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Strengthening Program Convergence Budgeting for Early Childhood Care and Development in the Philippines

POLICY BRIEF

Key messages

- **Program Convergence Budgeting (PCB) presents a critical opportunity to strengthen child-responsive public financial management by transforming Early Childhood Care and Development (ECCD) financing into a more strategic, coordinated and performance-informed system.** Building on lessons from previous iterations of PCB-ECCD, the reform can help ensure that public investments for children are better aligned with national development priorities and measurable child outcomes.
- **A shared and holistic understanding of ECCD is essential to achieving stronger policy coherence, sustained investments and clearer accountability across government agencies.** Positioning ECCD as an integrated child development agenda, covering health, nutrition, education, child protection and social welfare, can strengthen convergence across sectors and improve continuity in planning and budgeting.
- **Institutionalizing clear governance arrangements, stable leadership and synchronized inter-agency processes across the budget cycle can significantly improve coordination and implementation of ECCD programmes.** Stronger roles, responsibilities and accountability mechanisms among oversight and implementing agencies will help reduce fragmentation and strengthen collective ownership of ECCD outcomes.
- **Strengthening planning, expenditure forecasting, monitoring, and transparency mechanisms is key to linking budgets with results for children.** Finalizing the ECCD strategic plan, medium-term expenditure framework, and monitoring and evaluation framework can support evidence-based resource allocation, improve fiscal predictability and enable more effective tracking of ECCD investments and outcomes.
- **Reforming PCB into a genuinely performance-informed and policy-based budgeting strategy can maximize the impact of limited fiscal resources and deliver better outcomes for children.** By moving beyond expenditure attribution towards results-oriented planning and budgeting, PCB-ECCD (now called PCB-Building Early Growth through Integrated Nurturing or BEGIN) can serve as a model for integrated, accountable and outcomes-driven public finance reforms in the Philippines.

Background and rationale

Program Convergence Budgeting (PCB) is a budgeting approach that aims to focus government resources on key programmes and projects that are coordinated in a holistic approach across departments/agencies working towards the same goals. As a budgeting strategy, it was conceptualized to link, harmonize and synchronize critical programme interventions.

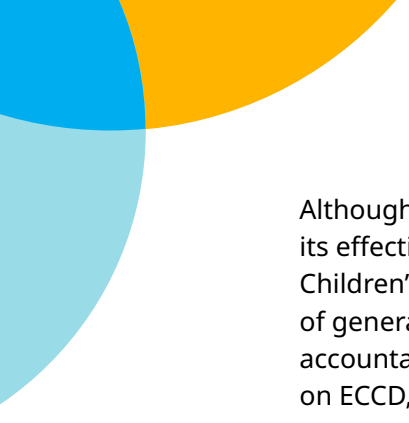
Aligned with the strategies espoused in the Philippine Development Plan (PDP) 2023-2028 to adopt coordinated actions and initiatives involving a whole-of-government and whole-of-society approach in achieving socioeconomic goals and outcomes, the PCB strategy has been institutionalized in the budget process to promote the efficient and effective allocation and management of fiscal resources, and promote convergence across government agencies by aligning planning, programming and budgeting processes towards shared development outcomes. The reform recognized that complex and cross-cutting development challenges such as poverty reduction, human development, climate change and governance cannot be effectively addressed through fragmented sectoral budgeting approaches alone.

As for the cross-sectoral programme priorities of the government, the introduction of convergence or horizontal budgeting reform by the Department of Budget and Management (DBM) and the enactment of the Early Years Act of 2013 were two important precursors in the adoption of convergence budgeting on Early Childhood Care and Development (ECCD) beginning in 2015 with the preparation of the Fiscal Year or FY2016 National Budget.

ECCD was first explicitly stated as a budget priority in FY2015 with the issuance of National Budget Memorandum (NBM) No. 124. In NBM No. 124, DBM emphasized “the need to take a holistic approach to the provision of health, nutrition, education and social welfare services to children 0-8 years old”.

In the years that followed, the Budget Priorities Frameworks (BPF) governing the preparation of Tier 2 budget proposals for the FY2018 to FY2019 National Budgets no longer referred to ECCD as a holistic budget priority. Instead, the First 1,000 Days Program was mentioned as a priority programme for funding under Tier 2, in view of the enactment of the First 1,000 Days Law of 2018.

