

# GOOD PRACTICES INTEGRATING THE SDGs INTO DEVELOPMENT PLANNING



## THE PHILIPPINES

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This brief is part of a series produced by UNDP Bangkok Regional Hub, based on case studies commissioned in six Asian countries: Bangladesh, Indonesia, Malaysia, Nepal and the Philippines at the national level and India at the subnational level in Assam state. The briefs illustrate emerging good practices in integrating the 2030 Agenda for Sustainable Development and the SDGs into development planning in these countries. They also highlight innovative practices in development planning that can serve as good examples for other countries and regions for their work in planning for the 2030 Agenda. The content of these briefs will be updated to reflect the evolving experiences of the countries involved. We welcome your comments and updates at: [uyanga.gankhuyag@undp.org](mailto:uyanga.gankhuyag@undp.org).

### Country context

The Philippines is the second most populous country in the Association of Southeast Asian Nations (ASEAN). The country has enjoyed accelerated economic growth in recent years, which contributed to poverty reduction. However, 22 million Filipinos still live in poverty, while the level of inequality is the second highest among ASEAN countries. Natural disasters – the typhoons that occur frequently in the Philippines but are recently increasing in intensity – present significant challenges to the progress of development.

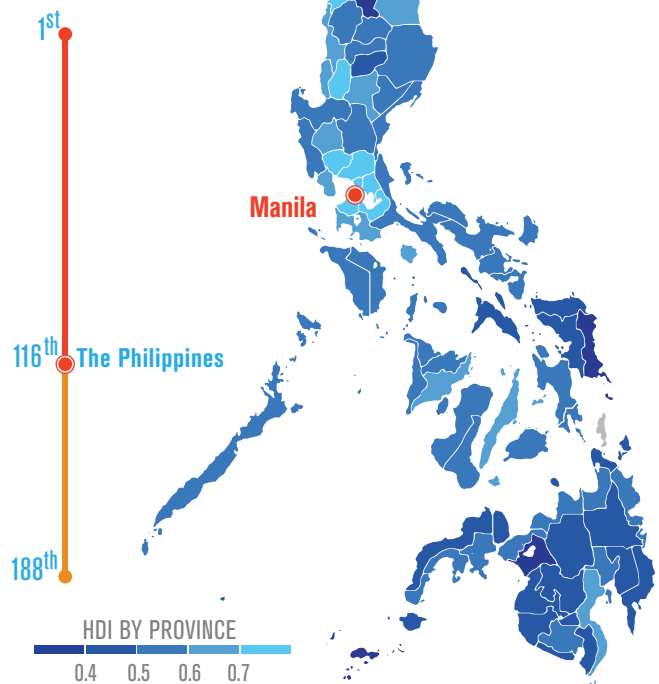
The adoption of the 1987 Constitution and approval of the Local Government Code of 1991 set the basis for decentralization and greater autonomy for local governments. The country is divided into 80 provinces, within which there are 229 congressional districts, 143 cities, 1,491 municipalities, and about

POPULATION **103,320,222**

HUMAN DEVELOPMENT

HDI **0.682** Medium Human Development

HDI Rank

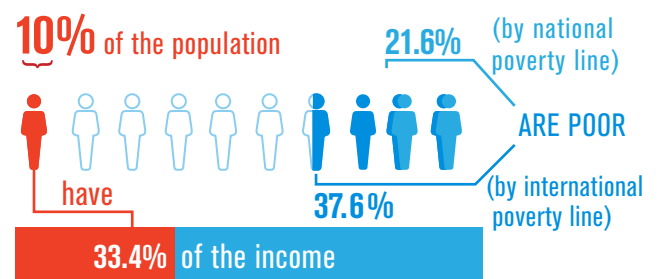


ECONOMY

GDP per capita: **US\$ 2,951**

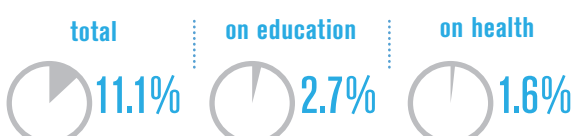
GDP growth: **6.3%** (2010-2016)

