

Proposed

Budget

in Brief

2014

A People's Budget Publication



2014 Proposed Budget in Brief: A People's Budget Publication

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Foreword

As anyone running a household should know, a budget is a useful tool to help ensure that what limited money is available will be spent for the family's most important needs, like food, clothing and shelter. The Budget for the government serves a similar purpose: it is the master plan showing how limited public funds will be spent for priority services, projects and programs that citizens, especially the poor, need the most, in line with the country's national development objectives.

The 2014 Proposed Budget in Brief is a summary of the proposed National Budget for 2014 that the Aquino Administration recently submitted to Congress. It answers these questions: Where and how will government funds be spent in 2014? How will such spending fulfill President Benigno S. Aquino's Social Contract with the Filipino People, his boss?

The country's unprecedented economic growth is a testament to the heightened development that can be attained when citizens trust their government. It affirms that the Aquino Administration's reforms in the budget process have helped curb corruption and ensure that public funds are spent prudently and effectively.

This Proposed Budget in Brief will also show how the 2014 Budget will continue these reforms and realize the Aquino Administration's aspirations for the Filipino People, as enshrined in the Aquino Social Contract and the Philippine Development Plan 2011-2016. Moreover, it will show how the budget reflects the Aquino Administration's responsiveness to the challenges facing the country, including climate change.

The 2014 Budget is a budget for inclusive development. It recognizes that the gains of economic growth should be shared by all Filipinos. Its goal is to continue accelerating economic expansion, while at the same time alleviating chronic poverty. This Proposed Budget in Brief illustrates how the Administration seeks to attain inclusive development through its proposed National Expenditure Plan for 2014.



Florencio B. Abad
Secretary

Department of Budget and Management

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section 1

overview

Introduction

In his Social Contract with the Filipino People, President Benigno S. Aquino III envisioned a Philippines “with an organized and widely-shared rapid expansion of our economy through a government dedicated to honing and mobilizing our people’s skills and energies as well as the responsible harnessing of our natural resources.” This was the dream of the Filipinos who elected him to office.

One of the first tasks that the Aquino Administration faced was to eliminate the loopholes in the budget process that allowed corruption to dissipate public funds. The losses from corruption had meant that, for years, the Filipino people were deprived of services that they deserved: children were not getting the education and health care that they should have gotten, commuters endured substandard, even non-existing, roads. The taxes that the citizens were paying were not working for their benefit and welfare.

The 2011 Budget introduced reforms such as zero-based budgeting to ensure that public funds were spent only for public purposes. These reforms were essential for restoring a cynical public’s trust in government.

The 2012 Budget addressed hiccups in budget implementation. The mandate for the Budget was clear—to ensure the delivery of the results outlined in the Aquino Social Contract.

The 2013 Budget empowered the Filipino people through tighter prioritization of their needs, faster delivery of results, and a more open budget process. It emphasized that the government exists to serve the Filipino people.

Kayo ang boss ko.

The reforms introduced by the Aquino Administration in the past three years have borne fruit. Restored public trust in government has meant a rejuvenated economy. The challenge now is to make such economic growth more inclusive, just, and equitable. All Filipinos must enjoy the prosperity that comes with sustainable economic development. This is the thrust of the 2014 Budget.

In the preparation of the 2014 Budget, the Philippine Development Plan 2011-2016 and the five Key Result Areas identified in the Aquino Social Contract were emphasized as the measures by which programs and projects of the government were evaluated.

Among the new initiatives introduced in the 2014 Budget are the treatment of the General Appropriations Act as a budgetary release document and the one-year validity of appropriations. These will enhance predictability and certainty in the flow of public funds as well as enable faster execution of the budget process.