By 2018, ECCD was also formally listed as a PCB programme under the Human Development and Poverty Reduction in DBM's Matrix of Priority Program and Participating Agencies. Participating agencies included the Department of Education (DepEd), Department of Social Welfare and Development, Department of Agriculture – Bureau of Fisheries and Aquatic Resources, and Department of Agriculture – Bureau of Animal Industry. PCB-ECCD remained in the list of PCB programmes by the DBM from 2019 until it was discontinued in 2023. PCB-ECCD was then taken out of the list of PCB programmes in the FY2024 Budget of Expenditures and Sources of Financing. Recently, a new PCB programme for ECCD, known as PCB-Building Early Growth through Integrated Nurturing (BEGIN) was included in the FY2026 National Budget.



Although ECCD was one of the earliest PCB programmes of the Philippine Government, its effectiveness as a budgeting strategy has never been examined. The United Nations Children's Fund (UNICEF) Philippines conducted a review of PCB on ECCD with the goal of generating evidence-based recommendations that will strengthen the policy and accountability frameworks and ensure the sustainability of the succeeding iterations of PCB on ECCD, including PCB-BEGIN. Ultimately, the review seeks to inform policy actions towards more strategic resource allocation for ECCD in the Philippines – one that links funding to results. This policy note summarizes the key findings and recommendations of the review to strengthen PCB for ECCD. Five key findings emerged from the study.

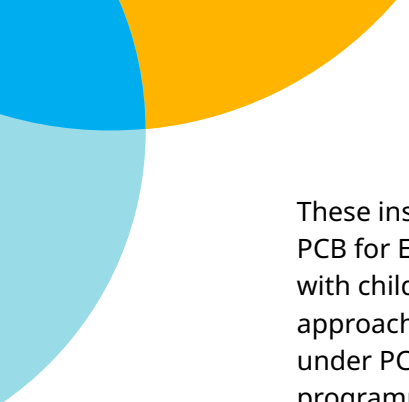
Current landscape of PCB for Early Childhood and Care Development

The Philippines has established a strong legal and policy foundation for ECCD through the enactment of several landmark laws covering the nutrition, health, care, protection and education of children aged zero to eight years. These include the ECCD Act (Republic Act or RA 8980), Kindergarten Education Act (RA 10157), Early Years Act (RA 10410) and, most recently, ECCD System Act (RA 12199). Collectively, these policies recognize ECCD as a critical national development priority and emphasize the importance of integrated and multi-sectoral interventions during the early years of life.

Despite this comprehensive policy architecture, major child development challenges persist. The 2024 study by the Philippine Institute for Development Studies, commissioned by the Second Congressional Commission on Education, highlighted that approximately 3.7 million Filipino children under five years old remain chronically undernourished or stunted, placing the Philippines among the countries with the highest prevalence of stunting in the Association of Southeast Asian Nations region. The study pointed out that the persistence of poor child development outcomes is not due to the absence of policies and programmes, but to longstanding governance, coordination and financing bottlenecks that weaken implementation.

One of the key governance challenges identified in the study is the persistent institutional fragmentation across ECCD implementing agencies. While multi-sectoral coordinating bodies such as the ECCD Council and the National Nutrition Council (NNC) already exist, ECCD implementation continues to be constrained by overlapping mandates, unclear institutional roles and responsibilities, weak vertical and horizontal coordination mechanisms, and fragmented financing arrangements.

These weaknesses have limited the timely and integrated delivery of critical interventions, particularly during the first 1,000 days of life, and contributed to inefficient allocation of public resources towards interventions with limited long-term impact on child nutrition, health and learning outcomes. The study further emphasized that underinvestment in strategic ECCD interventions, combined with the absence of coherent planning and budgeting mechanisms, has constrained government's ability to respond effectively to persistent child development challenges.



These institutional and financing constraints underscore the importance of strengthening PCB for ECCD as a mechanism for improving inter-agency coordination, aligning investments with child outcomes, and institutionalizing a more integrated and performance-informed approach to ECCD planning and financing. ECCD became one of the earliest programmes under PCB beginning in FY2016. However, despite being one of the longest-running PCB programmes, its effectiveness as a budgeting and governance strategy cannot be fully appreciated given some of the governance and institutional challenges.

Recent reforms led by key fiscal oversight institutions indicate renewed momentum to strengthen the implementation of PCB across the Philippine Government. On 6 March 2025, DBM and the Department of Economy, Planning, and Development (DEPDev) issued Joint Memorandum Circular No. 2025-1¹ establishing the PCB Steering Committee, signalling a move towards more structured governance arrangements for convergence budgeting and its institutionalization within the public financial management system.

