagging should only focus on the spending programs of these local communities in order to avoid double counting (Lvych, 2022).

The proposed methodology for Ukraine also differentiates among 5 categories of budget programs in terms of their relationship to the SDG: (i) programs that directly contributes to the achievement of the SDG targets, (ii) those that provide financing support for the target institutions, (iii) those that provide financing support for target innovations, (iv) those that provide financing support for target infrastructure, and (v) those that provide financing support for other associated activities of the target programs.

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[43] Said study is part of a bigger project aimed at promoting strategic planning and financing for sustainable development in Ukraine that was conducted in 2020-2022.

Pakistan

The Ministry of Finance and Ministry of Climate Change with the support of the UNDP developed a climate change budget tagging and coding system with the aim of improving the reporting and tracking on SDG 13. Pakistan's climate change budget tagging methodology distinguishes between climate relevant activities, on the one hand, and activities that are intended to address other concerns, on the other hand, on the basis of the policy-based approach.[44] Pakistan's National Climate Change Policy (NCCP) identifies 11 sectors are important from the perspective of either climate change adaptation (water, agriculture, coastal areas, forestry, biodiversity and other vulnerable ecosystems) or climate change mitigation (energy, transport, town planning, forestry, agriculture and livestock). The scope of the budget tagging exercise included both the recurrent and investment expenditures of the Ministries and agencies that are involved in these 11 sectors.

Pakistan applies so-called "relevance" weights to "estimate the share of climate relevant expenditures at the program and project level without looking at the [actual] composition of expenditures" (WB, 2021). In particular, a climate relevant program is classified as highly relevant and assigned a weight greater than 75% if its primary objective relates to climate change. On the other hand, a climate relevant program is classified as having medium relevance and assigned a weight between 50% and 74%, if climate change is a secondary objective; a climate relevant program is classified as having low relevance and assigned a weight between 25%-49%, if the program makes an indirect contribution to climate objectives; and a climate relevant program is classified as having marginal relevance and assigned a weight below 25% if the program makes a marginal contribution to climate objectives.

The tagging is implemented in the country's integrated financial management information system (IFMIS), which would have allowed the tracking and monitoring of expenditure on climate change adaptation and climate change mitigation programs and projects which can be further broken down in terms of the 11 climate change relevant sectors that are enumerated above on a regular basis. However, Nohman (2021) noted that the sustainability of reform initiative and the production of regular reports has not been realized because of the inability of government staff with the appropriate technical expertise.

[44] The WB (2021) describes two alternative ways of identifying climate relevant activities: (i) the "objective-based" approach which identifies climate relevant activities on the basis of whether the expressed objective/s of these activities refer to addressing some aspect of climate change, and (ii) the "policy-based" approach which identifies climate change relevant activities if they "are specifically referenced in national climate change policy documents."

Philippines

The Philippines, together with other developing countries that are acutely vulnerable to climate change like Nepal, Cambodia, and Indonesia, are considered as early adopters in climate change budget tagging (WB, 2021). The experience of the Philippines in climate change budget tagging is discussed here for the insights it provides in budget tagging and coding on the basis of a policy-based multi-variable typology of budget programs.

In 2014, the DBM in coordination with the Climate Change Commission (CCC) launched climate change expenditure tagging with the issuance of DBM-CCC Joint Memorandum Circular (JMC) 1, s. 2013 and JMC 1, s. 2015 for the purpose of identifying, monitoring and reporting spending on climate change-related programs, activities, and projects (PAPs)[45] to enable oversight and line department managers to better assess progress of in the implementation of these PAPs. These JMCs mandate all national government agencies (NGAs) to first identify and tag which of the PAPs that are included under the different components of their budget cost structure[46] are climate change responsive on the basis of the PAPs' objective/s and technical description. Subsequently, the PAPs which have been identified to be climate change responsive are classified into two groups in accordance with their climate objective: (i) those which are intended to address climate change adaptation (CCA) and (ii) those which are intended to address climate change mitigation (CCM) [Table 1]. In turn, PAPs which are identified to be either CCA-related or CCM-related are further categorized in terms of their alignment with the NCCAP strategic priorities and sub-priorities (Table 2) and instruments of actions (Table 3). Furthermore, national government agencies are tasked to identify which of the 247 program/ activity typologies from the list found in the National Climate Change Expenditure Tagging Typology Manual (CCC and DBM, 2016) best describe their CC-responsive PAPs, a portion of which is shown on Table 4.

Table 30. Definition of climate change adaption and climate change mitigation

Climate change adaptation	A PAP is classified as CCA-related if it intends to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience.
Climate change mitigation	A PAP is classified as climate change mitigation-related if it aims at reducing greenhouse gas emissions (GHG), directly or indirectly, by avoiding or capturing GHG before they are emitted to the atmosphere or sequestering those already in the atmosphere by enhancing "sinks" such as forests. Climate change mitigation measures include but are not limited to improved energy efficiency, renewable energy projects, reforestation/ improved forest management, and improved transport systems.

Source: DBM-CCC Joint Memorandum Circular 1, s. 2015

[45] "Program / Activity / Project (PAP) is any work process or group of work processes undertaken to realize the outputs and outcomes of an agency. This is represented by an item of appropriation in the national budget." The "program" component of the term "PAP" refers to "a group of activities and projects that contribute to a common particular outcome" while the "activity" component refers to "a recurring work process that contributes to the implementation of a program or sub-program and the "project" component refers to "special undertakings carried out within a definite time frame and intended to result in some pre-determined measure of goods and services" (National Budget Circular No. 569, s. 2017).

[46] The three major components of the budget cost structure of all national government agencies are: (i) General Administration and Support (GAS), (ii) Support to Operations (STO), and (iii) Operations. GAS is the cost component of the agency budget which consists of the PAPs and their corresponding expenditures that deals with the "provision of overall administrative management and operational support to the entire operations of the agency." STO is the cost component of an agency budget which consists of the PAPs and their corresponding expenditures that "provide staff, technical, and/or substantial support to operations, but do not produce goods or deliver services directed at a target population or client group external to the agency." Operations is the cost component of the agency budget which consists of the PAPs and their corresponding expenditures that "relate to the main purpose for which an agency has been created. It involves direct production of goods or delivery of services" for clients that are external to the agency or "direct engagement in regulations." The "Operations" portion of the budget of national government agencies is organized such the programs that contribute to a common particular organizational objective or outcome are grouped under that "organizational outcome" (National Budget Circular No. 569, s. 2017).

The entire budget of a PAP which is identified as climate responsive is considered as CC expenditure if climate change is identified as the main objective or one of the main objectives of the PAP. On the other hand, if a PAP's main objective does not explicitly articulate addressing climate change, national government agencies are mandated to identify the component/s of the PAP that directly address climate change based on the detailed CC typology, and include only the expenditure on the identified CC component/s.

The climate change expenditure tagging and coding endeavor is being carried out on a parallel system outside of the 54-digit Unified Accounts Code Structure (UACS) to minimize the risk of making the UACS too "complicated" for users. Budget programs which are identified to be climate change responsive are coded with a 6-digit CC typology code, which consists of: (i) a letter (A or M) indicating the climate change objective, (ii) three digits denoting the strategic priority, sub-priorities, and instrument, respectively, and (iii) a two-digit activity code (Figure 4).

Table 31. NCCAP strategic priorities and sub-priorities

Strategic Priority	Strategic sub-priority
1. Food security	1.1. Production & distribution systems
	1.2. Agriculture & fishing communities
2. Water sufficiency	2.1. Integrated water resource management & water governance
	2.2 Sustainability of water supply
	2.3. Water sanitation & solid waste
3. Ecosystem and environmental stability	3.1. Ecosystems & ecological services
4. Human security	4.1. Community & local level CCA/DRR
	4.2. Health & social protection
	4.3. Health settlements & services
5. Climate-smart industries and services	5.1. Climate-smart industry
	5.2 Sustainable livelihood
	5.3 Green cities & municipalities
6. Sustainable energy	6.1. Energy efficiency
	6.2 Sustainable renewable energy
	6.3 Environmentally-sustainable transport
	6.4. Climate-resilient energy & transport infrastructure
7. Knowledge and capacity	7.1. Knowledge of climate science
	7.2. Local and community CCAM & DRR capacity
	7.3 CC knowledge management
8. Cross-cutting	8.1. Convergence planning & coordination
	8.2 Finance

Source: CCC and DBM, 2016

Table 32. Definition of instruments

Strategic Priority	Strategic sub-priority
1. Policy & governance	Enabling activity focused on empowering stakeholders to take action through the development, adoption, monitoring, and review of policies, plans, regulations, department administrative order, or executive order.
2. Research & development, extension	Enabling activity focused on the generation, management, and sharing of information.
3. Knowledge, capacity building, & training	Enabling activity focused on institutional capacity to implement climate action, including through dissemination, awareness-raising, and training activities focused on knowledge update.
4. Action delivery	Includes activities that directly mitigate GHGs / sequester carbon, or that reduce risk and/or vulnerability or increase adaptive capacity or potential impact.

Source: CCC and DBM, 2016

Table 33. Portion of National CCET Typology Manual Referring to Ecosystems and Ecological Services

Typology Code	Adaptation	Typology Code	Mitigation
Policy and Governance			
A311-01	Design payments for ecosystem services (PES) and other innovative conservation financing mechanisms to support ecosystem-based adaptation and mitigation		
A311-02	Establish zoning guidelines for different ecosystems based on the vulnerability and risk assessment results		
A311-03	Design and develop integrated ecosystem management approaches for watersheds and wetlands to reduce vulnerability to climate change variability		
Action Delivery			
A314-01	Retain or re-establish mangrove forests, wetlands, and other ecosystems considerations to as protection against floods risks	M314-01	Implement and monitor progress of REDD+ related policies
A314-02	Conserve and protect existing watershed and protected areas	M314-02	Re-forestation and afforestation that increases vegetative cover or sequesters carbon
A314-03	Delineate “ridge-to-reef’ ecosystem-based management zones for the ecotowns through multi stakeholder process	M314-03	Sustainable peat land/ wetland/forest management and protection
		M314-03	Avoided deforestation

Source: National Climate Change Expenditure Tagging Typology Manual (CCC and DBM, 2016)

Starting in FY2015, the National Budget Call included BP Form 201-F as part of the budget preparation forms that all national government agencies are required to submit (Figure 5). BP Form 201-F provides a summary of identified P/A/Ps that are responsive to CC adaptation or mitigation, wherein CC expenditures are identified for three fiscal years: (i) previous FY (actual expenditures on an obligation basis); (ii) current FY (programmed expenditures based on current year's GAA); and (iii) succeeding FY (proposed budget allocation), further subdivided into Tier 1 and Tier 2.[47] Thus, the entry point to integrate the tagging procedure in the budget process is at the budget proposal stage. This approach provides both the line agencies and the fiscal oversight agencies with data that supports them in making more informed budget planning and resource allocation decisions.

Figure 22. Climate change typology code[a/]

[a/] Based on the National Climate Change Expenditure Tagging Typology Code Manual (CCC DBM, 2016) - the climate change activity of a budget program that is coded as A124-01 is: "Implement climate change risk transfer and social protection mechanisms in agriculture and fisheries."

For PAPs identified as CC responsive, each CC expenditure is subdivided into four allotment classes: (i) Personal Services, (ii) Maintenance and Other Operating Expenses, and (iii) Capital Outlays (CO). For each PAP that is included in this form, note that both its UACS code and its CC-typology code is included. This makes it possible to track climate change expenditure from the budget proposal stage to the budget approval stage, and to the budget execution and reporting stages.

When climate change expenditure tagging was first introduced in the Philippines, budget and planning staff of national government agencies had to be capacitated on tagging their climate change-related PAPs in addition to the formulation and publication of a coding manual for CC-related PAPs. Also, a help desk was installed at the CCC to provide support to national government agencies (NGAs) and government-owned-and-controlled corporation (GOCCs) in the initial year of CCET implementation.