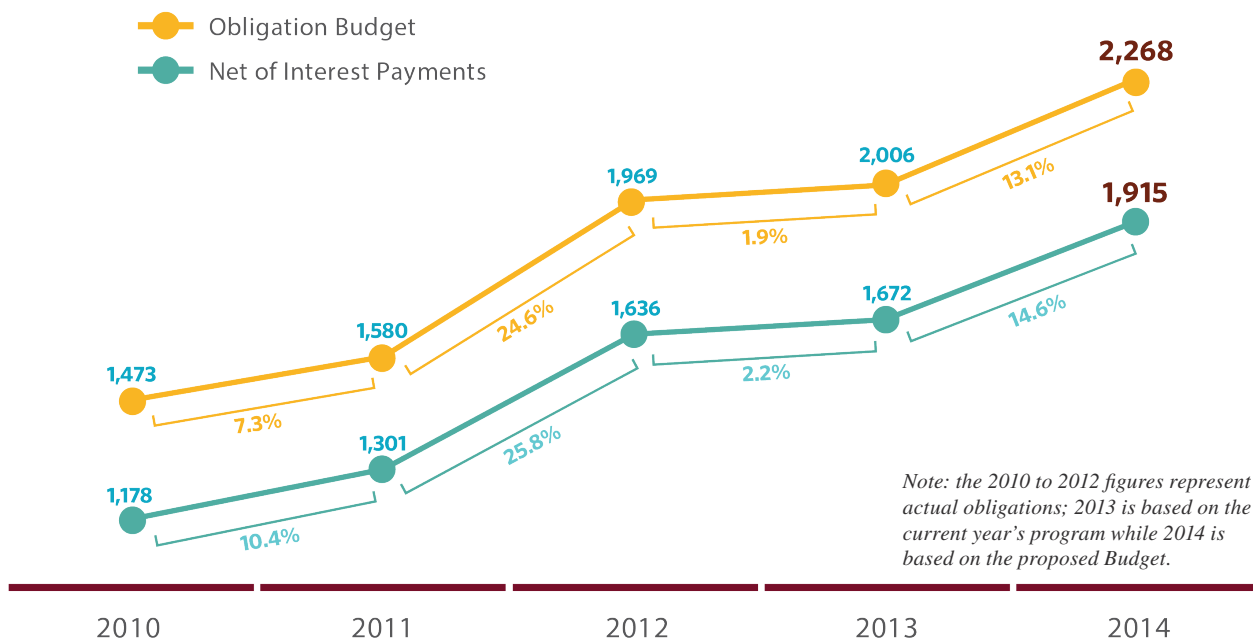
The 2014 Budget builds on the successes made possible by an honest and trustworthy government. It lays the foundation for inclusive development and sustains the momentum of reform.

Ang daan matuwid ay ang daan tungo sa kasaganahan.

a Overview and Time Series

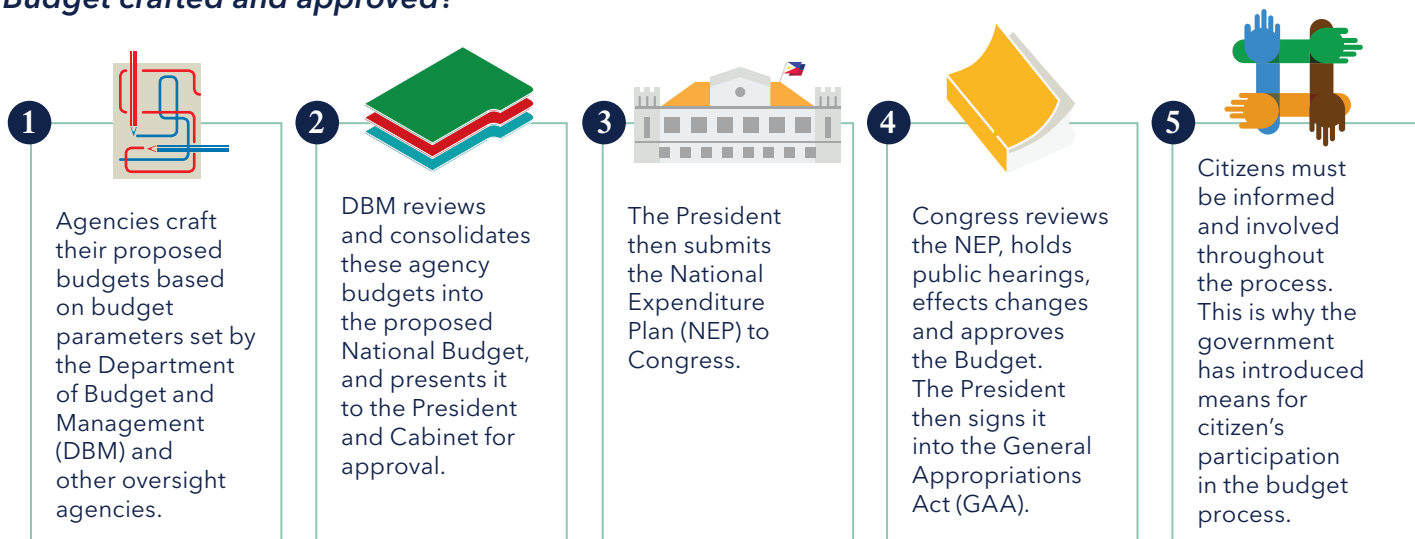
The Proposed Budget for 2014: P2.268-trillion