Within this evolving policy landscape, there is a timely opportunity to undertake a more granular examination of persistent implementation bottlenecks and system-level constraints and generate actionable recommendations to further strengthen the design, execution and institutional sustainability of PCB.

Major challenges of PCB-ECCD

Five key findings emerged from the review, highlighting the major challenges that have constrained the effective implementation of PCB ECCD to date.

Lack of common and system-wide understanding of ECCD

Tracing the institutional evolution of PCB for ECCD reveals a key finding: there is no shared and consistent understanding of ECCD among fiscal oversight agencies and implementing agencies. This is evident in the evolving articulation of ECCD in the BPFs over the years across different political administrations, resulting in shifting policy framing, fragmented convergence budgeting approaches and limited continuity in how ECCD has been prioritized and financed over time.

In the BPFs issued by the Aquino administration, ECCD was framed as “a system that had to be funded holistically through convergence budgeting”, emphasizing the need to fund health, nutrition, education and social welfare services. This framing was first articulated in Section 4.2.2.4 of NBM No. 124, series of 2015, and reiterated in Section 4.2.2 of NBM No. 126, series of 2016.

¹ Joint Memorandum Circular No. 2025-1 or Strengthening the Program Convergence Budgeting (PCB) Approach and Creation of the PCB Steering Committee (PCB-SC).



Under the Duterte administration, ECCD was framed as a nutrition and health priority in the BPFs. The First 1,000 Days Program was consistently emphasized as a budget priority with food and livelihood. This framing was sustained by the current administration until PCB-ECCD was discontinued in 2023.

The differences in the framing of ECCD in the BPFs under these political administrations also extended to the way that ECCD was categorized under broad sectoral clusters and named as priority programme, which changed over the years.²

Changes in PCB-ECCD lead agency make accountability difficult to track

The lack of common and system-wide understanding of ECCD among fiscal oversight and ECCD implementing agencies has led to frequent changes in the designated lead agency tasked to steer PCB-ECCD. The frequent lead agency change has significantly weakened continuity and clarity of roles and makes accountability and progress on ECCD as a holistic system difficult to track over time. Since ECCD became a major programme in 2015 when the FY2016 National Budget was prepared, the designated lead agency for ECCD has changed three times.

From FY2015-FY2018, NNC was designated as lead agency based on the BPFs for the FY2016 to FY2019 National Budgets. NNC was later replaced by the Department of Health (DOH) in February 2019 via NBM No. 131 or the National Budget Call for FY2020. DOH remained the lead agency for PCB-ECCD until the programme's discontinuation in 2023. The re-enrolment of PCB-ECCD as PCB-BEGIN in 2025 came with another change in lead agency; this time, DepEd was designated as lead agency.

Unpredictability in the configuration of ECCD expenditures

The absence of a stable policy anchor, shifting sectoral framing, and frequent changes in the lead agency have resulted in an unpredictable and inconsistent configuration of ECCD expenditures over time, undermining the ability to establish a coherent, comparable and strategically planned financing profile for PCB-ECCD.

In practice, the evolution of ECCD policy direction and institutional leadership has directly mirrored the composition of ECCD budgets. Lead agencies often had the highest amounts of expenditures attributed to ECCD, further reinforcing the influence of institutional priorities on expenditure classification.

² The BPF serves as a policy document issued to guide and define priorities for consideration for funding under Tier 2. It is worth noting that BPF priorities were based on the prevailing assessment of the then-NEDA (now DEPDev) of the challenges, accomplishments and strategies to meet PDP targets and goals as enshrined in the NEDA Socioeconomic Report – now Philippine Development Report. In the context of ECCD under this study, the limited fiscal space can explain why the BPFs issued only captured certain aspects of ECCD. It must be also underscored that ECCD may be viewed as either and/or both education (through early childhood development) and health (through nutrition) interventions, which were highly dependent on more comprehensive planning or strategic documents. Hence, future studies may also review the PDPs across administrations to provide a proper context on the varying understanding of what is ECCD.

Moreover, there is generally no predictability in the composition of programmes, activities and projects (PAPs) attributed to ECCD under previous and current iterations of PCB on ECCD. The lack of predictability is reflected in how ECCD expenditures have been defined, attributed and aggregated across fiscal years, with significant variation in the PAPs (*see Figure 1*). From FY2017 to FY2026, PAPs attributed to ECCD by lead and participating agencies changed depending on what specific aspects of ECCD were emphasized as priorities in the BPF. Only the ECCD Council had a stable set of PAPs across the period covered by the review, i.e., Establishment of National and Child Development Center (FY2018–FY2021; FY2024–FY2025) and Capacity Building and Institutional Development of Intermediaries and Other Partners (FY2017–FY2021; FY2024–FY2025).