POVERTY AND INEQUALITY



GOVERNMENT SYSTEM: **Unitary**

GOVERNMENT EXPENDITURES (% of GDP)



42,000 barangays. Provinces are organized into 16 administrative regions and one autonomous region, the Autonomous Region in Muslim Mindanao, which is governed by an elected regional governor and a regional (legislative) assembly. National government offices are usually located in regional centres, and the seat of the provincial government is in their respective province.

Development planning in the Philippines started in 1949, focusing initially on reconstruction and rehabilitation from World War II which had devastated its economy. Since the 1960s, development plans have aimed to bring prosperity to the people and expand the economy. In 2016, the President approved the Philippines long-term development vision, AmBisyon Natin 2040, which was prepared based on wide-ranging consultations.



**By 2040, the Philippines shall be a prosperous, predominantly middle-class society where no one is poor; our peoples shall live long and healthy lives, be smart and innovative, and shall live in a high-trust society.**

*From AmBisyon Natin 2040:  
A Long-Term Vision for the Philippines.*

### Philippines: The planning timeline



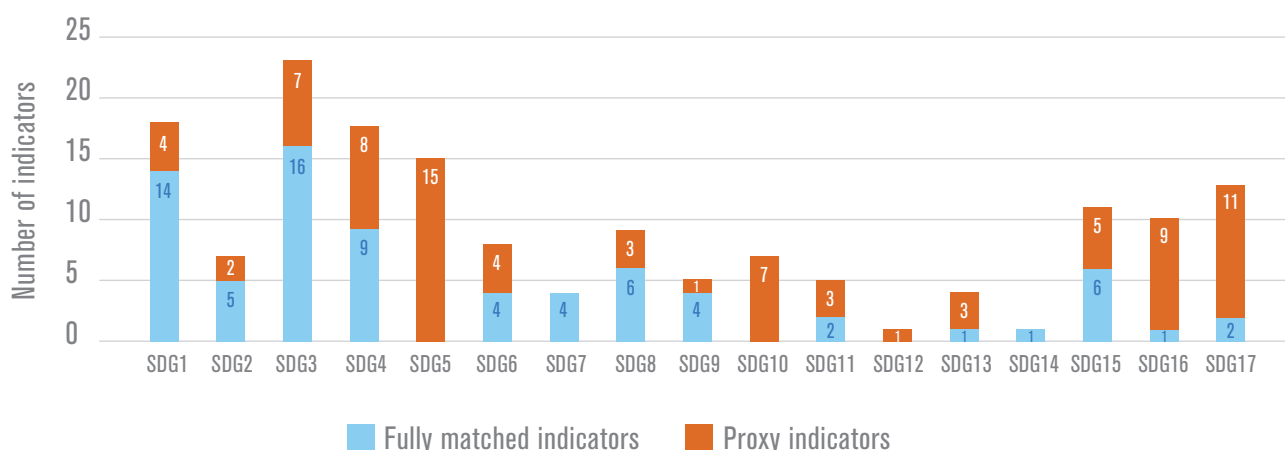
Source: Information until 2003 is based on Jurado, Gonzalo M (2003). "Growth Models, Development Planning, and Implementation in the Philippines". *Philippine Journal of Development* Number 55, Volume XXX, No. 1, First Semester 2003.

### Mapping the Philippines Development Plan against the SDGs

At the time of adoption of the 2030 Agenda and the SDGs, the government of the Philippines started preparing its current medium-term development plan, the Philippine Development Plan (PDP) 2017–2022. This meant that the timing of the cycle of the Philippines plan harmonized well with the global agenda.

The main instrument for mainstreaming the SDGs into these plans are their results matrices. Accordingly, the National Economic and Development Authority (NEDA) – the Philippines planning agency – issued planning guidelines for the formulation of the PDP, which required government agencies to align targets in the results matrix of the medium-term plan with the long-term vision of the Philippines and the 2030 Agenda.