The proposed National Budget for 2014 is higher by 13.1 percent than the 2013 Budget of P2.006 trillion. Excluding debt servicing, the Budget by 14.6 percent higher year-on-year. It is also equivalent to 17.0 percent of gross domestic product (GDP).

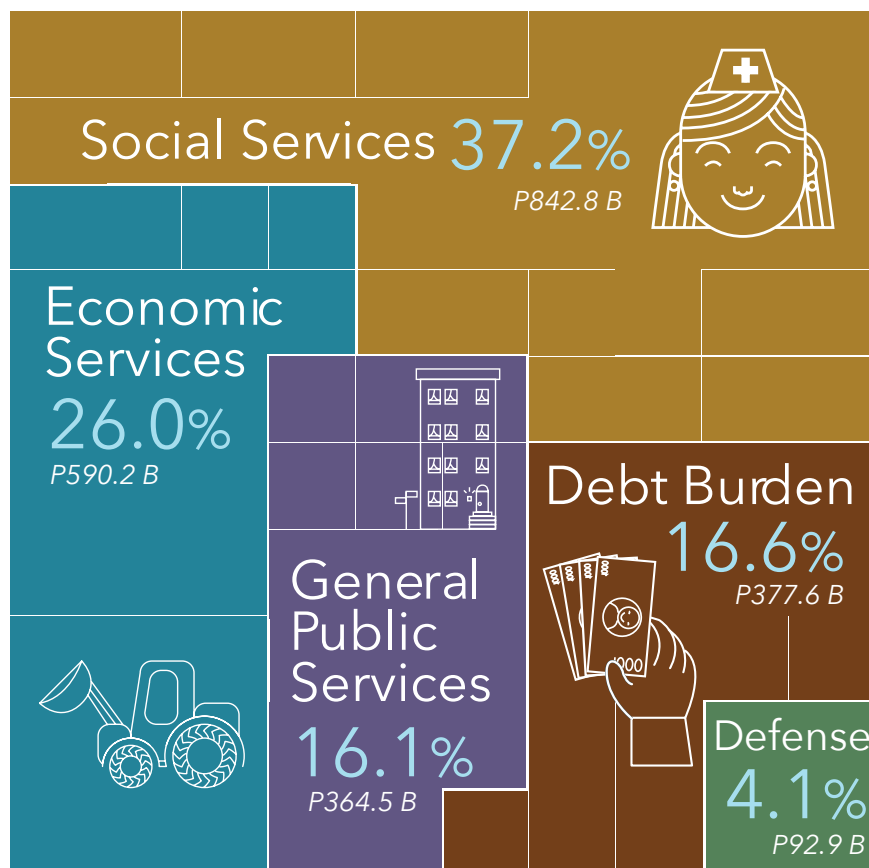


The National Budget is a financial plan to pursue priority programs and projects of the government in line with its economic growth and human development thrusts. It is an instrument for good governance, as government agencies are accountable for the delivery of measurable results through their respective budgets.

In a nutshell, how is the government Budget crafted and approved?



Budget by Sector



Social Services represent government spending to improve the living conditions of citizens, particularly the poor, through education, health, social security and others. Because of the Aquino Administration's commitment to poverty reduction, the Social Services Sector's share of the total Budget pie will increase to 37.2 percent (P842.8 billion) in 2014, from 34.9 percent in 2013 and 28.2 percent in 2010.