[47] The Philippine's Two-Tier Budgeting Approach (2TBA) "streamlines the budget process by separating the discussion and deliberations of the requirements of ongoing policies from those of new spending proposals (DBM 2016). The first tier of the 2TBA involved the determination of estimates of the budgetary requirements for the incoming fiscal year based on (i) the amounts needed to implement existing policies and ongoing programs/ projects given macroeconomic factors such as inflation and other factors that impact on the cost of delivering these programs and (ii) the disbursement performance or absorptive capacity of the agency and its performance to deliver services in the last two fiscal years. The allocation of the fiscal space that is left uncommitted after the aggregate Tier 1 budget ceilings have been determined is then made available for new programs and projects as well as the expansion of existing ones under Tier 2. Tier 2 proposals are then assessed/ evaluated on the basis of their alignment with the Budget Priorities Framework (BPF) and their readiness for implementation. "By separately deliberating on continuing and new expenditures, and by using the FEs as "hard" ceilings," more time is made available for the evaluation of Tier 2 proposals.

The Philippine climate change expenditure tagging methodology also includes a validation mechanism to ensure the quality of "tagging" done by NGAs. At present, national government agencies submits their BP 201-F form together with the duly accomplished Quality Assurance Review (QARF) to the CCC prior to submitting the BP 201-F form to the DBM to give the CCC time to evaluate the basis of the NGAs' tagging decisions. The QAR requires NGAs to document the main objective or the CC objective/s of the tagged budget program, the CC risk/s program addresses, the expected outcome of the program and relevance of the tagged expenditure to climate change.

Figure 23. Budget Preparation Form 201-F

Climate Change Expenditures
(in P'000)

Department/Agency:																	
Cost/ Structure/ Activities/ Projects	**UACS Code(s)**	**2020 (Actual)**			**2021 Current**			**Climate Change Typolo-gies**	**2022 Proposed Activity**								
									Tier 1			**Tier 2**			**Tier 3**		
		MOOE	**CO**	**Total**	**MOOE**	**CO**	**Total**		**MOOE**	**CO**	**Total**	**MOOE**	**CO**	**Total**	**MOOE**	**CO**	**Total**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Grand Total:																	

Prepared by:		Certified Correct:	Approved by:	Date:
Budget Officer	Planning Officer	Chief Accountant	Head of Office/Agency	

Source: DBM National Budget Memorandum 138, 2021

The Philippines' climate change expenditure tagging is well- entrenched to date. The aggregate climate change spending of the national government agencies and GOCCs, broken down by NCCAP strategic priorities and by department and special purpose fund, is tracked and published yearly by the DBM in the Budget of Expenditures and Sources of Financing (BESF) since FY 2015.

Climate change expenditure tagging has been found to promote stakeholder awareness and has had the unique advantage of providing government and the public a wholistic view of CC-related efforts of various NGAs and GOCCs. It also enhances performance monitoring by allowing oversight agencies to assess not only the performance of NGAs/ GOCCs against their individual CC-related targets but also the performance of the whole of government CCA/ CCM program in its entirety.

Lessons in SDG Budget Tagging and Coding from International Experience

As indicated earlier, tagging and coding SDG expenditures in the budget help improve budget allocation decision making by identifying financing gaps and supporting analytical work on the efficiency, effectiveness and equitableness of government spending while enhancing the visibility of SDG concerns and strengthening accountability in the use of public funds. The review of the experiences of various countries in tagging and coding expenditures on SGDs and on cross-cutting concerns like climate change suggest that "while methodologies and notes are available for standard public budget classification system (e.g., COFOG and economic classification), there is no standard methodology that exists for tracking expenditures on SDGs" (Nohman 2021).

Given the absence to date of a universal standard for SDG tagging and coding, Nohman (2021) summarizes some of the main considerations in the design and formulation of SDG tagging and coding systems that emerges from the review of the international experience in this area to date.

1) Coverage

Design options: include SGD spending of (1) central government only, (2) central government and local government units (LGUs) combined, (3) central government, LGUs and public corporations combined, or (4) central government, LGUs, public corporations and extra-budgetary or off-budget accounts combines.

Ideally, the coverage of SDG budget tagging and coding should be comprehensive, i.e., it should include the expenditures of the central government, sub-national government, and government-owned-controlled corporations (GOCCs), including off-budget accounts. It is notable that all of the countries which have already undertaken SDG budget tagging that are reviewed in this paper have opted to tag central government expenditures only despite the fact that Mexico and Nepal have a federal system of government. However, Nohman (2021) reports that SDG budget tagging in South Africa, a unitary state with 3 tiers of governments, covers both the central government and sub-national governments. In like manner, the SDG budget tagging system proposed by Lvych (2022) for Ukraine, a unitary state, cover both the central government and local self-governing communities. This is made possible by the presence of a uniform budget structure and/ or a coding system for budget programs in these local self-governing communities.

2) Selection of SDG Goals and Targets to Tag

Design options: tag (1) all SDG goals/ targets, or (2) selected SDG goals/ targets. Both Mexico and Colombia tagged SDG budgets for all SDGs. While federal or central government expenditures in Mexico are aligned with SDGs at the goal level, SDG expenditures in Colombia are tagged at the level of SDG targets.

The choice between tagging budgets vis-a-vis SDG goals versus tagging budgets vis-à-vis SDG targets largely depends on the level of disaggregation of available expenditure data. A high level of granularity in available expenditure data is ideal for tagging at the level of SDG targets. It is worth noting that from a SDG implementation perspective, tagging expenditures vis-à-vis SDG targets rather than goals has the advantage of allowing one to focus on more specific actions/ activities that will likely accelerate the achievement of lagging SDG targets.

On the other hand, the choice of SDGs to focus on, in case a country chooses to tag and/or code budgets/ expenditures for selected SDG goals/ targets only, depends on the priority that government places on specific SDG goals largely because of perceived funding gap/s in the achievement of said SDGs. It may also make sense for countries to tag a smaller number instead of all SDG goals/targets from the perspective of allowing both the oversight fiscal agencies and the line agencies to gain some familiarity with the technical requirements of SDG tagging. Needless to say, budget tagging and coding vis-à-vis selected SDG goals/ targets in the near term does not preclude budget tagging and coding vis-à-vis all SDG goals/targets at a later date.

3) Type of Expenditures on SDG Budget Programs to Tag

Design options: (1) tag government capital investments only, or (2) tag both recurrent and capital expenditures. All of the countries which have already undertaken SDG budget tagging that are reviewed in this paper have opted to tag both government recurrent and capital expenditures. In contrast, Nohman (2021) reports that South Africa tags government spending on capital projects only.

4) Unit of Tagging

Design options: (1) tag programs/ sub-programs, and (2) tag administrative units which serve as cost centers. "In the line-item budgeting system budget cost-centers (administrative units) and investment projects are generally tagged, while in the results-based budgeting systems, outputs, programs/sub-programs, and activities can be tagged" (Nohman, 2021).

5) Allocating Budgets/ Expenditures of Budget Programs that Are Linked to More Than One SDG Goal/ Target

Design options: (1) Colombia model where the total budget/expenditure on the "specific" or "direct" budget program/ investment project under consideration is allocated in the following manner to the different SDG targets it is aligned with: primary SDG target is assigned a weight that is not less than 50% and the balance (i.e., one less than the weight assigned to the primary SDG target) is divided equally among the secondary SDG targets. On the other hand, the total budget/ expenditure on the "general operational" expenditures of agencies which have budget programs that are directly aligned with one or more SDG targets is allocated to each of these SDG targets in direct proportion to the share of any given SDG target in the total "specific" expenditures of these agencies that are linked to SDG targets. (2) Pakistan model, where (i) a climate relevant program is classified as highly relevant and assigned a weight greater than 75% if its primary objective relates to climate change, (ii) a climate relevant program is classified as having medium relevance and assigned a weight between 50% and 74% if climate change is a secondary objective, (iii) a climate relevant program is classified as having low relevance and assigned a weight between 25%-49% if the program makes an indirect contribution to climate objectives; and (iv) a climate relevant program is classified as having marginal relevance and assigned a weight below 25% if the program makes a marginal contribution to climate objectives.

Ishtiaq (2021 p 22) noted that "complicated 'relevance' criteria will not only be difficult to follow" and "may lead to confusions at the time of public debate." In this regard, he recommends that budget tagging be undertaken using more disaggregated budget data.

6) Taxonomy

Ishtiaq (2021 p 17) argued that the 17 goals and 169 targets of Agenda 2030 can be used as the taxonomy." However, the SDG taxonomy developed by Colombia suggests that it is more helpful if the taxonomy includes a description of the types of programs that will help achieve the SDG goals and targets. Needless to say, such a taxonomy is context specific.

7) Linkage with the Chart of Accounts

Design options: (1) SDG budget codes are integrated or form part of the country's Chart of Accounts, (2) SDG budget coding system are established in a parallel manner relative to the country's Chart of Accounts.

The Ghanian system of tagging and coding SDG targets is different from those of Nepal, Ukraine, and the Philippines in the sense that the budget classification codes for SDG targets in Ghana are integrated in its Chart of Accounts while the codes for SDG targets in Nepal, Ukraine and the Philippines are "add-ons" to its Chart of Account, i.e. an SDG budget coding system is established without making any changes in existing the official budget coding system but at the same time ensuring that the two coding systems are linked.

The choice of how to link SDG budget coding with the Chart of Accounts is premised on (i) how well established the existing budget coding system is, and (ii) government's willingness to change the existing Chart of Accounts as Ghana did. In principle, both ways of linking the SDG budget coding with the Chart of Accounts can work in a sustainably if done in a manner that will ensure that "every time [a] budget is entered, or expenses, assets, or liabilities, etc. are recorded in the books of accounts, it becomes possible to track the budget and expenditure by SDGs" (Nohman, 2021, p 19).

4.3 Proposed Framework for SDG Budget Tagging and Coding for the Philippines

This paper proposes the following framework for SDG budget tagging and coding with the following elements. While it draws from the work of Nohman (2021) and our own review of the international experience in SDG budget tagging and coding, its design takes into account the nuances of existing PFM systems and process, and is mindful of the existing technical capability and workload of planning and budgeting staff in both the fiscal oversight agencies and the line departments/agencies.

1) Public Sector Coverage

This study proposes that SDG budget tagging and coding initially cover the budgets/expenditures of national government agencies only. While recognizing the importance of local government units (LGUs) contribution in total general government (i.e., national government plus local government) expenditures, particularly in a number of SDG targets that are associated with services that have been devolved to LGUs and in the light of the implementation of the SC ruling on the Mandanas-Garcia IRA petition which effectively increases the share of LGUs in national taxes, the absence of LGU expenditure data with enough granularity that will allow their alignment to SDGs with a reasonable level of precision either at the goal or target level the exception of a few goals like SDG 3.

This recommendation is informed by the following considerations with respect to the existing structure of available government expenditure data in the Philippines. To wit:

National government (NG). It should be emphasized that the structure of the national government's expenditure data is based on the budget structure of national government agencies which, in turn, conforms with the Program Expenditure Classification (PREXC). Under the PREXC, "an agency's budget is arranged in a hierarchical manner to depict the logical relationship among programs, activities, and projects (PAPs); and between programs and the agency's Organizational Outcomes." The "program" component of the term "PAP" refers to "a group of activities and projects that contribute to a common particular outcome" while the "activity" component refers to "a recurring work process that contributes to the implementation of a program or sub-program and the "project" component refers to "special undertakings carried out within a definite time frame and intended to result in some pre-determined measure of goods and services"

The budget cost structure of all national government agencies under the PREXC consists of three major components: (i) General Administration and Support (GAS), (ii) Support to Operations (STO), and (iii) Operations. GAS is the cost component of the agency budget which consists of the PAPs and their corresponding expenditures that deals with the "provision of overall administrative management and operational support to the entire operations of the agency." STO is the cost component of an agency budget which consists of the PAPs and their corresponding expenditures that "provide staff, technical, and/or substantial support to operations, but do not produce goods or deliver services directed at a target population or client group external to the agency." Operations is the cost component of the agency budget which consists of the PAPs and their corresponding expenditures that "relate to the main purpose for which an agency has been created. It involves direct production of goods or delivery of services for clients" that are external to the agency or "direct engagement in regulations." Under the PREXC, the "Operations" portion of the budget of national government agencies is organized such that programs which contribute to a common particular organizational objective or outcome are grouped under that "organizational outcome" (National Budget Circular No. 569, s. 2017).