NEDA mapped the PDP indicators against SDG indicators to facilitate this process. The mapping showed that over half of SDG Tier 1 indicators<sup>1</sup> under several goals – SDG 1 (poverty), SDG 2 (hunger, food security), SDG 3 (health), SDG 4 (education), SDG 7 (energy access), SDG 8 (growth and employment), SDG 9 (infrastructure) and SDG 15 (environmental protection) were included in, or fully consistent with, the medium-term plan indicators (See Figure 1).

**Figure 1. Mapping of PDP 2017–2022 indicators against SDG indicators**

Source: Philippine Statistical Authority (2017). *SDG Matrix of Tier 1 indicators*.

The mapping also identifies areas where the national development plan indicators and global indicators do not match. For example, no indicators under global SDGs 5, 10 and 12 are in the PDP results matrix.

### Incorporating the SDGs into sectoral plans

The results-based management approach introduced in the planning and budgeting system in the Philippines operates through a results chain from national development outcomes (expressed through targets such as related to educational attainment), down to programmes.

So far, SDGs are incorporated in two sectoral plans in the Philippines – the labour and employment plan and the health sector plan. The case of the health sector plan illustrates how the results chain is applied and where SDGs can be incorporated in this results chain.

The medium-term health sector plan, titled the National Objectives for Health (NOH) 2016–2022, builds on health-related SDGs and the three guarantees of the Philippine Health Agenda (PHA) 2016–2022, which outline the health priorities of President Duterte’s Administration. Figure 2 shows the indicators of SDG 3 (Ensure healthy lives and promote well-being for all at ages) which are included in the PHA guarantees and are being considered as NOH targets. In other words, SDG indicators are used as a vehicle for quantifying high-level political commitments to health objectives in the Philippines.

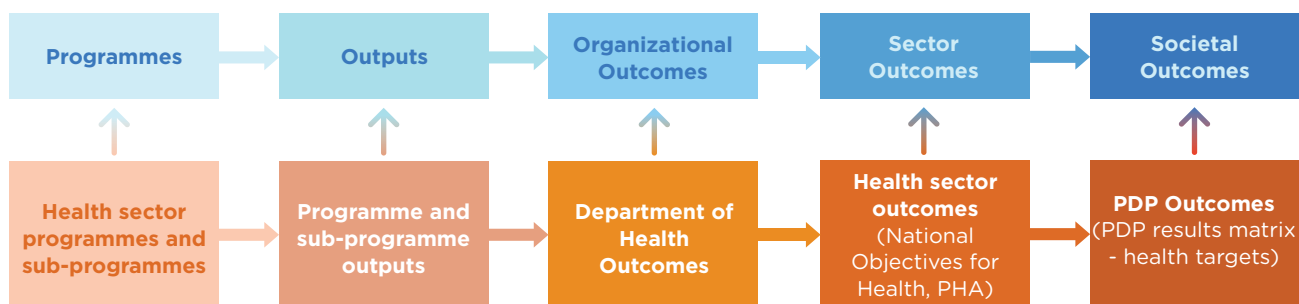
In addition to mapping the SDGs against the health agenda of the President, the Department of Health also mapped its programmes to its four organizational outcomes. For each programme, the Department of Health specifies not only programme outcomes, but also sectoral and organizational outcomes that the programme contributes to.

Together, the mapping of selected health targets under SDG 4 against the Philippine Health Agenda (shown below), and the mapping of health sector programmes against organizational outcomes, constitute the building blocks of the results chain in the health sector. When health SDG targets are adopted as sectoral and societal (PDP) outcomes, the health sector in the Philippines will have made an important step toward achieving these targets.