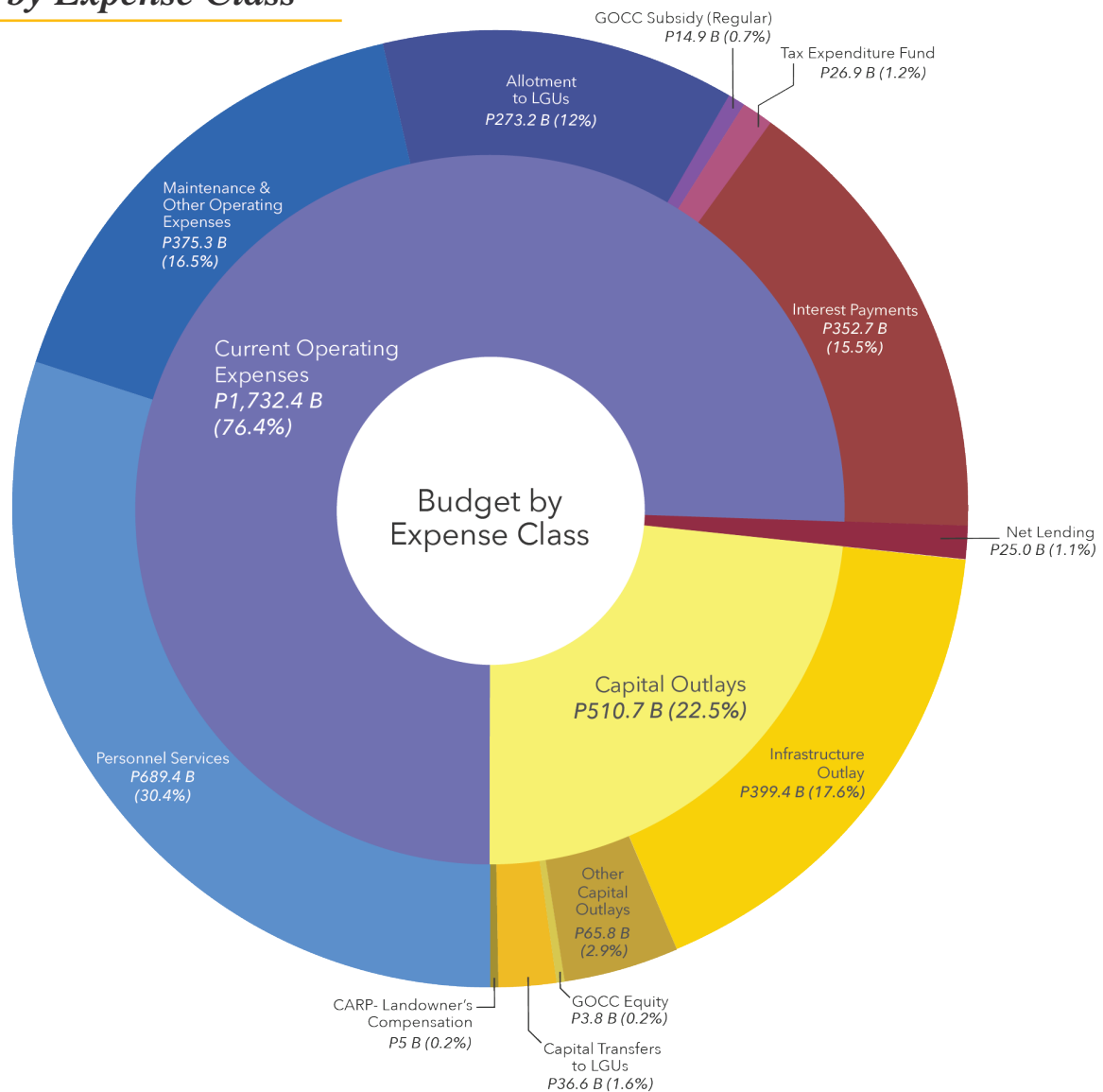
Economic Services are government expenditures that are intended to support economic development, including agriculture, transport infrastructure, tourism, among others. With its commitment to further expand the economy, the Aquino Administration likewise expanded the Economic Services Sector budget to P590.2 billion, or a year-on-year growth of 15.9 percent.

General Public Services are expenditures for general administration (such as fiscal management, foreign affairs, lawmaking, etc.) and public order and safety. With the Aquino Administration keeping overhead expenses in check, the General Public Services budget will be maintained at 16.1 percent in 2014, from 17.3 percent in 2013.

Defense refers to expenditures that support the general effort to ensure national security, stability and peace. Consistent with the Aquino Administration's agenda to strengthening and reforming security forces, the Defense Sector budget will increase by 3.7 percent to P92.9 billion.