In line with the PREXC, the expenditure data that NGAs are required to encode directly into their budget preparation forms via DBM's Online Submission of Budget Proposal System (OSBPS) include data on the actual obligations (by expense class) for the previous fiscal year,48 the budget allocation (by expense class) under the GAA for the current fiscal year, and the funding requirement (by expense class) that the NGAs are proposing for the incoming fiscal year for each of their programs/ sub-programs and the activities and projects that make up said programs/ sub-programs with their corresponding UACS code.

[48] Actual obligations for the previous fiscal year include obligations funded from that year's GAA as well as those funded from prior years' GAAs.

In like manner, the Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB) of national government agencies provides program-/sub-program/activity and project level expenditure data with their corresponding UACS code. The SAAODB is available from the website of each agency as well as from the DBM's Unified Reporting System (URS). As pointed out in the PFM review that was undertaken as part of Output 1 of this engagement, the level of disaggregation of the program-based structure of the budget facilitates the mapping of any given PAP to one or more SDG target through the application of the results framework approach or the theory of change approach[49] to check whether a given budget program contributes to the attainment of a SDG target. Alternatively, SDG targets and budget programs/sub-programs may be matched by comparing the SDG targets with outcome/output indicators of the budget programs/sub-programs/PAPs. Also, SDG targets and budget programs/sub-programs/PAPs may be matched by comparing their respective beneficiaries (Manasan 2022).

The treatment of national government budgetary support to GOCCs in SDG budget tagging deserves special mention. The purpose or objective of national government subsidy to particular GOCCs is specified in the GAA for the relevant fiscal year and should guide the tagging of this expenditure item vis-à-vis SDG targets.

Local government units. The Annual Investment Program (AIPs) and Budget Ordinances of many LGUs include funding the requirements of and the budget allocations for a fairly granular listing of programs, activities and projects (PAPs). The ongoing efforts to develop local budget tagging tools for children, and nutrition are anchored on such detailed listing of PAPs in these documents which would allow one to tag and code child-focused/ nutrition PAPs on the basis of a policy-based multi-variable typology of budget programs. For instance, the first level classification for tagging and coding of child-focused budgets consists of 4 sectors that correspond to the core child rights as defined under the United Nations Convention on the Rights of the Child, i.e., right to (i) survival, (ii) development, (iii) protection, and (iv) participation. The second level classification refers to thematic programs that are identified in each sector based on the national and local plans of action (e.g., "Maternal, Newborn, and Child Health Care," "Nutrition," "Prevention, Treatment of Communicable Diseases," etc. for survival, "Early Childhood Care and Development," "K to 12 Basic Education Services," etc. for development, Protection against "Child Trafficking," "Child Labor", "Violence against Children," for protection, and "Child Participation in Policymaking Bodies," "Organization and Strengthening of Children's Groups," etc. for participation) while the third level of classification refers to the particular component of each program that serves as its implementation strategy: (i) policy, (ii) research, information and communication, (iii) human resource development, (iv) capital outlay, and (v) service delivery.[50] However, budget reporting formats differ from the ones that are used in the preparation of AIPs and budget ordinances. Thus, while it may be fairly easy to tag SDG allocations in the budget ordinances of individual LGUs, tracking what these individual LGUs actually spend to address specific SDG targets can be challenging, and tracking what all LGUs spend in the aggregate to address specific SDG targets even more challenging (Social Watch, 2022).

The Bureau of Local Government Finance (BLGF) of the DOF publishes expenditure data on a cash basis for each individual LGU as well as for all LGUs combined classified by level of LGU (i.e., provinces, cities and municipalities). However, said data is highly aggregated. It is broken down into 8 sectors only: (i) General Public Services, (ii) Economic Services, (iii) Education, Culture, Sports, and Manpower Development, (iv) Health, Nutrition and Population Control, (v) Labor and Employment, (vi) Housing and Community Development, (vii) Social Services and Social Welfare, and (viii) Debt Service) and a lump-sum amount for capital outlays.[51]

Given the limited level of disaggregation of LGU expenditure data from the BLGF, SDG budget tagging of LGU expenditure can only be carried out at the level of SDG goals at best and for a limited set of SDG goals at that, mostly those related to social sector goals on the basis of the expenditure responsibilities that have

[49] "A 'theory of change' explains how activities are understood to produce a series of results that contribute to achieving the final intended impacts" (Rossi, et al. 2004).

[50] This typology is akin to what is referred to as "instruments of action" under the climate change expenditure tagging in the Philippines.

[51] The 8-sector disaggregation of LGU spending is largely aligned with COFOG divisions.

been assigned/devolved to LGUs under the 1991 Local Government Code (LGC). For instance, one can surmise what type of services LGUs deliver with the budget they allocate to the health sector given the de jure and de facto health functions that have been devolved to them under the LGC - operation of Barangay Health Stations (BHSs) and Rural Health Units (RHUs) and the conduct of disease surveillance in the case of municipalities and cities, and the operation of district and provincial hospitals and disease surveillance in the case provinces and some cities. In the case of LGUs, all of their spending on education that is financed from their Special Education Fund (SEF) goes to basic education. Funding of the operation of the local colleges and universities that a small number of cities operate are sourced from their General Fund. The alignment of LGU spending on Social Services/ Social Welfare vis-à-vis SDG goals is more problematic given that such spending cuts across several SDG goals and targets. Note that LGU spending on the said services are generally on account of the following: (i) provision of day care services, including feeding programs in municipalities and cities, (ii) provision of various forms of assistance to individuals in crisis situations, (iii) provision of services for specific vulnerable sectors like senior citizens, PWDs and the like, and (iv) operation of residential care facilities for children/ women/ the aged.

In sum, a significant number of government functions are devolved to LGUs (e.g., provision of basic health services, social development/ social welfare services, agricultural extension, local roads, local water supply, solid waste management). In particular, LGU health expenditures account for more than 35% on the average of the combined health expenditures of the central government and LGUs in 2015-2019 based on the Philippine National Health Accounts (PHNA). On the other hand, while education is not devolved, a portion of the real property tax revenues of LGUs is earmarked for basic education. Moreover, the share of LGUs in national taxes increased significantly with SC ruling on Mandanas-Garcia petition which means that LGUs will have more resources at their disposal which they can allocate to their various priorities including the SDGs. These highlight the importance of disaggregating the existing BLGF 8-sector classification of LGU expenditures into a uniform set of thematic expenditure programs under each sector that LGUs will then use when they report their actual expenditures. Prospectively, DBM, BLGF and DILG should work together, perhaps with the support from development partners, to develop and establish a more disaggregated standard LGU budget structure that will facilitate budget tagging at the local level.

At the time when the Philippines is able to tag and code both central government and LGU expenditures vis-à-vis SDG goals/ targets, it should be emphasized that central government transfers to LGUs in the form of block grants should not be tagged as part of central government SDG spending to avoid double counting.

GOCCs. Expenditure data of some 80 individual GOCCs including the Government Financial Institutions (GFIs) and the 17 major non-financial GOCCs are published by the DBM in its Budget of Expenditures and Sources of Financing (Table E.5, Table E.6, and Table E.7 of FY 2020 BESF). GOCC expenditure data is broken down by general expense class only (i.e., Personnel Services or PS, maintenance and Other Operating Expenditures or MOOE, and others). This implies that the alignment of GOCC expenditures to SDGs, either at the goal or target level, will have to depend largely on the COFOG classification of GOCCs based on their mandates. However, closer scrutiny of the lowest level of classification under the COFOG (i.e., the 3-digit classification) indicates that it is not granular enough to allow tagging of GOCC expenditures vis-à-vis SDG targets. Thus, this paper recommends that GOCCs expenditures outside of what they receive as transfers from the national government be excluded in the SDG budget tagging and coding exercise.

2) Selection of SDG Goals and Targets to Tag

As discussed in II.C.2 above, a high level of granularity of expenditure data is ideal for tagging at the level of SDG targets. In the case of the Philippines, it is feasible to tag central government expenditure data vis-à-vis SDG targets given its fairly disaggregated program-based budget structure. In contrast, available LGU expenditures in the Philippines can at best be aligned to SDG goals only, given the way LGU fiscal data is reported by the BLGF. Also, from the perspective of the need to focus on the implementation of budget programs that contribute to the attainment of SDGs, tagging government expenditures vis-à-vis SDG targets rather than goals has the advantage allowing one to direct attention to more specific actions/ activities that will likely accelerate the achievement of lagging SDG targets.

On the other hand, the choice of SDGs to focus on in case a country chooses to tag and/or code budgets/expenditures for selected SDG goals/targets only depends on the priority that government places on specific SDG goals largely because of perceived funding gap/s in the achievement of said SDGs. In the case of the Philippines, this study recommends that the SDG budget tagging exercise focus initially on tagging a limited number of SDG goals/targets (namely those related to SDG 3 and SDG 4) instead of proceeding to tag all SDG goals/targets at the outset of said exercise. In particular, this study proposes to tag Philippine SDG targets while being mindful of the targets. Doing so will allow both the oversight fiscal agencies and line agencies to gain some familiarity with the technical requirements of SDG budget tagging before scaling up to full implementation. The choice to start the exercise with SDG 3 and SDG 4 is based on the significant learning loss resulting from the extended lockdown during the covid pandemic that exacerbated the high level of learning poverty even earlier and the weaknesses in the health system that became evident during the pandemic.

3) What to Tag: Type of Expenditures

By program. This paper proposes that the following type of budget programs (or components thereof, i.e., activities and projects) may be aligned with SDG goals and targets: (i) budget programs (or components thereof) that are directed at a specific purpose which coincide or are consistent with the SDGs, and (ii) budget programs (or components thereof) that do not have a specific purpose but which support the general operations and facilitate the performance of the mandates of national government agencies that have programs that directly impact the attainment of SDGs.

On the one hand, expenditures on budget programs that have a specific purpose are tagged as SDG expenditures if these programs are determined to have a direct impact on the achievement of one or more SDG goals/targets by applying the theory of change or results framework approach based on available information regarding their objectives, their intended beneficiaries and their outcome and output indicators. As such, expenditures on these programs are deemed to be directly aligned with the said SDG goals/targets. On the other hand, expenditures on budget programs which do not have a specific purpose may also be tagged as SDG expenditures if they support the operations of national government agencies that have one or more budget programs that have a direct impact on the achievement of one or more SDG goals/targets. Expenditures on these budget programs are deemed to be indirectly aligned to SDG goals/targets by virtue of the support they provide to the budget programs that are directly linked to the achievement of one or more SDG goals/targets. In other words, all the PAPs under the GAS and STO portion of the budgets of NGAs which have one or more programs/sub-programs under their Operations budgets that are determined to contribute to the achievement of one or more SDG targets (e.g., Department of Education (DepEd), the Philippine High School of the Arts (PSHA), the Philippine Science High School (PSHS), the Early Childhood Care and Development Council (ECCDC), the Technical Education and Skills Development Authority (TESDA), all State Universities and Colleges (SUCs), and the Commission on Higher Education (CHED) in the case SDG 4) are as treated as programs that are indirectly linked to the achievement of SDG 4 by way of the support they provide to the general operations of these NGAs. This implies that for presentational purposes one can simply tag the entire GAS and STO instead of the individual PAPs under GAS and STO of these NGAs. However, this should not be taken to mean that the entire budgets/expenditures allocated for GAS and STO will be counted as contributing to the attainment of SDG 4.