**Figure 2. Initial SDG Targets Identified in PHA 2016–2022 Guarantees**

PHA 2016–2022 Guarantee	Relevant SDG indicators - localized for the Philippines	Corresponding global SDG indicators	Corresponding global SDG targets
<p>Services throughout the life course that promote health and wellness and prevent diseases and complications</p> <ul style="list-style-type: none"> <li>• Reproductive and sexual health</li> <li>• Maternal, newborn and child health</li> <li>• Exclusive breastfeeding</li> <li>• Food and micronutrient supplementation</li> <li>• Immunization</li> <li>• Adolescent health</li> <li>• Geriatric health</li> <li>• Health screening, promotion and information</li> <li>• Communicable diseases</li> <li>• Non-communicable diseases</li> <li>• Malnutrition</li> <li>• Diseases of rapid urbanization and industrialization</li> </ul>	<ul style="list-style-type: none"> <li>• Proportion of births delivered in a health facility</li> <li>• Proportion of births attended by skilled health personnel</li> <li>• Proportion of fully immunized children</li> <li>• Percentage availability of selected essential medicines in public health facilities</li> </ul>	<p>3.1.2 Proportion of births attended by skilled health personnel</p> <p>3.b.1 Proportion of the population with access to affordable medicines and vaccines on a sustainable basis</p>	<p>3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births</p> <p>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.</p>
<p>Services are delivered by networks that are:</p> <ul style="list-style-type: none"> <li>• Fully functional</li> <li>• Compliant with clinical practice guidelines</li> <li>• Available 24/7 and even during disasters</li> <li>• Practising gatekeeping</li> <li>• Located close to the people</li> <li>• Enhanced by telemedicine</li> </ul>	<p>(Frontline or primary) health worker density and distribution</p>	<p>3.c.1 Health worker density and distribution</p>	<p>3.c Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States</p>
<p>Services are financed predominantly by PhilHealth</p> <ul style="list-style-type: none"> <li>• As a gateway to free affordable care</li> <li>• As the main revenue source for public health care providers</li> </ul>	<p>PhilHealth coverage rate</p>	<p>3.8.1 Coverage of essential health services (defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity and access, among the general and the most disadvantaged population)</p> <p>3.8.2 Number of people covered by health insurance or a public health system per 1,000 population</p>	<p>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</p>

Source: Columns 1 and 2 are based on Department of Health (2016). Working draft of the National Objectives for Health, 2016–2022. Columns 3 and 4 are from the list of global SDG targets and indicators.

**Figure 3. The results chain in the health sector in the Philippines****Sources:**

- The upper results chain is adapted from DBM and EU (2012). *Organizational Performance Indicator Framework. A Guide to Results-Based Budgeting in the Philippines (OPIF Reference Guide)*, available from <http://www.dbm.gov.ph/wp-content/uploads/2012/03/OPIF%20Reference%20Guide.pdf>
- The lower results chain illustration is the author's adaptation based on the health sector results management process.

**Good practices in budgeting**

Several budget practices used by the Government of the Philippines will facilitate the integration of SDGs into resource allocation.

The budget cycle in the Philippines has four phases: (a) preparation, (b) legislation, (c) execution, and (d) accountability (see Figure 4). The budget preparation stage starts after the planning and priority-setting is done by the government.

The government of the Philippines has used the Medium-Term Expenditure Framework (MTEF) since 2007, preparing a three-year medium-term budget every year on a rolling basis (Illustrated in stages 5 to 9 in Figure 4). MTEFs are a key instrument for translating strategic priorities of the country into concrete programmes by allocating predictable funding to them. MTEFs are important for ensuring completion of initiated projects and programmes and making the budget planning process more efficient.