Figure 1: Changing configuration of PAPs attributed to ECCD, FY2017—FY2026

FY2017 – FY2019: First 1000 Days	FY2020 – FY2022: PCB-ECCB	FY2023 – FY2025: Delisted	FY2026: PCB-BEGIN
Lead Agency: National Nutrition Council	Lead Agency: Department of Health		Lead Agency: Department of Education
NNC Locally funded project – ECCD/ Nutrition Intervention Package for the First 1,000 Program DOH National Immunization; Family Health, Nutrition, and Responsible Parenting; Health Facilities Enhancement Project DepEd-OSec None DSWD Supplementary Feeding Program (2017 only)	NNC Locally funded project – ECCD/ Nutrition Intervention Package for the First 1,000 Program (up to 2021 only) DOH National Immunization (2021 only); Family Health, Nutrition, and Responsible Parenting, (2020 only); Locally funded project- Complementary Feeding Program; Nutrition Program (2021 only); Oral Health Program (2021 only) DepEd-Osec-None None DA-BFAR Various PAPs (up to 2021 only)	Status: Support for nutrition and health consistent with the First 1,000 Days continued as a budget priority under Human Capital Development Note: PCB-ECCD was removed from the FY2024 BESR cables showing PCB programmes, despite being included in the updated List of Convergence Programs and projects pursuant to NBM No. 146	NNC Locally funded project – ECCD/ Nutrition Intervention Package for the First 1,000 Program DOH National Immunization; Maternal Health Program (Training of Health Professionals); Nutrition Program, and Oral Health Program DepEd Early Language Literacy and Numeracy; Learning Resources and Equipment; Textbooks and Other Instructional Materials; Basic Education Facilities; School-Based Development Program; Human Resource Development Program for Schools and Learning Centers

PCB-ECCD remained an attribution exercise

Despite its intent to promote coherence and integration, PCB-ECCD was largely an attribution exercise rather than a strategic, results-based planning and budgeting exercise. The drastic changes in the level of ECCD expenditures for certain fiscal years appeared to have been driven by changes in the lead agency and their discretion as to which PAPs were attributed as ECCD expenditures. Figures 2 and 3 show total ECCD expenditures and their annual growth rates from FY2017 to FY2026.

Figure 2: Total ECCD expenditures by fiscal year, FY2017-FY2026 (in '000 Php)