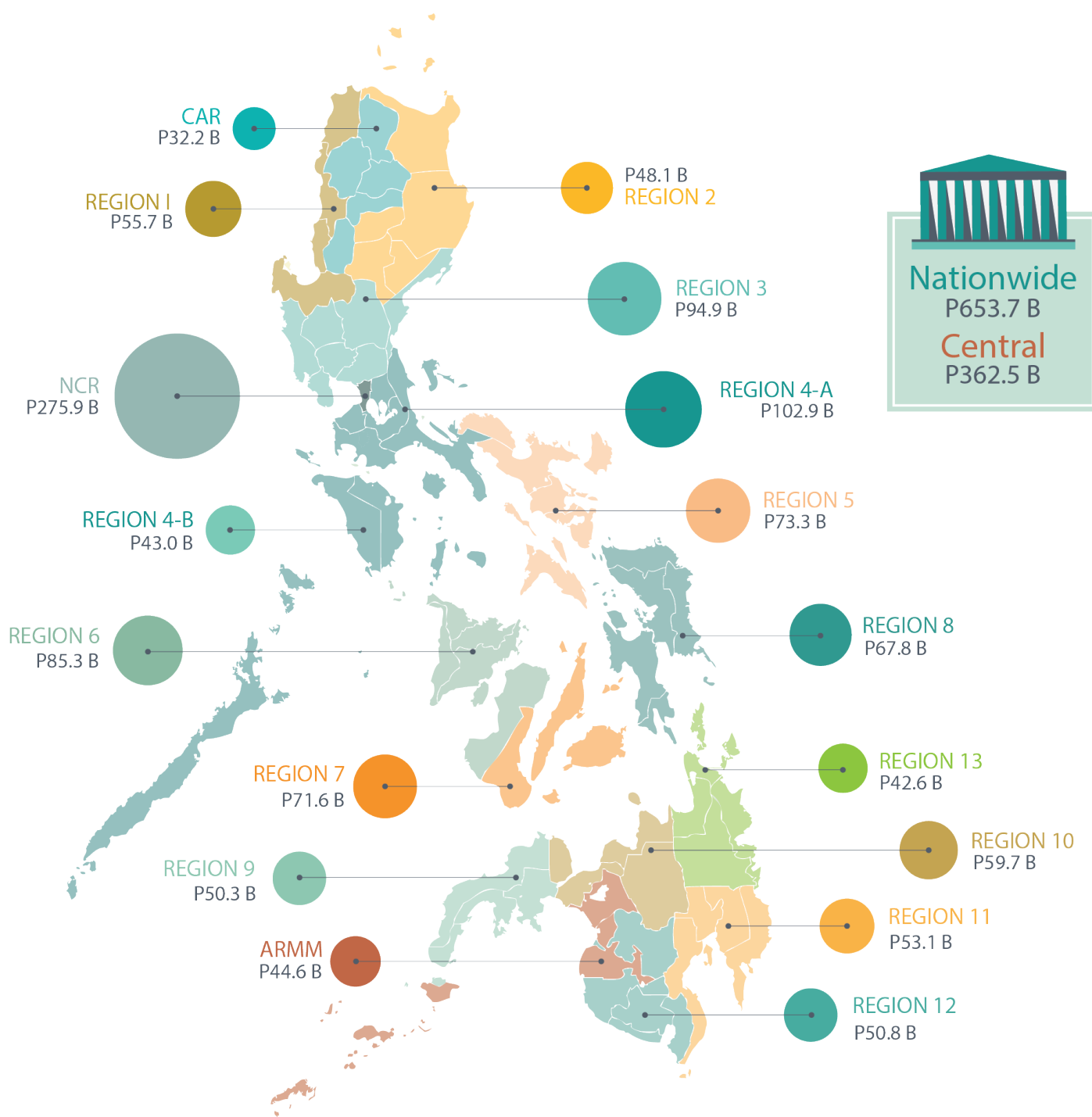
Debt Burden includes interest payments on national government's domestic and foreign debt, as well as net lending to government corporations for their debt that are guaranteed by the national government. The Aquino Administration is committed to reduce the Debt Burden, thus, this sector's share of the Budget will be reduced to 16.6 percent in 2014, from 18 percent in 2013 and 20.6 percent in 2010.