The MTEF in the Philippines has several components:

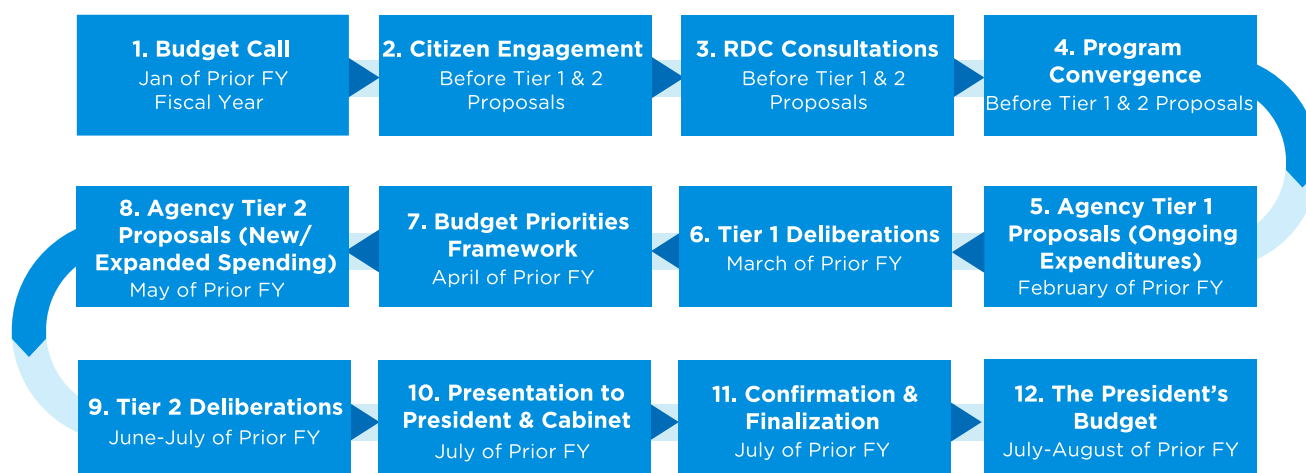
1. Priority programmes and projects to be implemented by the national government, state-owned enterprises, government financial institutions and other government offices
2. Priority programmes and projects in the Regional Development Investment Program (RDIP)
3. The Three-Year Rolling Infrastructure Program (TRIP)
4. The Core Investment Programs and Projects (CIP) – which are high-value public investment projects costing over 1 billion Philippine Pesos.

The Department of Budget Management (DBM) manages the process of medium-term budgeting along with NEDA. The mandate of DBM is to promote the sound, efficient and effective management and utilization of government resources to achieve national socio-economic and political development goals.<sup>2</sup>

For multi-year projects, cost estimates are done for Years 1, 2 and 3. The cost estimate for Year 1 enters the annual budget, while cost estimates for Years 2 and 3 become forward estimates in the MTEF. The Philippines DBM adopted a two-tiered budgeting approach starting in 2016, whereby forward estimates for continuing programmes (Tier 1) are separated from budget proposals/forward estimates for new programmes (Tier 2). The amount of expenditures for ongoing programmes (Tier 1) is deducted from revenues, which yields the “fiscal space” available for funding new or expanded programmes (Tier 2).

Since ongoing programmes have already been budgeted for and set aside, this separation allows the government to focus on prioritization and selection of new programmes, making the process more efficient. However, weak performance on past projects – for example, a low budget utilization rate – affects funds allocated to an agency for future programmes.

Criteria which are used for prioritizing new programmes and projects (Tier 2) are the main link through which plan

**Figure 4. The Philippines budget cycle: Budget preparation stage**

Source: DBM (2016). *The Budget Cycle*. Available from: <http://www.dbm.gov.ph/wp-content/uploads/Executive%20Summary/2016/Budget%20Cycle.pdf>

priorities translate into financing and then implementation. Since 2013, the DBM prepares a Budget Priorities Framework – approved by the Development Budget Coordination Committee (DBCC)<sup>3</sup> – which sets out the criteria for prioritization of new programmes and projects. However, the link of the Budget Priorities Framework with the priorities outlined in the medium-term plan is tenuous, because the priorities are defined by DBM based on discussions by high-level decision makers. In the past, the budget priorities have only occasionally referenced the findings of monitoring reports of the medium-term plan or the plan itself.