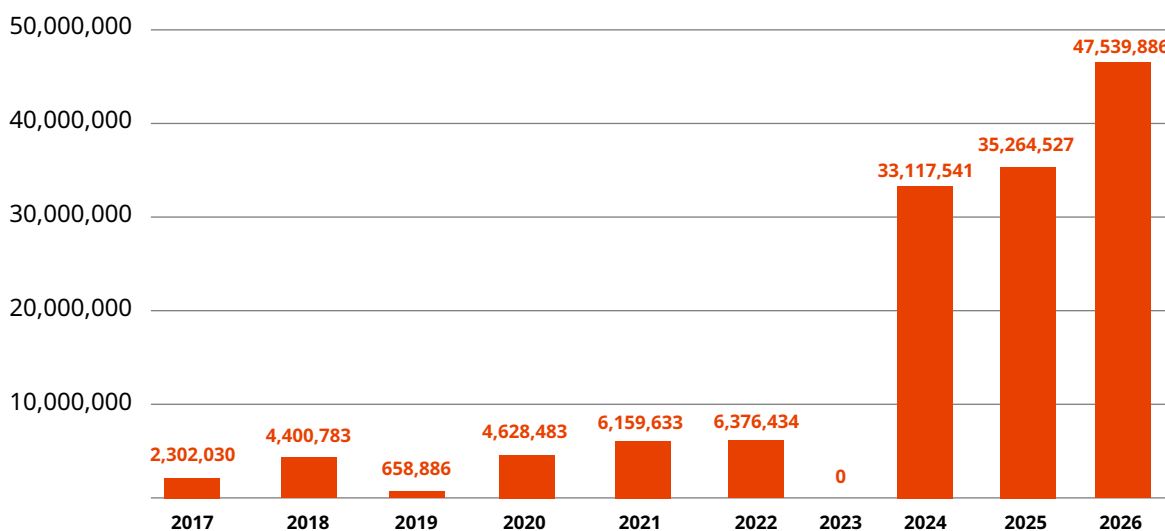
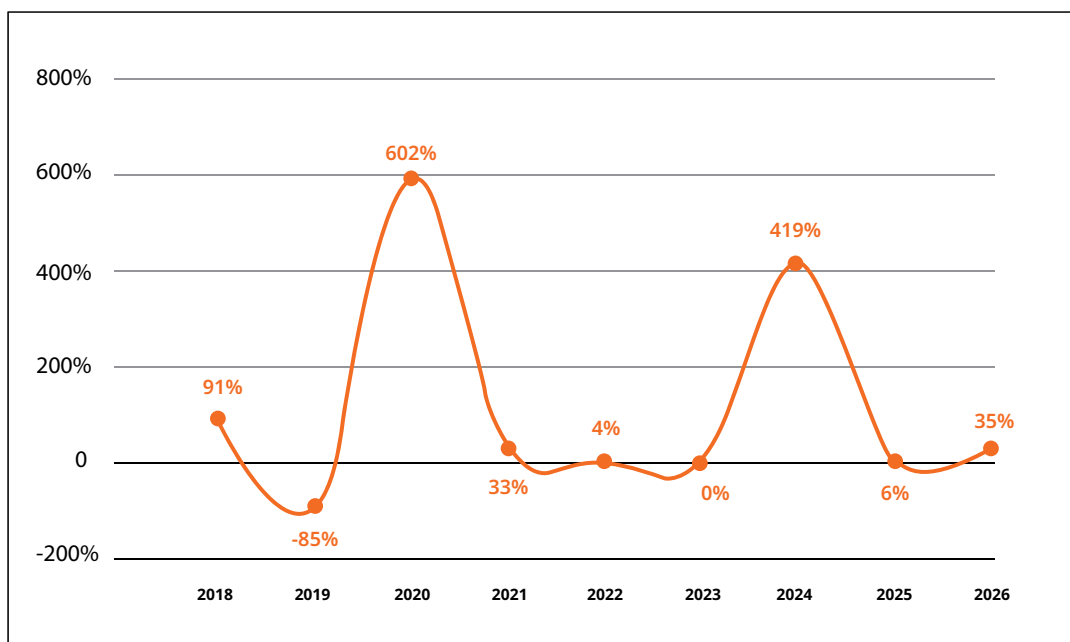


Figure 3: Annual growth rate of total ECCD expenditure, FY2017-FY2026



Attribution remained the practice for consolidating PCB-ECCD despite the fact that as early as April 2016, the BPF for the FY2017 National Budget already explicitly stated that the implementation of the First 1,000 Days Program should “shift from the mere attribution of funds lodged in the different implementing agencies to focusing on the determination of the Program’s collective requirements and the phasing of implementation”.

Institutional governance gaps constraining effectiveness of PCB-ECCD

A foundational bottleneck in the effectiveness of PCB-ECCD, especially in translating convergence approaches into practice, lies in the persistent institutional governance gaps among ECCD implementing agencies and fiscal oversight agencies. As a result, there is no clear, established link between plans and budgets, and, more importantly, between budget and results for ECCD as a PCB programme.

An important observation is that there were no established processes and procedures among ECCD implementing agencies for PCB-ECCD until its re-enrolment as PCB-BEGIN. Existing coordination and decision-making mechanisms of the ECCD Council were not leveraged throughout the budget process to implement PCB-ECCD more proactively. Prior to the issuance of DBM-NEDA (now DEPDev) Joint Memorandum Circular No. 2025-1 and PCB Steering Committee Resolution No. 2025-1, there were no codified processes and procedures as to how PCB must be undertaken. The roles and responsibilities of DBM as the oversight agency, including those of the lead and participating agencies of all PCB programmes, were not explicitly spelled out in any formal issuance.

TOWARDS A PERFORMANCE-INFORMED PCB-BEGIN

As the Philippine Government revitalizes PCB-ECCD and transitions it into PCB-BEGIN, this signals a renewed national commitment to invest in the foundational early years of children and underscores the critical importance of cross-sectoral collaboration in achieving early childhood development outcomes, which must be translated into budgets and measurable results.