By expense class. This paper proposes that both recurrent expenditures or "activities" in the language of PREXC (consisting typically of personnel services or PS, and maintenance and other operating expenses or MOOE) and investments or "projects" in the language of PREXC (which usually refers to capital outlays) may be tagged as SDG expenditures if they are made on account of budget programs (or components thereof) that are directly or indirectly linked to SDG goals/ targets. In other words, expenditures on PS, MOOE and CO may be tagged as SDG expenditures if they are associated with programs, activities and projects that are directly or indirectly linked to SDG targets. This is consistent with the Philippine climate change expenditure tagging framework.

4) How to Tag: Tagging Procedures

Following Ishtiaq (2021), this paper proposes to do multidimensional tagging rather than single tagging for all the programs under the "Operations" portion of the NGAs' budgets. This implies that some "specific" programs (and components thereof) may be directly linked with more than on SDG target. This happens for a number of reasons. One, in the case of SDG 3, the PAPs are not disaggregated enough to arrive at a one-to-one relationship between the PAPs and the SDG target. For instance, the "Family Health, Nutrition and Responsible Parenting" activity is linked with 3 SDG targets: SDG 3.1 (By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births), SDG 3.2 (By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births) and SDG 3.7 (By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programs). Two, in the case of SDG 4, some SDG targets have some overlap among themselves, e.g., SDG 4.3 (By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university) and SDG 4.4 (By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship).

To implement multidimensional tagging, it is important to distinguish between two types of SDG targets in cases where budget programs that are directly aligned with more than one SDG target (i) SDG targets which are determined to be of "primary" relevance to the given budget program on the basis of how closely aligned the objective/purpose, the intended beneficiaries and the outcome/output indicators of the said budget program are to those of a given SDG target, and (ii) the rest of the SDG targets which are considered to be of "secondary" relevance to the given budget program. For example, take the case of Batangas State University (BatStateU) which has four "specific" programs that under its Operations budget: (i) Higher Education Program, (ii) Advanced Education Program, (iii) Research Program, and (iv) Technical Advisory Extension Program. While the Higher Education Program contributes to the one of the university's three organizational outcomes (OO1: Relevant and quality tertiary education ensured to achieve inclusive growth and access of poor but deserving students to quality tertiary education increased), the Advanced Education Program and the Research Program jointly contribute to another one of university's organizational outcomes (OO2: Higher education research improved to promote economic productivity and innovation) and the Technical Advisory Extension Program to its remaining organizational outcome (OO3: Community engagement increased).

Table 34 shows that the Higher Education Program may be aligned with four SDG targets: SDG 4.3, SDG 4.4, SDG 4.5 and SDG 4.c. As indicated earlier, the Higher Education Program supports the university's OO1: Relevant and quality tertiary education ensured to achieve inclusive growth and access of poor but deserving students to quality tertiary education increased). Said organizational outcome corresponds most closely with SDG 4.3. On the other hand, the outcome indicator for the same program (Percentage of graduates (2 years prior) that are employed) ties in very well with SDG 4.4. Given this perspective, SDG 4.3 and SDG 4.4 are considered to be of primary relevance to the Higher Education program of BatStateU while SDG 4.5 and 4.c are determined to be of secondary relevance to the same program. It is noted that the relevance of SDG 4.c to the Higher Education Program of BatStateU is premised on the fact that the university is recognized as a Center of Development for Teacher Education.

When all the activities and projects that constitute a given program/ sub-program under the "Operations" portion of the NGAs' budgets are linked to the same SDG target/s, then the entire program/ sub-program itself may be tagged as aligned with the said SDG target/s. This is the case of the Higher Education Program of BatStateU.[52] On the other hand, when the activities and projects that constitute a given program/ sub-program under the "Operations" portion of the NGAs' budgets are linked to different SDG targets, then the activities and projects have to be tagged separately or individually. For example, DepEd has four programs under its Operations budget which all contribute to the achievement of a single organization outcome:[53] (i) Education policy development program, (ii) Basic education inputs program, (iii) Inclusive education program, (iv) Support to schools and learners program, and (v) Education human resource development program. The "education human resource development program" is composed of two activities: (i) human resource development for personnel in schools and learning centers, and (ii) teacher quality and development program (Table 6). Both of these activities are aligned to a common single SDG target (SDG 4.1). This implies that entire "education human resource development program" may be tagged instead of tagging each of its component activities separately. In contrast, the activities/ projects that comprise the other four programs under DepEd's Operations budget are linked to different SDG targets. As such, each of the activities/projects under each of these programs will be have to tagged individually.

[52] Note that the Higher Education Program of BatStateU includes one activity (provision of higher education services) and one locally funded project (construction of 5-storey library building).

[53] DepEd's single organization outcome is stated as follows: "Access of every Filipino to an enhanced basic education program enabling them to prepare for further education and the world of work achieved."

Table 34. Relevance of SDG 4.3, 4.4, 4.5, and 4.c to the Higher Education Program of Batangas State University

Higher Education Program		
Organizational outcome	Relevant and quality tertiary education ensured to achieve inclusive growth and access of poor but deserving students to quality tertiary education increased	
Outcome measures	1. Percentage of first-time licensure takers that passed the licensure exams	
	2. Percentage of graduates (2 years prior) that are employed	
SDG target number	**Description**	**Relevance**
SDG 4.3.	By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	Primary
SDG 4.4.	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	Primary
SDG 4.5.	By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	Secondary
SDG 4.c.	By 2030, substantially increase the supply of qualified teachers, "including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States	Secondary[a/]

[a/] BatStateU is Center of Development in Teacher Education

Table 35. DepEd programs under the Operations budget and relevant SDG targets

UACS code a/	**Program, activity, project**	**Relevant SDG targets**
310100000000000	Education Policy Development Program	
310100000001000	National Assessment Systems for Basic Education	4.1.
310100000002000	Policy research program	4.1
310100000003000	Basic Education Curriculum	4.1
310100000004000	Curricular programs, learning management models, standards and strategy development	4.1
310100000006000	National Literacy Policies and Programs	4.5
310100000007000	Early Language Literacy and Numeracy	4.1
310200000000000	Basic Education Inputs Program	
310200000001000	Improvement and Acquisition of School Sites	4.1
310200000002000	New School Personnel Positions	4.1
310200000003000	Learning Tools and Equipment	4.1
310200000004000	Textbooks and other Instructional Materials	4.1
310200000005000	Computerization Program	4.1
310200000006000	Basic Education Facilities	4.1, 4.a
310200000007000	Conservation and restoration of Gabaldon and other heritage school buildings - cultural heritage preservation	4.1, cultural preservation
310200000010000	Quick Response Fund	4.5, 13.1
310200000011000	Last Mile Schools Program	4.5
310300000000000	Inclusive Education Program	

UACS code a/	Program, activity, project	Relevant SDG targets
310300000001000	Multigrade Education	4.5
310300000002000	Indigenous Peoples Education (IPEd) Program	4.5
310300000003000	Flexible Learning Options (ADM/ALS/EIE)	4.5, 4.6
310300000004000	Madrasah Education Program	4.5
310300000005000	Special Education Program	4.5
310400000000000	Support To Schools And Learners Program	
310400000001000	School-Based Feeding Program (SBFP)	4.5, 2.1
310400000002000	Operation of Schools - Elementary (Kinder to Grade 6)	4.1
310400000003000	Operation of Schools - Junior High School (Grade 7 to Grade 10)	4.1
310400000004000	Operation of Schools - Senior High School (Grade 11 to Grade 12)	4.1, 4.3, 4.4
310400000005000	Government Assistance and Subsidies - Education Service Contracting (ESC) Program for Private Junior High School	4.1
310400000006000	Government Assistance and Subsidies - Voucher Program for Private Senior High School	4.1, 4.3, 4.4
310400000007000	Government Assistance and Subsidies - Voucher Program for Non-DepEd Public High School	4.1, 4.4
310400000008000	Joint Delivery Voucher for Senior High School Technical Vocational and Livelihood Specializations	4.1, 4.3, 4.4.
310400000009000	Operational Requirements of Sports Academy and Training Center	4.1
310400000010000	Implementation of the Grant of Cash allowance, Hardship Pay, Equivalent Record Form (ERF), Conversion to Master |Teacher (MT) and Reclassification of Positions	4.1
310400000000000	Support To Schools And Learners Program	
310400000011000	School Dental Health Care Program	should be treated like STO
310400000013000	World Teachers' Day Incentive Benefit	4.1
310500000000000	Education Human Resource Development Program	
310500000001000	Human resource development for personnel in schools and learning centers	4.1
310500000002000	Teacher Quality and Development Program	4.1

5) Allocating Budgets/Expenditures of Budget Programs that Are Linked to More Than One SDG Goal/ Target

Allocating budget/expenditure on budget programs that are directly linked to more than one SDG. When the entirety of a given program is intended for a specific purpose is aligned with more than one SDG, as is the case of the Higher Education Program of BatStateU as discussed above, this study proposes to adapt the allocation formula used in Colombia's multidimensional SDG tagging model as described in paragraph 19 above. In Colombia, when a given budget program is aligned with more than one SDG target, each of said SDG targets are first differentiated with respect to their degree of relevance vis-à-vis the given budget program. Subsequently, the budget/ expenditure that is allotted for the specified budget program is allocated to the relevant SDG targets such that the SDG target that is determined to be of primary relevance to the budget program is assigned a weight not less than 50% while a weight equal to (1-wp)/ n is assigned to the SDG targets that are considered to be of secondary relevance, where wp is the weight assigned to the primary SDG target and n is the total number of secondary targets.

Adapting the Colombia model in the allocation of the total budget/ expenditure on the Higher Education Program of BatStateU, one may assign the weights shown in Table 7 to the SDG targets that are found to be relevant to the said program based on the following considerations: (i) SDG 4.3 and SDG 4.4 tie in first place in terms of their relevance vis-à-vis to the Higher Education Program of BatStateU and as such are assigned equal weights equal to 0.375 or a combined weight of 0.75, (ii) SDG 4.5 is assigned a weight equal to 0.200 and (iii) SDG 4.a is assigned a weight of 0.050. Given the PhP 407.2 million budget that is allocated to the university's Higher Education Program under the FY 2020 GAA, it is estimated that SDG 4.3 and SDG 4.4 each received an allocation of PhP 152.7 million (equal to 0.375 times 407.2 million), while SDG 4.5 received an allocation of PhP 81.4 million (equal to 0.200 times 407.2 million) and SDG 4.a received an allocation of PhP 20.4 million (equal to 0.050 times 407.2 million) from the budget of the Higher Education Program under the FY 2020 GAA.

Table 36. Relevance and assigned weights to Higher Education Program of Batangas State University vis-a-vis SDG 4.3, 4.4, 4.5 and 4.c

SDG Target Number	Description	Relevance	Weights
SDG 4.3.	By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	Primary	0.375
SDG 4.4.	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	Primary	0.375
SDG 4.5.	By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	Secondary	0.050
SDG 4.c.	By 2030, substantially increase the supply of qualified teachers, "including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States	Secondary[a/]	0.050

[a/] BatStateU is Center of Development in Teacher Education

Note that the weights assigned to the two SDG targets that are of secondary relevance are not equal (a deviation from the Colombia model which assigns equal weights to all the secondary targets). This deviation is driven by the fact that the contribution of the Higher Education Program of BatStateU to SDG 4.a (being dependent on the number of enrollees in their Teacher Education Program) is deemed to be smaller than its contribution to SDG 4.5.