This well-functioning medium-term and annual budgeting process provides the government with the ability to quickly direct budgetary allocations towards desired targets. For the 2018 budget preparation, the Philippines Development Plan indicators along with SDG indicators have become an important consideration, as discussed below.

### Tagging programmes and budgets by the SDGs

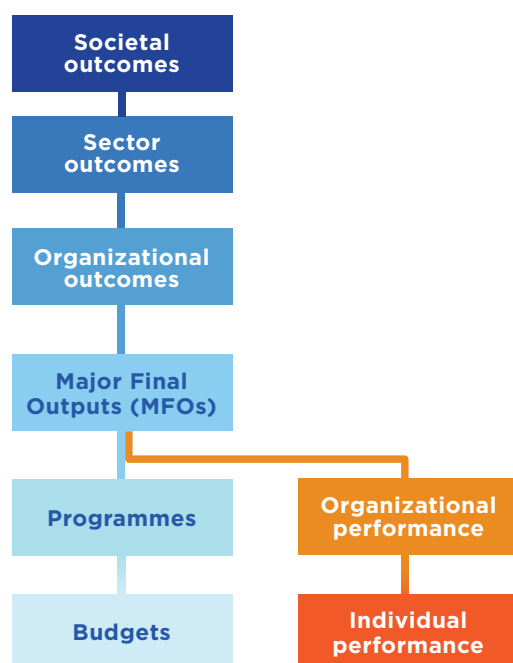
The government of the Philippines has a results-based management system for the whole government, as illustrated above in the case of the health sector. Under a results-based management system, programmes are traced to higher-level development outcomes of the country (national or societal outcomes). This promotes financing and implementation of those programmes that contribute to a greater extent to development outcomes. In other words, the results chain links programmes to outputs, organizational outcomes, sectoral outcomes and finally, to societal goals that are articulated in its medium-term development plan (See Figure 3 for the case of the health sector). This means that budgets for these programmes can also be traced to the higher-level outcomes, which facilitates results-based, or performance-based budgeting.

As part of the move to Performance-Informed Budgeting, DBM introduced the Programme Expenditure Classification (PREXC) tool in 2014. This tool restructures the budgets of government agencies and presents programme budgets aligned to agency mandates and outcomes. The Program Expenditure Classification helps decision makers and the oversight agencies – NEDA and DBM – to better understand how government agency programmes contribute to achieving societal outcomes. It allows the government to eliminate or adjust programmes that are not significantly contributing to agency mandates and outcomes. It also helps the Congress in analysing the budget performance of agencies against their mandates, in order to effectively allocate resources to relevant and high-impact programmes.<sup>4</sup>

For the 2018 annual budget programme and budget proposals, the DBM recommended to government agencies to link each proposed programme to outcome indicators – the Philippines Development Plan results indicators along with SDG indicators.<sup>5</sup>

In addition, the government is also currently tagging programmes and projects under the six-year Philippine Public Investment Program 2017–2022, an accompanying document to the PDP 2017–2022, against the SDGs.

**Figure 5. Linking performance to higher-level outcomes**



Source: Adapted from DBM and EU (2012). "Organizational Performance Indicator Framework. A Guide to Results-Based Budgeting in the Philippines" (OPIF Reference Guide), available at <http://www.dbm.gov.ph/wp-content/uploads/2012/03/OPIF%20Reference%20Guide.pdf>

## Gearing government performance towards results

Results-based management also allows linking the performance of individuals with organizational outcomes and provides incentive to civil servants to work towards higher-level outcomes.

In the Philippines, the government uses a Performance-Based Incentive System to provide incentives to high-performing government agencies and employees, in which contribution to sectoral and societal outcomes counts towards performance.