Budget by Expense Class



- Personnel Services** are for the payment of salaries, wages and other compensation of permanent, temporary, contractual, and casual employees of the government. Personnel Services will continue to have the largest share of the Budget at 30.4 percent in 2014, at P689.4 billion.
- Maintenance and Other Operating Expenditures** or MOOE are for the purchase of goods and services (e.g. supplies, maintenance, utilities, professional services, etc.) for the conduct of normal government operations as well as the implementation of programs. In 2014, MOOE will grow by 17.6 percent to P375.3 billion because of increased expenditures for priority social and economic programs.
- Infrastructure Outlays** are for roads, bridges, airports and other similar capital goods. Because of the Aquino Administration's commitment to support economic expansion, Infrastructure Outlays in 2014 will reach a total of P399.4 billion: a 35.5 percent increase from 2013 and will be equivalent to 3 percent of GDP. This includes the subsidies to GOCCs (P28 billion) and transfers to LGUs (P36.6 billion) for infrastructure projects.
- Other Allocations for Government-Owned or -Controlled Corporations** or GOCCs include Subsidies for their corporate operations as well as Equity Infusion. For 2014, Subsidies will increase by 116.3 percent, while Equity will increase by 89.7 percent. The total allocations for GOCCs will total P46.7 billion or 2 percent of the 2014 Budget.
- Allocations for Local Government Units** or LGUs represent the legally-mandated Internal Revenue Allotment as well as other allocations and capital transfers to LGUs. For 2014, allotment to LGUs will increase by 13 percent, while Capital Transfers will increase by 15.9 percent. The total allocation for LGUs represents 13.6 percent of the total Budget for 2014.
- Debt Burden**, as mentioned in the previous page, continues to decrease as a share of the total Budget because of the Aquino Administration's commitment to fiscal consolidation and stability.

Budget by Region



The budget for distribution among regions¹ will increase by 26.4 percent, taking up 55.2 percent of the total Budget.

¹With the implementation of the Unified Account Code Structure, the breakdown of the Budget by region is computed based on the location of implementing units, not necessarily the location of programs and projects.

²NCR gets the biggest share among the regions since the Office of the President, Vice-President, the Legislature and most other central offices are located here.

³Excluding NCR.

Excluding the National Capital Region (NCR)², Northern Mindanao (Region X) will experience the biggest growth rate at 24 percent, followed by CARAGA (Region XIII) at 22.6 and Eastern Visayas (Region VIII) at 20 percent.

Among major island groups, Mindanao gets the biggest increase in growth rate at 16.4 percent, followed by Visayas and Luzon² at 15.9 percent and 10.2 percent, respectively.

Budget by Department and Special Purpose Fund

DEPARTMENTS	1,212 B
Congress of the Philippines	10.3 B
Office of the President	2.8 B
Office of the Vice-President	421.2 M
Department of Agrarian Reform	20.4 B
Department of Agriculture	71 B
Department of Budget and Management	1 B
Department of Education	300.5 B
State Universities and Colleges	36.8 B
Department of Energy	4.1 B
Department of Environment and Natural Resources	23.9 B
Department of Finance	12.7 B
Department of Foreign Affairs	12.2 B
Department of Health	81.6 B
Department of Interior and Local Government	100.8 B
Department of Justice	11.6 B
Department of Labor and Employment	10.5 B
Department of National Defense	82.4 B
Department of Public Works and Highways	213 B
Department of Science and Technology	12.2 B
Department of Social Welfare and Development	79 B
Department of Tourism	2 B
Department of Trade and Industry	4.5 B
Department of Transportation and Communications	46.7 B
National Economic Development Authority	4 B
Presidential Communications Operations Office	1.2 B
Other Executive Offices	11.7 B
Autonomous Region in Muslim Mindanao	20.5 B
Joint Legislative-Executive Councils	4.2 M
The Judiciary	19.2 B
Civil Service Commission	1.3 B
Commission on Audit	8.4 B
Commission on Elections	2.9 B
Office of the Ombudsman	1.8 B
Commission on Human Rights	348 M
SPECIAL PURPOSE FUNDS	1,056 B
Budgetary Support to Government Corporations (BSGC)	71.6 B
Allocations to Local Government Units	361.3 B
Tax Expenditures Fund	26.9 B
Debt Interest Payments	352.7 B
Calamity Fund	7.5 B
Contingent Fund	1 B
DepEd School Building Program	1 B
E-Government Fund	2.5 B
International Commitments Fund	4.8 B
Miscellaneous Personnel Benefits Fund (MPBF)	80.7 B
Pension and Gratuity Fund (PGF)	120.5 B
Priority Development Assistance Fund (PDAF)	25.2 B
Feasibility Studies Fund	400 M

TOP 10 DEPARTMENTS*

<i>DepEd</i>	336.9 B
<i>DPWH</i>	213.5 B
<i>DILG</i>	135.4 B
<i>DND</i>	123.1 B
<i>DOH</i>	87.1 B
<i>DA</i>	80.7 B
<i>DSWD</i>	79.0 B
<i>DOTC</i>	48.7 B
<i>DENR</i>	23.9 B
<i>DAR</i>	20.4 B

*The amounts indicated here include the departments' allocations from Special Purpose Funds, such as the Miscellaneous Personnel Benefits Fund.