Admittedly, the assignment of weights that are used to allocate budget/expenditure on programs that are linked to several SDG targets involves some element of subjectivity. Thus, if the GAA itself provides a breakdown of the budget for an activity/project that will allow a one-to-one alignment of the budget of the sub-activity to a SDG target (as is the case, in say, the disaggregation of the HFEP budget to (i) amounts intended for LGU facilities, and (ii) amounts intended for DOH hospitals), then this paper proposes that said information be used to allocate budgets/ expenditures of budget programs that are linked to more than one SDG goal/target. However, in the absence of such information, this paper proposes that Colombia model be followed as described above

Allocating budget/expenditure on GAS and STO. The total budget/expenditures on GAS and STO of NGAs which have programs/ sub-programs that are directly linked to the attainment of at least one SDG target is allocated to the said programs/ subprograms in direct proportion to the share of these program/s in the total expenditures of these NGAs on all programs that are intended to achieve a specific purpose, regardless of whether the said purpose is aligned with SDGs or not. For example, take the case of BatStateU, which received a budget equal to PhP 73.1 million for GAS, PhP 7.8 million for STO (or a total budget of Php 80.9 million for GAS and STO), PhP 407.2 million for its Higher Education Program and PhP 427.6 million for its entire Operations. This implies that the share of the Higher Education Program to the total Operations budget of the university is equal to 95.2%. This means that PhP 77.0 million (which is equal to 0.952 times 80.9 million) may be indirectly aligned to SDG 4.3, SDG 4.4, SDG 4.5, and SDG 4.c combined. In turn, it is estimated that SDG 4.3 and SDG 4.4 each received an allocation of PhP 28.9 million (equal to 0.375 times 77.0 million), SDG 4.5 received an allocation of PhP 15.4 million (equal to 0.200 times 77.0 million), and SDG 4.a received an allocation of PhP 3.8 million (equal to 0.050 times 77.0 million) from the GAS and STO budget of BatStateU under the FY 2020 GAA.

6) Typology and Coding of SDG Expenditures

This paper proposes to tag and code SDG-related programs/ activities/ projects on the basis of a policy-based multi-variable typology of budget programs akin to what is being done for climate change expenditure tagging at the national level and what is being developed for the tagging and coding of child-focused/nutrition LGU budgets/expenditures. In more specific terms, the proposed typology of SDG-related budget programs has 3 elements. The first dimension refers to the SDG targets. The second dimension refers to the type of implementation instrument (or instrument of action in the language of the Philippine CCET or implementation strategy in the language of the tagging of child-focused LGU PAPs): (i) provision of general operational support, (ii) policy and governance, (iii) research, knowledge management and advocacy, (iv) capability building and training, and (v) service delivery (Table 8). On the other hand, the third dimension refers to a list of activity/ project typologies that are representative of each type of implementation instrument for each of the SDG targets and which are initially culled from the PAPs in the budgets of various national government agencies.

Budget programs which are aligned with any of the SDG targets are coded with a 7-digit SDG typology code, which consists of: (i) a 2-digit code to denote the SDG goal, another 2 digit code to denote SDG target number, (iii) 1-digit code to denote the type of implementation instrument (1 for “general operational support to facilitate fulfillment of agency’s mandate,” 2 for “policy and governance,” 3 for “research, knowledge management and advocacy,” 4 for “capability building and training,” and 5 for “service delivery”), and a 2-digit activity/ project code (Figure 5). For instance, the SDG Expenditure Tagging Typology Guidance that is being proposed in this paper, the SDG activity of a budget program that is coded as 04015-02 is activity 02 under the Service Delivery instrument of SDG 4.1, namely, “Operations of schools – JHS (G7-G10)”. Refer to the illustrative SDG Expenditure Tagging Typology Guide that is developed for all the targets under SDG 4 (Annex 1).

Table 37. Definition of implementation instruments for SDG tagging

Implementation instrument	Definition
1. Provision of general operational support	Includes PAPs that provide geineral operational support that enable an agency to perform/ implements its mandate; includes PAPs under it GAS and STO budgets
2. Policy and governance	Includes PAPs related to formulation of policies and plans, setting of standards, enforcement of standards and other regulatory activities, and monitoring and evaluation
3. Research, knowledge management and advocacy	Includes PAPs related to research/ knowledge generation, knowledge management, knowledge sharing and advocacy, including information, education and communication (IEC) activities
4. Capability building and training	Includes PAPs related to building agency's institutional capacity to implement its PAPs that deliver goods/ services to its external clients
5. Service delivery	Includes PAPs that are directly related to delivery of goods/ services to agencies' external clients

Figure 24. SDG typology code

Goal Number
Impementation Instrument Number

04 01 5– 00

It should be emphasized that when all the activities and projects that belong to a given program/ sub-program under the “Operations” portion of NGAs’ budgets are linked to the same SDG target and belong to the same type of implementation instrument, then the entire program/ sub-program itself may be tagged as aligned with the said SDG target. On the other hand, when the activities and projects that belong a given program/ sub-program under the “Operations” portion of NGAs’ budgets are linked either to different SDG targets or to the same SDG target but belong to different type of implementation instrument, then the activities and projects are tagged separately or individually.

7) Institutional Arrangements

Following the Philippine experience in National Climate Change Expenditure Tagging, this paper proposes that NGAs be tasked to tag their SDG-related PAPs themselves using a form that is similar to Budget Preparation Form 201-F that is shown in Figure 5 above. Such a form essentially maps the UACS cost structure code of each one of a NGA’s SDG-related PAP vis-à-vis its SDG typology code, thus, enable it to track SDG-related expenditure from the budget proposal stage to the budget approval stage, and to the budget execution and reporting stages. However, given the multidimensional approach Budget Preparation Form 201-F will have to be enhanced by adding three columns (one column where agencies can indicate all the SDG targets that each PAP is aligned with, another one where agencies can use indicate the weight that is assigned to each the aforementioned SDG targets, and the third one where agencies can indicate amount of the budget that is attributed to each of the SDG targets that is linked with the PAP.

Such an approach however, presupposes that line agencies will be capacitated to undertake SDG tagging and coding. In addition, this paper also proposes that a quality assurance mechanism be put in place to review the SDG tagging that is being performed by NGAs. NEDA together with select CSOs and academic/research institutions will have to play a substantive role in the performance of the quality assurance (QA) function for the SDG budget tagging and coding exercise. For instance, the quality assurance function for budget tagging for SDG 1, SDG 2, SDG 8 and SDG 10 may be assigned to NEDA NPPS and NEDA SDS, SDG 3, SDG 4, SDG 5 and SDG 11 to NEDA SDS, SDG 6, SDG 7, SDG 9 to the NEDA Infrastructure Staff, SDG 13, and SDG 14 and SDG 15 to CCC, and the NEDA Agriculture, Natural Resources and Environment Staff.

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CHAPTER 5
Matching Programs and Budget Allocations Across NEDA and DBM Systems: Output 3 of the SDG Budget Tagging System Study

5.1 Introduction

Background and context. This engagement involves the establishment of an SDG Budget Tagging System. It is one of the outputs under the Joint SDG Fund Joint Programme on Reaping the Demographic Dividend and Managing the Socio-Economic Impact of COVID-19 by Applying an Integrated National Financing Framework in the Philippines (JP INFF and DD) which plans to strengthen the link between national planning, on the one hand, and the budgeting processes and financing strategies, on the other. As such, the JP INFF and DD hopes "to ensure a more effective resource allocation, and establish a more diversified financing framework that can leverage additional resources for the implementation of COVID-19 recovery strategies, and ultimately, the achievement of the SDGs in an integrated manner."

Overall objective and scope of the SDG Budget Tagging System study. The objective of this assignment is to support the National Economic and Development Authority (NEDA) and the Department of Budget and Management (DBM), through the Joint Programme Participating UN Organizations, led by UNDP, by providing guidance on the establishment of a framework for SDG Budget Systems and Processes. Said framework is envisioned to be a policy-based and standardized codification system that would identify, tag, and track/monitor SDG-related programs, activities, and projects (PAPs) of government agencies. It is also expected to delineate clear institutional responsibilities for SDG monitoring and reporting (Appendix 1 – TOR for Establishment of the SDG Budget Tagging Systems).

The SDG Budget Tagging System is envisaged to promote the prioritization of SDG-related PAPs in project preparation, investment programming and the allocation of budgetary resources on said programs by establishing a system that:

(i) Facilitates the identification, aggregation and reporting of financial transactions involving SDG-related PAPs in various stages of the budget cycle (i.e., budget preparation, budget execution, accounting, reporting and auditing processes) within the framework of existing PFM system;

(ii) Provides timely analytics that are needed to evaluate the impact of present SDG public spending levels on meeting the SGDs, or alternatively, to assess how much additional budgetary resources is required to yield target outputs and outcomes in the context of performance-informed budgets;

(iii) Identifies the least and most underfunded SDGs in the planning and budgeting processes, and inform SDG financing interventions.

Also as indicated in the TOR, the consultant is expected to provide overall technical guidance and methodological support on the design of the SDG Budget Tagging Systems and Processes in the following areas: (i) Output 1. PFM systems review; (ii) Output 2. SDG codification and mapping framework; (iii) Output 3. Matching programs and budget allocations across NEDA and DBM systems; and (iv) Output 4. Roadmap to further strengthen the link of planning and budgeting systems.

Objective and scope of the present report: Output 3 – Matching programs and budget allocation across NEDA and DBM systems. The objective of the present report is to analyze the congruence out the programs/projects in the 2017-2022 PIP that are encoded in the PIPOL system of NEDA with the programs/projects in the NEP/GAA in order to gain some insights on how to facilitate the mapping of the priority programs/projects included in the PIP as encoded in the NEDA's PIP Online (PIPOL) system vis-à-vis the programs/ projects in the budget submissions of the government agencies/ offices in the various systems of DBM, including the Online Submission of Budget Proposal System (OSBPS). The TOR for this engagement also specifies that the consultant is expected to propose a solution that will enable easier tracking of programs as identified in NEDA's PIPOL program and their budget allocations and budget results (budget expenditure and physical accomplishments) as documented in various DBM systems which uses the Unified Account Code Structure (UACS). The solution is intended to be used between 2022-2023 when a new administration will craft its Philippine Development Plan and its first annual budget proposal. DBM has indicated, however, that it is not possible to modify UACS in the short-term as several agencies, such as Treasury and COA, are already using this.

Methodology: Because of time constraints, the consultant decided to delimit the coverage of this study to the following government agencies belonging to the education and health sectors: (i) Department of Education (DepEd), (ii) Early Childhood Care and Development Council (ECDC), (iii) the Philippine High School for the Arts (PHSA), (iv) the Philippine Science High School (PSHS), (v) Technical Education and Skill Development (TESDA), (vi) Commission for Higher Education, (vii) all 114 State Universities and Colleges (SUCs) and (viii) Department of Health (DOH). This study analyzed the congruence between the list of programs/projects in the PIP/TRIP update for the FY 2020 budget preparation, on the one hand, and the list of the programs/projects in the FY 2020 National Expenditure Program (NEP) and FY 2020 General Appropriations Act (GAA) budgets of the relevant agencies, on the other.

The masterlist of programs/projects in the updated PIP/TRIP that was drawn as input for the FY 2020 budget preparation was provided by NEDA. However, because we were not able to gain access to the budget proposals that were submitted by the same agencies in the DBM's OSBPS, we decided to use instead the budgets of the agencies that covered in this study in the FY 2020 NEP and the FY 2020 GAA. We matched the priority programs/projects in updated PIP with the programs/projects in the FY 2020 NEP and FY 2020 GAA manually based on program/project title alone.

5.2 Description of the Public Investment Program, Its Formulation and the PIPOL System

At the start of the term of each new administration, the NEDA coordinates the preparation of the Philippine Development Plan (PDP), a 6-year socio-economic plan that spans the term of the President. The PDP 2017-2022 is anchored on the 0-10 point Socioeconomic Agenda and is geared towards the AmBisyon Natin 2040 which articulates the Filipino people's collective vision of a matatag, maginhawa at panatag na buhay para sa lahat. It also takes into account the country's international commitments such as the 2030 SDGs. The PDP is further supported by the PDP-Results Matrix (PDP-RM) and the Public Investment Program (PIP). The PDP-RM lays out "the statements of results to be achieved in the medium term, which include those for the societal goals, intermediate goals, sector outcomes, and aggregate outputs" (NEDA, PDP-RM, 9 October 2017). It also presents the corresponding indicators, baseline information, the annual and the end-of-Plan targets for each of the said the societal goals, intermediate goals, sector outcomes, and aggregate outputs. On the hand, the Public Investment Program (PIP) contains the list of priority programs and projects (together with their cost estimates) that national government agencies have identified as being responsive to the attainment of the societal goals and targets in the PDP and which they have prioritized in support of the achievement of the outcomes and outputs in the PDP-RM. More importantly, the PIP "also serves as a guide in the programming and budgeting of PAPs, and eventually, in the monitoring and evaluation of annual progress and End-of-Plan targets" (NEDA, 2017-2022 PIP, 2018 p 3).