However, the shift also underscores the need to strengthen core system fundamentals. One of the most significant weaknesses of PCB in the Philippines is that it is gradually drifting away from performance-informed processes. The analyses of the policy framework, fiscal data and institutional governance arrangements covering previous iterations of PCB on ECCD showed that the programme remained an attribution exercise for many years rather than a results-oriented budgeting mechanism.

The institutional governance gaps were also not limited to internal mechanisms and processes within PCB-ECCD as a programme but to the broader policy framework and implementation of PCB as strategy. The following sets of actions for ECCD implementing agencies and fiscal oversight agencies are recommended to: 1) strengthen the implementation of PCB-BEGIN; and 2) address broader governance gaps in the current design and practice of PCB in the country.

Recommendations for ECCD implementing agencies

1. Develop and finalize relevant planning and budgeting tools for ECCD

The draft strategic plan and investment plan on ECCD need to be finalized. In its current form, the draft strategic plan lacks baseline data and targets for most of the indicators described in it. The investment plan must explicitly show how much investments are needed to meet each of the outcomes in the draft strategic plan; the investment requirements must also be explicitly grouped by outcome and sub-outcomes.

A strategic action plan and medium-term expenditure plan need to be formulated to operationalize and cost out the ECCD strategic plan. The medium-term expenditure plan for ECCD should contain results-based expenditure estimates for the medium-term, disaggregated into annual funding requirements of different ECCD implementing agencies for their respective ECCD interventions. A monitoring and evaluation (M&E) framework must be developed for ECCD as a PCB programme as required under PCB Steering Committee Resolution No. 2025-1.

2. Establish clear processes and procedures among ECCD implementing agencies for each phase of the budget cycle to address institutional fragmentation

Moving forward, DepEd, as lead agency for PCB-BEGIN, must establish clear processes and procedures among ECCD implementing agencies for each phase of the budget cycle to address persistent fragmentation in planning, budgeting and implementation of ECCD programmes and projects. Pre-budget preparation activities must begin ahead of the budget call to discuss targets and proposed budgets for the upcoming fiscal year. A calendar of activities that is synchronized with the national budget calendar must be made available to ECCD implementing agencies.

For budget preparation, ECCD implementing agencies – with DepEd as lead agency – must holistically plan and budget for collective annual targets and priorities that will be included as part of the budget proposals of their respective agencies. For budget execution, ECCD implementing agencies must proactively monitor spending performance of PAPs included under PCB-BEGIN. Lastly, good quality performance indicators for PCB-BEGIN as a PCB programme must be defined as part of the M&E framework to create a more robust budget accountability mechanism for the programme.

3. Make budget utilization and performance information data on ECCD publicly available

Budget transparency enhances budget accountability. ECCD implementing agencies must proactively consolidate and publish budget utilization reports for PCB-BEGIN on the website of the ECCD Council. ECCD implementing agencies should also begin identifying relevant performance information for PCB-BEGIN and make information on shared targets, outputs and outcomes publicly available.

Recommendations for fiscal oversight agencies

4. Strengthen the oversight function of the PCB Steering Committee on the Program Convergence Budgeting process

Prior to budget preparation, fiscal oversight agencies must be able to determine estimated budget ceilings for PCB programmes and align the PCB process with the process of identifying programmes and projects that feed into the Public Investment Plan. Periodic interfaces between fiscal oversight agencies and PCB programme lead agencies must also be institutionalized to continuously improve the technical capacity of these agencies. Fiscal oversight agencies can use these interfaces to cascade macroeconomic and fiscal forecasts and policies which may be relevant to the implementation of PCB programmes.

The PCB Steering Committee, composed of DBM and DEPDev, may also consider reintroducing the requirement to submit medium-term expenditure plans for all PCB programmes as part of the original design for convergence budgeting. This will not only strengthen expenditure forecasting on the part of fiscal oversight agencies but also sustain policy-based budgeting throughout the budget cycle.

5. Reform Program Convergence Budgeting into a performance-informed and policy-based budgeting strategy

PCB must evolve into a performance-informed and policy-based budgeting strategy so as not to remain a consolidation and attribution effort by PCB lead and participating agencies. It is thus imperative for Performance-Informed Budgeting to be adopted as part of the implementation framework for PCB.

The PCB Steering Committee must institutionalize a Performance-Informed Budgeting implementation framework that will enable fiscal oversight agencies to monitor, collect, report and use performance information on PCB programmes to make more informed decisions about how to allocate limited fiscal resources in a way that generates strategic sectoral outcomes defined in the PDP.

ACKNOWLEDGEMENT

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