A Budget for Inclusive Development

This proposed Budget for 2014 supports the Aquino Administration's agenda to lay the foundations for Inclusive Development from now until 2016.

The framework of Inclusive Development eschews the concept of "trickle down" and embraces the government's role of promoting the equalization of opportunities for all, regardless of their life circumstance. This goes beyond job creation and ensures that all citizens, especially the poor, actively participate and take ownership of the country's newfound prosperity.

Government's obligation is to eliminate inequitable circumstances to put the people on an equal footing. To do this, it must, on one hand, intensify investments in capacitating the people through basic

social services such as education, healthcare and social protection. On the other hand, it must sustain economic expansion that creates employment and livelihood opportunities for the poor, including the unskilled and uneducated.

At the core of Inclusive Development are public institutions built on stable foundations. Thus, the Aquino Administration is committed to intensify and institutionalize greater transparency, accountability and citizen's participation in governance. As the President said, "*Kung Walang Corrupt, Walang Mahirap.*"

The following are the key principles and reforms that shaped the 2014 Budget:



Moving Towards Performance-Informed Budgeting



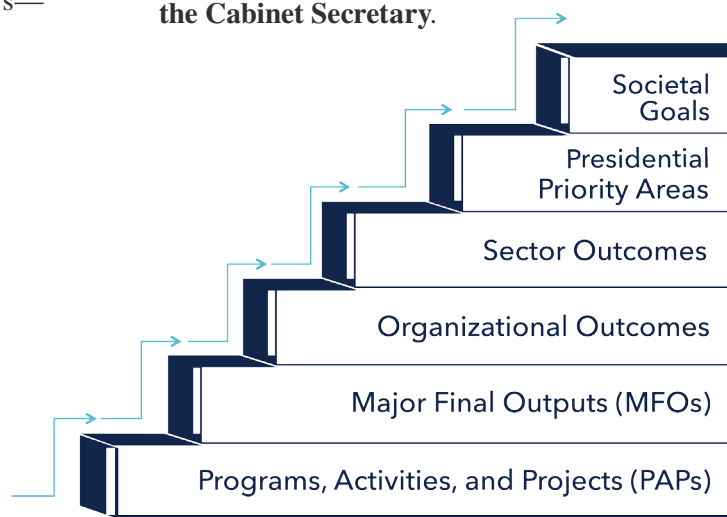
In crafting the proposed 2014 Budget, the Aquino Administration took a bold move to transform the way that it is presented. Before, the National Budget contained an incomprehensible mix of numbers and technical details that is hard to understand.

Now, by adopting the **Performance-Informed Budget** structure, the financials are now presented alongside the outcomes and outputs that government agencies commit to fulfill. The Budget now also presents performance information that citizens—directly and through their legislators as well as civil society and other non-government stakeholders—can use to measure each government agency's performance.

“Sa pamamagitan ng PIB, nagiging mas malinaw na ang kuwento sa bawat kuwenta.”

Earlier reforms nurtured by the Aquino Administration made this transformation possible:

- **Organizational Performance Indicator Framework** and the effort to clearly define the outputs and performance indicators of each agency;
- Promoting a performance culture through the harmonization of government performance management systems and the **Performance-Based Incentive System**;
- Strengthening performance delivery in government through creation of the **Office of the Cabinet Secretary**.