The PIP consists of two mutually exclusive subsets: the Core Investment Programs/ Projects (CIPs), and the non-CIPs. CIPs refer to the big-ticket PAPs that serve as the pipeline for the ICC and the NEDA Board review and approval.[54] In contrast, non-CIPs refer to proposed priority PAPs that need not go through the ICC or NEDA Board review and approval process, as well as to ongoing priority PAPs" (NEDA 2018 p 5). The 2017-2022 PIP includes a total of 5,636 PAPs of which 394 are classified as CIPs.

On the other hand, the Three-Year Rolling Infrastructure Program (TRIP) is another subset of the PIP which includes all nationally-funded priority infrastructure PAPs regardless of cost and financing source (i.e., foreign-assisted projects, locally-funded projects, including PPP projects). During the formulation and yearly updating of the TRIP, NGAs are required to provide a detailed description of the PAPs they are proposing for inclusion in the TRIP and report the stage of project-readiness of said PAPs. Said requirements are intended "to ensure that well developed and readily implementable projects queue up for the budget and a more rigorous program and project appraisal system can also be put in place."

[54] PAPs that require ICC approval are subjected to a fairly rigorous evaluation process that includes an appraisal of the financial, economic, technical, environmental, institutional, and social aspects of the project.

During the formulation of the 2017-2022 PIP, each government agency/office prepares and submits a list of the priority programs/projects that it is proposing for inclusion in the PIP. Agencies' proposed programs/projects have to meet the following criteria to be included in the PIP: (i) they should be responsive to the 2017-2022 PDP and its RM, the 0-10 Point Socioeconomic Agenda of the current administration and the SDGs; (ii) they should be included in any one of the following documents that indicate the basis of their implementation: (a) the General Appropriation Act (GAA), (b) Multi-year Obligational Authority (MYOA) or Multi-year Contracting Authority (MYCA), (c) existing master plan/ sector studies/procurement plan, (d) signed agreements like peace agreements, multilateral/ bilateral agreements between the GOP and development partner/s, (e) list of Regional Development Council (RDC) - endorsed projects, (f) existing laws, rules or regulations, and (g) regular program [e.g., Health Facilities Enhancement Program (HFEP), Payapa at Masaganang Pamayanan (PAMANA) Program]; and (iii) they should be implementation ready within the timeframe of the PDP (NEDA 2018 p 4).

This means that the programs/projects included in the PIP are financed from any one or a combination of the following sources: national government budget, internal cash generated by GOCCs/GFIs, loans and grants from official development assistance (ODA), private capital from public-private partnership (PPP) arrangements, and other sources of funds (e.g., grants from private institutions). On the other hand, the project readiness criterion considers the readiness of agencies to implement construction phase of projects/programs within prescribed timelines, as indicated by their completion of pre-investment studies/activities [like pre-feasibility study, feasibility study (FS), right-of-way (ROW) acquisition, resettlement action plan (RAP), environmental compliance certificate (ECC), detailed engineering design (DED)], and their having secured the required approvals from the appropriate authorities [e.g.. NEDA Board, Investment Coordination Committee (ICC), the Head of Agency, Regional Development Council (RDC), etc.]. In the case of programs/ projects that requires NEDA Board and/or ICC approval, the level of implementation readiness of programs/ projects that were proposed to be included in 2017-2022 PIP were classified as follows:

- **Level 1:** With NEDA Board/ICC approval in the case of or RDC/INFRACOM approval but not yet ongoing;
- **Level 2:** With Project Proposal/Feasibility Study (FS) completed, for ICC processing in the FY 2017 and inclusion in FY 2018 NEP/GAA;[55]
- **Level 3:** With Project Proposal/FS being prepared and to be completed in FY 2017, for ICC processing in 2018 (where applicable), and for inclusion in the FY 2019 NEP/GAA; and
- **Level 4:** With Concept Paper and Project Proposal/FS for completion in 2018, for ICC processing in 2019 (where applicable), and for inclusion in the FY 2020 NEP/GAA (NEDA 2018 p 4).[56]

[55] Agencies have to secure ICC-Cabinet Committee approval in the year immediately preceding the target year of start of implementation and submit the proposed program/project for ICC processing at the latest by September of the second year preceding the target year of start of implementation (e.g., the project proposal/feasibility study of programs/projects that are programmed to be included in FY 2018 NEP/GAA so as to start implementation in 2018 should be submitted for ICC processing by September 2016 and should secure ICC approval by 2017. This shall allow about 12 months to prepare the necessary loan agreements and DEDs; to settle right-of-way issues/ acquisition; or to undertake the necessary procurement activities prior to actual start of project (DBM-NEDA Joint Memorandum Circular 2016-01).

[56] The level of implementation readiness of programs/projects that do not require NEDA Board/ICC approval but which require approval from other oversight entities (e.g., head of agency, RDC, etc.) are analogously defined.

These submissions are then subjected to the validation of the NEDA Secretariat. "The validation process is mainly focused on the compliance of the submission with the criteria set for inclusion of PAPs in the PIP: responsiveness, readiness, typology,[57] appropriateness of their inclusion to the different programming documents (PIP/CIP/TRIP), and consistency of entries reflected in the PIPOL System vis-a-vis available information with the NEDA Secretariat on the PAPs. The NEDA Regional Offices (NROs) also provides inputs in the PIP validation, particularly on the status and inclusion of priority PAPs contained in their respective RDIPs" (NEDA, 2018 p. 7). After this validation process is completed, the NEDA Secretariat then submits the consolidated PIP to the respective Planning Committees and Subcommittees for their confirmation (NEDA 2018). In the case of the TRIP, it is presented to the NEDA INFRACOM for confirmation and/or approval. The approved consolidated TRIP is subsequently shared with DBM for it to use as the basis for the list of infrastructure-related PAPs, both new and on-going, that will be included by DBM in the National Expenditure Program or the NEP (DBM-NEDA Joint Circular No. 2016-01). In this sense, the TRIP strengthens the link between the PDP and the annual budget (NEDA 2018 p 5).

The PIP/TRIP is updated yearly in support of the formulation of the national government budget for the reference fiscal year and two outer years. During budget preparation, government agencies/offices are expected to link the annual budget to the Plan. This occurs when the PAPs that NGAs proposed for inclusion in NEP are the ones that are included in the PIP and if these PAPs are accorded priority in the review by DBM of the annual budget proposal of line agencies during budget preparation. As such, "the PIP becomes a mechanism in improving resource mobilization towards PAPs that achieve sector outcomes embodied in the Plan." (NEDA 2018 p 4).

PIP Online (PIPOL). The NEDA launched the PIP Online (PIPOL) system during the formulation of the 2017-2022 PIP with the end in view of streamlining the investment programming process. The PIPOL system is an online database that manages data entry and updates on the programs/ projects under the PIP which includes the CIPs, non-CIPs and the TRIP. It is designed for the use of national government agencies/offices, GOCCs with independent budgets, government financial institutions (GFIs) and state universities and colleges (SUCs) when they submit detailed information regarding the priority programs/projects they propose for inclusion in the PIP/TRIP. On the other hand, the PIPOL system is used by NEDA PIP focals On the other hand, the system is used by NEDA PIP focals when they review and validate agency submissions and generate reports.

In September 10, 2018, NEDA issued a Memorandum Circular that called on all national government agencies, GOCCs, GFIs, other government offices and SUCs to submit their priority programs/ projects for inclusion in the Updated PIP and the 2020-2022 TRIP as input to the FY 2020 budget preparation in the PIPOL system. The Updated PIP is expected to include the pipeline of big ticket programs/projects for the ICC and/or NEDA Board action in 2018 and 2019 that would require funding from the FY 2020 budget as well as the ICC/NEDA Board pipeline for the succeeding years. On the other hand, the 2020-2022 TRIP is expected to contain the priority infrastructure programs/projects that would require funding from the national government in FY 2020-2022 and serves as the basis for the determination of the infrastructure programs/projects to be included in the national budget of the government. For the PIP updating, agencies can add new programs/projects, update details of existing programs/projects or delete earlier encoded programs/projects that are no longer priority. However, only duly endorsed/approved programs/ projects by the head of agency and the mother agency can be encoded in the PIPOL system (NEDA 2018).

The list of data entry requirements for the submission of priority programs/projects in the PIPOL System for the updating of the PIP/TRIP as input to the preparation of the FY 2020 NEP is presented in Annex 1 and includes the following:

1) **Program/project title –** Project title should be identical with the project's title in the budget proposal to be submitted to DBM;

2) Distinguish whether proposed program/project refers to a program or a project; if it is a program, distinguish whether it is a regular program or not; if it is a project, identify its Mother Program;

[57] The programs/projects that are included in the PIP may belong to any one of the following typologies: (a) capital investment projects that deliver public goods and services that contribute to the country's productive capacity; (b) technical assistance and institutional development activities; and (c) relending activities of GFIs to national government offices and/or local government units (LGUs).

3) Identification of the document which serve as basis of implementation of proposed program/ project;

4) Program/project description – Describe purpose/rationale of the undertaking and identify the components of the program/ project;

5) Spatial coverage – (a) nationwide, (b) interregional, (c) specified region, or (d) abroad;

6) Programming Document that will include proposed program/project – (a) PIP, (b) Core Investment Program/Project (CIP), (c) TRIP;

7) PIP typology – (a) capital investment projects that deliver public goods and services that contribute to the country's productive capacity; (b) technical assistance and institutional development activities such as Research and Development, Institutional Development, Human Resource Capacity Building, or System/ Process improvement PAPs; (c) relending activities of GFIs to local government units (LGUs) and target beneficiaries, (d) government facilities which are part of agencies' development strategies and contributing to the outcome and output targets contained in the PDP;

8) Type of CIP - (a) major capital PAPs with total project cost of at least PhP2.5 billion; (b) ODA-assisted grants with total project cost of at least PhP2.5 billion or ODA loans (including program loans, namely, budget support), regardless of amount requiring national government guarantee; (c) relending activities to national government offices and/or LGUs with total project cost of at least PhP2.5 billion; (d) solicited national projects that may be financed, constructed, operated, and maintained by the private sector through the contractual arrangements or schemes authorized under R.A. 7718 or the BOT Law and its Implementing Rules and Regulations; (e) priority projects under the Joint Venture (JV) Agreement with government contribution of at least PhP 150 million; and (f) administrative buildings with total project cost of at least PhP1 billion;

9) Level of implementation readiness in terms of requisite approvals depending on whether proposed PAP is CIP or non-CIP and completion of pre-investment studies and pre-investment activities;

10) Identification of specific PDP chapter/s, specific PDP-RM Chapter Outcomes and Outputs proposed program/project is aligned with;

11) If program/project is expected to contribute to the Infrastructure sector, identify type of infrastructure – (a) social infrastructure such as health, education, housing, solid waste management, public safety/ security, (b) power/ electrification, (c) transportation infrastructure such as road and bridges, water transportation, air transportation, rail transportation, and urban infrastructure, (d) water resources infrastructure such as irrigation, water supply, flood management, and sanitation, sewerage, and septage, (e) information and communications technology, (f) others such as reclamation, government buildings, multipurpose facilities, and urban heritage renewal;

12) Identification which of the items in 0-10 point Socioeconomic Agenda, the proposed program/project is aligned with;

13) Identification which of the SDGs, the proposed program/project is aligned with;

14) Implementation period – start of project implementation; year of project completion;

15) Employment generation – number of persons to be employed;

16) Project cost with annual breakdown by financing source; and

17) Mode of implementation/procurement.