Two types of incentives are given – Productivity Enhancement Incentives for civil servants with at least four months of at least satisfactory service<sup>6</sup>, and a Performance-Based Bonus for civil servants of eligible agencies. To be eligible for the bonus, the agency must satisfy the following criteria: 1) good governance conditions - accountability, transparency and frontline service provision; 2) performance – achievement of targets for the delivery of Major Final Outputs; and 3) quality of management, budget utilization, and submission of Budget and Financial Accountability Reports. Several of these conditions require government agencies to update information in web-based systems – such as the Philippines Government Electronic Procurement System (PhilGEPS) and DBM's Unified Reporting System (URS) for Budget and Financial Accountability Reports (BFARS)<sup>7</sup>. In this regard, performance incentives are based on both individual and organizational performance.

Once the results-based management system is in place, resource allocation and the performance of government agencies and staff will be geared toward achieving results – in other words, outcomes.

Therefore, in countries like the Philippines which already use results-based management, incorporating SDG targets into national development targets that express societal and sectoral outcomes will go a long way towards the successful implementation of the SDGs.

**Notes:**

## Data sources:

- Data on population, GDP, poverty, inequality and government expenditures is from the World Development Indicators, World Bank: <http://databank.worldbank.org/data/home.aspx> , except the poverty rate according to the national poverty line. The latter is from the 2015 Family Income and Expenditure Survey. See the Philippine Statistics Authority press release: <http://www.psa.gov.ph/content/poverty-incidence-among-filipinos-registered-216-2015-psa> .
- Data on human development is from Human Development Data website, UNDP: <http://hdr.undp.org/en/data>
- The map shows provinces by HDI (2012). The data is from the Philippine Statistics Authority. Available from: <http://www.nap.psa.gov.ph/hdi/2012/HDI%20Tables,%20final%2015jan16.pdf>

## Data specifications and years:

- Population (2016), GDP per capita current US\$(2016), GDP growth average for 2010-2016, poverty rate according to the national poverty line (2015), poverty rate according to the international poverty line - \$PPP 3.90 a day (2012), share of income of the richest 10 percent of the population (2012), total government expenditures - percentage of GDP (2016), government expenditures on education - percentage of GDP (2009), government expenditures on health - percentage of GDP (2014).

## Disclaimer:

- Boundaries shown on the map do not imply official endorsement by the United Nations.

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<sup>1</sup> A Tier 1 indicator of the SDGs is “Conceptually clear, has an internationally established methodology and standards are available, and data are regularly produced by countries for at least 50 per cent of countries and of the population in every region where the indicator is relevant”, as defined by the UN Statistical Division. Available from: <https://unstats.un.org/sdgs/iaeg-sdgs/tier-classification/>

<sup>2</sup> In the Philippines, in addition to the DBM, there is also the Department of Finance (DOF), which is responsible for treasury functions and tax collection.

<sup>3</sup> DBCC is a decision-making body comprising representatives of the Office of the President, DBM, NEDA, the Department of Finance, and the Central Bank of the Philippines.

<sup>4</sup> Department of Budget and Management (2016). Program Expenditure Classification (PREXC): The Next Phase of the Performance-Informed Budget.

<sup>5</sup> DBM Budget Circular No. 2017-569: Adoption of Program Expenditure Classification-based Performance-Informed Budgeting (PREXC-PIB) for the preparation of the proposed national budget for fiscal year 2018

<sup>6</sup> DBM Budget Circular No. 2016-8: Guidelines on the Grant of the Productivity Enhancement Incentive to Government Employees for FY 2016.

<sup>7</sup> Memorandum Circular No. 2017-1 of the Inter-Agency Task Force (IATF) on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems re: “Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2017 under Executive Order No. 80 s. 2012 and Executive Order No. 201, s. 2016”.

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It also benefited from inputs from Bien A. Ganapin, Assistant Director for National Planning and Policy, the National Economic and Development Authority (NEDA) of the Philippines; Omar L. Castanar, Executive Assistant to the Undersecretary, Department of Budget and Management (DBM); Maria Luisa Isabel Jolongbayan, Team Leader of the Management Support Unit; Andrew Parker, Economist; and Fernando Antolin, Programme Associate of UNDP Philippines.