The program/project entries in PIPOL are assigned a unique PIP code. The PIP code contains a 4-digit segment to indicate the budget year for which the PIP updating is prepared, a 5-digit segment that indicates the agency code of the PAP "owner" which the same as the department/agency code in the UACS, and a 6-digit segment that distinguishes the different PAPs proposed by the same agency from one another, which is a number that is generated by a random number generator. The PIPOL system also has a field for the UACS code of each of the PAP that is included in the PIP. However, while all Tier 1 (or existing) projects have UACS code, Tier 2 (or new and expanded) projects may not yet have UACS code.

For each updating cycle of the PIP/TRIP, government agencies/offices are also required to identify which PAPs from the previous PIP updating have been completed and which are dropped together with the reason for doing so.

5.3 Description of Budget Formulation Process and DBM's Online Submission of Budget Proposal System (OSBPS)

The DBM first introduced the OSBPS in 2013 and launched its version 2.0 in 2014. The OSBPS is a "web-based tool through which national government agencies/offices and GOCCs encode and electronically submit their budget proposals to DBM" (DBM 2016). Table 1 presents the list of the budget preparation forms that government agencies/offices are required to submit through the OSBPS for the preparation of the FY 2020 budget.

Three of the Budget Preparation (BP) Forms submitted to the OSBPS are most relevant to this study. BP Form 202 (Proposal for New or Expanded Locally Funded Projects), the template of which is shown in Figure 1 below, and BP Form 203 (Proposal for New or Expanded Foreign Assisted Projects), the template of which is shown in Annex 2, include many of the information related to the programs/projects that are included in the PIP that government agencies/offices submit to the PIPOL system, including description, objectives, availability of required approvals, project cost and the PIP code of each proposed locally funded or foreign assisted project.

However, a number of differences in the information available from the PIPOL system and the OSBPS are evident. First, given the importance that DBM places on the implementation readiness of proposals for new or expanded locally funded and foreign assisted projects, it is surprising that BP Form 202 and BP Form 203 do not collect information on the level of readiness in terms of the completion of pre-investment studies/activities as the PIPOL system does. Second, unlike the submissions for the TRIP in the PIPOL system, BP Form 202 and BP Form 203 require government agencies/offices to rank all of their proposed PAPs in terms of priority. Third, there is a slight difference in the "age" of the information on the proposed programs/projects that are included in the updated PIP that is available from the PIPOL system from what is available from the OSBPS. While national government agencies were expected to submit their Tier 1 and Tier 2 budget proposals for FY 2020 through the OSBPS by May 3, 2019, said agencies are expected to have submitted their list of priority programs and projects for inclusion in the updated PIP for FY 2020 budget preparation through the PIPOL system by October 26, 2018.

Table 38. List of Budget Preparation Forms

BP Form	Title
A	Program Budget Matrix
B	Agency Performance Measures
C	Summary of RDC Inputs and Recommendations on. Agency New and Expanded Programs and Projects
D	Report of CSO's Inputs on Ongoing and New Spending Projects and Activities
100	Statement of Revenues (General Fund)
100-A	Statement of Revenues and Expenditures (Earmarked Revenues)
100-B	Statement of Other Receipts/Expenditures (Off-Budgetary and Custodial Funds)
100-C	Statement of Donations and Grants (In Cash or In Kind)
200	Comparison of Appropriations and Obligations
201	Summary of Obligations and Proposed Programs/Projects

BP Form	Title
201-A	Obligations for Personnel Services (PS
201-B	Obligations for Maintenance and Other Operating Expenditure (MOOE)
201-C	Obligations for Financial Expenses (FinEx)
201-D	Obligations for Capital Outlays (CO)
201-E	Summary of Outyear Requirements
201-F	Climate Change Expenditures
202	Proposal for New or Expanded Locally-Funded Projects
202-A	Convergence Programs and Projects
203	Proposal for New or Expanded ForeignAssisted Projects
204	Staffing Summary of Non-Permanent Positions
205	List of Retirees
300	FY 2020 Proposed Provisions

Source: DBM, National Budget Memorandum No. 131-2019

Budget Preparation Form A, the template of which is shown in Figure 2 below, follows the PREXC-based budget structure of national government agencies. It is composed of the three parts: (i) the given agency's actual obligations for the various Programs/Sub-programs/Activities and Projects under the General Administration and Supervision (GAS), Support to Operations (STO) and Operations components of its budget for FY 2018, (ii) its expenditure program for the current fiscal year (i.e., FY 2019) showing the allocations for the various Programs/ Sub-programs/Activities and presented to and approved by the President and the Cabinet. Once the NEP is submitted to Congress, it holds budget hearings with concerned implementing agencies to review and deliberate on their budgets as proposed in the NEP prior to passing the General Appropriations Bill.

Figure 25. Revised BP Form 202 (FY 2020 Budget Tier 2)

PROPOSAL FOR NEW OR EXPANDED LOCALLY-FUNDED PROJECT

1. Proposal/Project Name				
2. Implementing Department / Agency				
3. Priority Ranking No.				
4. Categorization	New ☐		Infrastructure ☐	
	Expanded/ Revised ☐		Non-Infrastructure ☐	
5. NEDA Project ID:				
6. Total Proposal Cost:				
7. Description:				
8. Purpose:				
9. Beneficiaries:				
10. Implementation Period:	ORIGINAL			
	Start Date:			
	Finish Date:			
	REVISED			
	Start Date:			
	Finish Date:			

11. Pre-Requisites:	Approving Authorities	Reviewed/Approved			
		Yes	No	Not Applicable	Remarks
	NEDA Board	☐	☐	☐	
	NEDA Board - ICC	☐	☐	☐	
	DPWH Certification	☐	☐	☐	
	DPWH MOA	☐	☐	☐	
	DPWH Costing	☐	☐	☐	
	DENR Clearance	☐	☐	☐	
	RDC Consultation	☐	☐	☐	
	CSO Consultation	☐	☐	☐	
	List of Locations	☐	☐	☐	
	List of Beneficiaries	☐	☐	☐	
	Others (please specify)				

12. Financial (in P'000) and Physical Details

12.1. PAP ATTRIBUTION BY EXPENSE CLASS

PAP (A)	FY 2020 TIER2 (B)	2021 (C)	2022 (D)
GRAND TOTAL			

12.2. PHYSICAL ACCOMPLISHMENTS & TARGETS

Physical Accomplishments (A)	Targets		
	FY 2020 TIER2 (B)	2021 (C)	2022 (D)

12.3. TOTAL PROJECT COST

Expense Class	Total Project Cost
Personnel Services (PS)	
Maintenance and Other Operating Expenses (MOOE)	
Financial Expenses (FINEX)	
Capital Outlay (CO)	
GRAND TOTAL	

12.4. REQUIREMENTS FOR OPERATING COST OF INFRASTRUCTURE PROJECT

For Infrastructure projects, show the estimated ongoing operating costs to be included in Forward Estimates

PAP (A)	2023 (B)	2024 (C)
GRAND TOTAL		

12.5. COSTING BY COMPONENT(S)

Components (A)	PS (B)	MOOE (C)	CO (D)	FINEX (E)	Total (F)
GRAND TOTAL					

12.6. LOCATION OF IMPLEMENTATION

Location (A)	PS (B)	MOOE (C)	CO (D)	FINEX (E)	Total (F)
GRAND TOTAL					

Prepared By:		Certified Correct:	Approved:	Date:
Budget Officer	Planning Officer	Chief Accountant	Head of Agency	Date

Figure 26. Budget Preparation Form A

PROGRAM BUDGET MATRIX

☐ 2018 Actual Obligation
☐ 2019 Current Program
☐ 2020 Total Proposed Program
☐ TIER 1
☐ TIER 2

DEPARTMENT/AGENCY:

UACS Code	P/A/P	Status (OG) (P) (T)	AMOUNT (in thousand) PS	MOOE	FINEX	CO	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	I. GAS Activities 1. 2. 3. II. STO Activities 1. 2. 3. Projects 1. 2. 3. III. OPERATIONS Program 1 Sub-Program 1 Activities 1. 2. 3. Projects 1. 2. 3. Sub-Program 2 Activities 1. 2. 3. Projects 1. 2. 3. Program 2 Activities 1. 2. 3. Projects 1. 2. 3. Sub-Total Operations						
	TOTAL COST		P	P		P	P

Notes:
OG - On-going
P - Proposed
T - Terminating

Prepared By: Planning Officer, Budget Officer

Approved By: Agency Head

Agencies' Tier 1 and Tier 2 projects are easy to identify in BP Form A as well as in the NEP and GAA (which all follow the same format). Tier 1 and Tier 2 projects are listed as locally-funded projects or foreign-assisted projects under the various programs that form part of agencies' NEP/GAA budgets as well as the budget proposals that they prepare and submit through the OSBPS. However, it is not as easy to identify which of the regular programs in agencies' budgets are included in the PIP unless the title of the program in the agencies' budget is exactly the same as that in the PIP.

5.4 Mapping of Programs/Projects in the PIP/TRIP Update for FY 2020 and the Programs/ Projects in the FY 2020 NEP and FY 2020 GAA

In this section, we compared the list of programs/ projects in the PIP/TRIP update for the FY 2020 budget preparation, on the one hand, and the list of the programs/projects in the FY 2020 National Expenditure Program (NEP) and FY 2020 General Appropriations Act (GAA) budgets of the following agencies, on the other: (i) Department of Education (DepEd), (ii) Early Childhood Care and Development Council (ECDC), (iii) the Philippine High School for the Arts (PHSA), (iv) the Philippine Science High School (PSHS), (v) Technical Education and Skill Development (TESDA), (vi) Commission for Higher Education, and (vii) all 114 State Universities and Colleges (SUCs).

Tracing programs/projects from PIP update for FY 2020 budget preparation in PIPOL to FY 2020 NEP to FY 2020 GAA. A total of 9,859 priority programs/projects are included in the PIP update for FY 2020 budget preparation. The number of priority programs/projects of each of the agencies that are covered in this study (i.e., DepEd, ECCDC, PHSA, PHSHS, TESDA, CHED, all 114 SUCs and DOH) that are included in the Updated PIP is presented in Table 2. The total number of priority programs/ projects in the Updated PIP of all these agencies combined is equal to 3,186 or 32.3% of the total number of priority programs/projects in the Updated PIP.

PIP-NEP matches and PIP-GAA matches relative to the total number of priority prgrams/projects included in the PIP. The PIP-NEP match rate relative to the total number of priority programs/projects included in the PIP corresponds to the likelihood that a priority program/ project included in the Updated PIP is also included in the NEP. Similarly, the PIP-GAA match rate relative to the total number of priority programs/projects included in the PIP may be used a measure of the likelihood that a priority program/project included in the Updated PIP is also included in the GAA.

The results of the PIP to NEP and PIP to GAA matching vis-à-vis the total number of priority programs/projects included in the PIP are summarized in Table 3. It shows that the PIP-NEP match rate is 10.6% overall for all the agencies covered under this study, i.e., there were 338 PIP-NEP matches out of these agencies' combined 3,186 priority programs/projects in the Updated PIP. The PIP-NEP match rate was highest for DepEd (88.2%) with 15 NEP matches out of its 17priority programs/projects in the Updated PIP. The PIP-NEP match rate were significantly lower of the other agencies covered under this study: 31 NEP matches out of 260 priority programs/projects in the Updated PIP for PSHS (or 11.9%), 1 out of 66 (or 1.5%) for TESDA, 3 out of 17 (or 17.6%), 278 out of 2,728 (or 10.2%) for all 114 SUCs as a group, and 10 out of 98 (or 10.2%) for DOH.

Table 39. Distribution of programs/projects in the Updated PIP for FY 2020 budget preparation

	Number	**%**
DepEd	17	0.5
ECCDC	0	0.0
PSHS	260	8.2
PSHA	0	0.0
TESDA	66	2.1
CHED	17	0.5
114 SUCs	2,728	85.6
DOH	98	3.1
Total	**3,186**	**100.0**

Memo item:		
Total number of programs/projects in the Updated PIP	**9,859**	

Table 40. PIP-NEP and PIP-GAA match rates vis-à-vis number of priority programs/projects included in the Updated PIP, FY 2020

	# of PIP-NEP matches col (1)	# of PIP-GAA matches col (2)	Total # of all priority/programs/ projects in PIP col (3)	% of PIP-NEP matches to total # of all priority pro-grams/projects in PIP (4) = (1) as % of (3)	% of PIP-GAA matches to total # of all priority programs/projects in PIP (5) = (2) as of % of (3)
DepEd	15	15	17	88.2	88.2
PSHS	31	31	260	11.9	11.9
TESDA	1	1	66	1.5	1.5
CHED	3	3	17	17.6	17.6
SUCs	278	307	2,728	10.2	11.3
DOH	10	16	98	10.2	16.3
All	**338**	**373**	**3,186**	**10.6**	**11.7**

It is notable that the overall PIP-GAA match rate (11.7%) is slightly higher than the overall PIP-NEP match rate (10.6%). This is due to the higher number of PIP-GAA matches relative to the corresponding number of PIP-NEP matches in the case of SUCs and DOH. This relationship is not expected a priori. Typically, the number of LFPs in the GAA is higher than that in NEP as a result of Congressional insertions which are generally thought of as being driven by political considerations and as such are not likely to be aligned to the PIP but this does not appear to be the case for SUCs and the DOH in FY 2020. It is also important to highlight that the low PIP-NEP and PIP-GAA match rate vis-à-vis the total number of priority programs/projects included in the PIP reflects the lack of budget constraint in the PIP prioritization process and does not necessarily indicate the poor alignment of the NEP and GAA against the PIP.

PIP-NEP matches relative to total number of LFP, FAP, and PIP priority regular programs in the NEP. The PIP-NEP match rate relative to the total number of LFP, FAP, and PIP priority regular programs in the NEP corresponds to the likelihood that a priority program/project that is included in the NEP is drawn from the Updated PIP. Similarly, the PIP-GAA match rate relative to the total number of LFP, FAP and PIP regular programs in the GAA may be viewed as referring to the likelihood that a priority program/project that is included in the GAA is drawn from the Updated PIP.

The results of the PIP to NEP/GAA matching vis-à-vis the total number of LFPs, FAPs, and priority regular programs in the NEP/ GAA are summarized in Table 4. It shows that the PIP-NEP match rate was 70.7% overall for all the agencies covered under this study, i.e., there were 338 PIP-NEP matches out of these agencies' combined 478 LFPs, FAPs and priority regular programs in their NEP budgets. The PIP-NEP match rate was highest for DepEd and DOH (100%) with 15 PIP-NEP matches out of the 15 LFPs, FAPs and priority programs in DepEd's NEP budget and 10 PIP-NEP matches out of the 10 LFPs, FAPs and priority programs in DOH's NEP budget. The PIP-NEP match rate was lowest for TESDA (25.0%) and CHED (27.3%) with 1 PIP-NEP match out of the 4 LFPs, FAPs and priority programs in TESDA's NEP budget and 3 PIP-NEP matches out of the 11 LFPs, FAPs and priority programs in CHED's NEP budget. In comparison, the PIP-NEP match rate for PSHS was 79.5% while that for all the SUCs combined was 69.7%.

Table 41. PIP-NEP and PIP-GAA match rates vis-à-vis the total number of LFPs, FAPs and priority regular programs in the NEP and GAA

	# of PIP-NEP matches col (1)	# of all LFPs+ FAPs+priority regular programs in NEP col (2)	% of PIP-NEP matches to total # of all LFPs+FAPs +priority regular programs in NEP (3) = (1) as % of (2)	# of PIP-GAA matches col (4)	# of all LFPs+ FAPs+priority regular programs in GAA col (5)	% of PIP-GAA matches to total # of all LFPs+ FAPs+priority regular programs in GAA (6) = (4) as of % of (5)
DepEd	15	15	100.0	15	15	100.0
PSHS	31	39	79.5	31	39	79.5
TESDA	1	4	25.0	1	5	20.0
CHED	3	11	27.3	3	13	23.1
SUCs	278	399	69.7	307	628	48.9
DOH	10	10	100.0	16	16	100.0
All	**338**	**478**	**70.7**	**373**	**716**	**52.1**

On the other hand, the PIP-GAA match rate relative to the total number of LFPs, FAPs, and priority regular programs in the GAA was 52.1% overall for all the agencies covered under this study, i.e., there were 373 PIP-GAA matches out of these agencies' combined 716 LFPs, FAPs and priority regular programs in their budgets under the GAA. The overall PIP-GAA match rate is lower than the overall PIP-NEP match rate relative to the total number of LFPs, FAPs, and priority regular programs in the GAA/NEP in FY 2020 as a result of the lower PIP-GAA match rates relative to the PIP-NEP match rates in the case of TESDA, CHED and SUCs.

Closer scrutiny of all the LFPs, FAPs, and priority regular programs in the GAA and the entries in the Updated PIP indicate that 335 LFPs, FAPs, and priority regular programs in the GAA (or 46.6%) have the exact same program/project titles as a corresponding number of entries in the master list of priority programs/projects in the Updated PIP. On the other hand, another 38 GAA entries (or 5.3%) have program/project titles were deemed to have program/project titles that are "close enough" but not identical with the program/project titles of a corresponding number of entries in the master list of priority programs/projects in the Updated PIP (Annex Table 3).

Although government agencies are supposed to indicate the UACS code of the priority programs/projects that they propose to be included in the Updated PIP, most of the agencies do not comply with this requirement. Moreover, the most of the small number of agencies that do so are not able to use the correct UACS code even in the case of ongoing priority programs/projects (i.e., programs/projects that are categorized as T1). In particular, the proponent agencies were able to indicate the correct UACS code for only 22 out of the 101 T1 priority programs/projects that are included in both the Updated PIP and the FY 2020 GAA (or 21.8%).

Congressional insertions. As indicated earlier, the number of LFPs in the GAA is higher than that in NEP as a result of Congressional insertions. Column (5) of Table 5 shows the number of Congressional insertions for all the agencies that are covered under this study while column (6) presents the prevalence of Congressional insertions (defined as the number of Congressional insertions as a percentage of the total number of all LFPs, FAPs and priority regular programs in the GAA.

In FY 2020, only 478 out of the 716 LFPs, FAPs, and priority regular programs in the GAA are included in the NEP. In other words, the overall prevalence rate of Congressional insertions for all the agencies included in this study was 33.2% (or 238 Congressional insertions out of a total of 716 LFPs, FAPs, and priority regular programs in the GAA). In terms of absolute numbers, all the SUCs combined have the highest number of Congressional insertions (229) while DOH ranks first in terms of the prevalence rate of Congressional insertions (36.5%). As pointed out earlier, some of the Congressional insertions are aligned with the PIP. Column (7) of Table 5 shows that 35 out of the 238 Congressional insertions in the budgets of the agencies that are covered in this study (or 14.7%) are aligned with the PIP.

Table 42. Prevalence of Congressional Insertions and Alignment of Congressional Insertions with PIP (need to change)

	# of PIP-NEP matches col (1)	# of all LFPs+ FAPs+ priority regular programs in NEP col (2)	# of PIP-GAA matches col (3)	# of all LFPs+ FAPs+ priority regular programs in GAA col (4)	# of all LFPs+ FAPs+ priority regular programs in GAA but not in NEP col (5) = (4) - (2)	Prevalence of Congressio-nal insertions in the GAA - col (5) as of % of col (4) col (6)	# of PIP-GAA matches less # of PIPNEP matches col (7) = (3) - (1)	Congressio-nal insertions that are aligned with PIP as % of all Congressio-nal insertions - col (7) as % of col (5) col (8)
DepEd	15	15	15	15	0	0.0	0	
PSHS	31	39	31	39	0	0.0	0	
TESDA	1	4	1	5	1	20.0	0	0.0
CHED	3	11	3	13	2	15.4	0	0.0
SUCs	278	399	307	628	229	36.5	29	12.7
DOH	10	10	16	16	6	37.5	6	100.0
All	**338**	**478**	**373**	**716**	**238**	**33.2**	**35**	**14.7**

5.5 Recommendations

In this section, we propose a number of simple measures that will facilitate the mapping of the priority programs/ projects included in the PIP as encoded in the NEDA's PIP Online (PIPOL) system vis-à-vis the programs/projects in the budget submissions of the government agencies/offices in the various systems of DBM, including the Online Submission of Budget Proposal System (OSBPS), NEP and the GAA. In turn, the primary objective of such a mapping is to make it easier to track the budget allocations for the priority programs/projects that are included in the PIP as well as the physical accomplishments of the said priority programs/projects:

- Strictly enforce the existing guidance that is provided in the both the PIP manual and the OSBPS manual that the program/ project title that government agencies should indicate in their submissions to the NEDA PIPOL system for PIP updating should be identical to the one that they use when they make their submissions to the DBM's OSBPS which should be the same as the program/project title in the project document as approved by pertinent approving authorities such as the ICC.

- In formulating the program/project title of LFPs and FAPs in the NEP/ GAA and PIP, implementing agencies should avoid project titles that are generic in nature like "additional facilities in several campuses" or "university sports facilities development program." There are 19 such examples in the FY 2020 GAA.

- Special attention should also be given how to express/articulate the program/project title of multi-year programs/ projects. At present, PIP projects which are implemented over a number of years are given project names that can sometimes be confusing. For instance, take the case of a project that involves the construction of a R&D facility. Most of the time, such a project is given a project title like "Construction of R&D facility X" in the first year of its implementation; a project title like "Completion of R&D facility X" or a project title like "Construction of R&D facility, Phase 2" in the second year of its implementation. Thus, there is a need to standardize the nomenclature used in naming multi-year projects over its implementation period.

- NEDA and DBM should have a uniform set of data entry requirements for the PIPOL and Budget Preparation Form 202 and Budget Preparation Form 203. This will not only reduce the work load of agency PIP focals and/or budget officers but will perhaps truly bring NEDA and DBM "on the same page." Related to this, PIPOL should require government agencies to indicate the priority ranking of each priority program/project that they are proposing for inclusion in the PIP in the same manner that the OSBPS does.

- The utility of the PIP code appears to be limited in the sense that it does not contain much information, with the exception of the department/agency code which is exactly the same as the department/agency code in the UACS. We suggest that NEDA add a field that is identical to the first 7-digits of the 15-digit "cost structure/ activity/project" component of the UACs, in lieu perhaps of the last 5 digits of the present PIP code (Figure 3). This is proposed to assist in mapping the priority programs/projects in the PIP with the budget allocations in the NEP and GAA. Note that while the entire 15-digit "cost structure/activity/project" component of the UACS is not known prior to the publication of the NEP/GAA especially for Tier 2 programs/projects, its first 7-digits correspond to the identifier for an agency's organizational outcome, the identifiers for the program/sub-program and the identifier for nature of the activity/project which an agency budget/planning staff can easily be identified given the PREXC-based structure of an agency's budget.

- As pointed out in the "Project Tracing and Exploratory Data Analysis of NEDA and DBM Databases study" (Thinking Machines 2021), "NEDA NEDA PIS, in coordination with the ICTS where necessary, can incorporate data validation checks in the PIPOL system to improve data quality as agencies' encode their inputs.

Figure 27. PREXC-compliant UACS code structure

Fund Cluster Code	Financing Source Code	Authorization Code	Fund Category Code	Department Code	Agency Code	Operating Unit Classification	Lower Operating Unit Classification	Region	Province	City/Municipality	Barangay	Cost Structure/Purpose	Organizational Outcome	Program	Sub-program	Identifier for nature of activity/project	Lowest Level Activity/Project	Reserved Code	Revised Chart of Account	Sub-Object code
Funding Source				**Organization**				**Location**				**Cost Structure/Activity/Project**							**Object**	
(8)				(12)				(9)				(15)							(10)	
00	0	00	000	00	000	00	00000	00	00	00	000	0	0	00	00	0	00000	000	00000000	00

Source: COA-DBM-DOF Joint Circular 2017-1

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