XX. DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT

A. OFFICE OF THE SECRETARY

STRATEGIC OBJECTIVES

MANDATE	: 1. Provide assistance to local government units (LGUs), non-government organizations (NGOs), other national government agencies (NGAs), people's organizations (POs) and other members of Civil Society in implementing programs, projects, and services that will alleviate poverty and empower disadvantaged individuals, families and communities for an improved quality of life; 2. Implement statutory and specialized programs which are directly lodged with the Department.
VISION	: We envision a society where the poor, vulnerable and disadvantaged are empowered for an improved quality of life. Towards this end, DSWD will be the world's standard for the delivery of coordinated social services and social protection for poverty reduction by 2030.
MISSION	: To develop, implement and coordinate social protection and poverty reduction solutions for and with the poor, vulnerable and disadvantaged.
KEY RESULT AREAS	: 2. Poverty reduction and empowerment of the poor and vulnerable 4. Just and lasting peace and the rule of law 5. Integrity of the environment and climate change adaptation and mitigation
SECTOR OUTCOME	: Improved capacity and increased opportunities for the poor, vulnerable and the disadvantaged sector
ORGANIZATIONAL OUTCOME	: 1. Responsive policy environment for social welfare development concerns; 2. Strengthened capacity and increased resources of intermediaries sector; 3. Empowered/protected disadvantaged and vulnerable individuals, families and communities

Tighter Prioritization for Greater Impact



For each fiscal year, the Aquino Administration has been further tightening and deepening the focus of the National Budget on the people's priorities, as reflected in President Aquino's Social Contract with the Filipino People.



In preparing the 2014 Budget, the Aquino Administration issued a **Budget Priorities Framework** (National Budget Memorandum No. 118) which directs all departments and agencies to design their respective budget proposals along program priorities in line with the Aquino Social Contract, and to establish collaboration among each other. The Budget Priorities Framework also identifies geographic focus areas where the poorest are and where great potential lies: the coconut, fisheries and tourism industries.

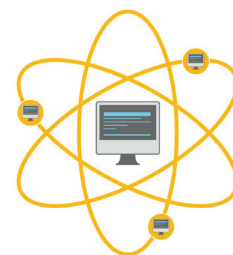
The Aquino Administration also sustained or introduced other reforms that sought to tighten budgetary prioritization:



Program Budgeting Approach to further deepen the level of budgetary prioritization and inter-agency collaboration along the Social Contract Results Areas.



Zero-Based Budgeting to scale down funding for activities which are not aligned with priorities or which are inefficient, ineffective and fraught with leakages.



MITHI (Medium-Term Information Technology Harmonization Initiative) to establish a coherent process for the planning, budgeting, implementation, monitoring and evaluation of government information and communications technology projects.

Collaboration as the New Standard in Government

This proposed Budget was not prepared in the usual way, where departments and agencies competed against each other for a larger slice of scarce resources. Rather, it was designed by the Aquino Administration's desire to foster better collaboration in government.

The **Program Budgeting Approach** was sustained in order to encourage departments and agencies to move out of their silos and to synergize their efforts towards achieving strategic objectives within program priorities. Program Budgeting builds on the directives of President Aquino to organize the Cabinet into five Cabinet Clusters for each of the Results Areas of the Social Contract. For example, in the Tourism Development Program:



Enabling the Private Sector as Engine of Economic Growth



The government is a potent force for development, but its efforts alone are not enough: for one, the Budget only accounts for 17 percent

of gross domestic product (GDP). Thus, the government must enable the private sector in its rightful role as engine of economic growth.

The private sector's confidence in the economy has been bolstered by the revival of public trust in government during the Aquino Administration's first three years in office. And the government is committed to intensify its efforts towards creating the enabling policy, regulatory, political and physical environment for the private sector, through the following:



- **Macroeconomic and Fiscal Sustainability**, by achieving and sustaining a fiscal deficit level equivalent to 2 percent of GDP from now to 2016.

- **Improve Competitiveness**, by streamlining business and regulatory processes.

- **Provide Public Goods**, particularly by ramping up investments in infrastructure, towards an infrastructure spending level of five percent of GDP by 2016.



Public-Private Partnerships (PPP)

The Aquino Administration earlier introduced the PPP program as a strategy to entice private sector investment in critical public infrastructure as well as in the faster delivery of social services, such as the closure of the long-standing gap in the supply of classrooms. After it encountered procedural obstacles, the PPP program is now steadily moving forward, with 10 projects worth P164 billion already awarded or undergoing bidding as of the first half of 2013.

But the private sector is not only big business. The private sector must include the communities, small entrepreneurs, farmers and fishermen, and other citizens on the ground, who should be empowered as co-producers of our country's new wealth. Government must likewise support those who work with them, such as microfinance institutions, non-government organizations, and enlightened businesses which have enshrined the creation of "shared value" at the core of their business model.

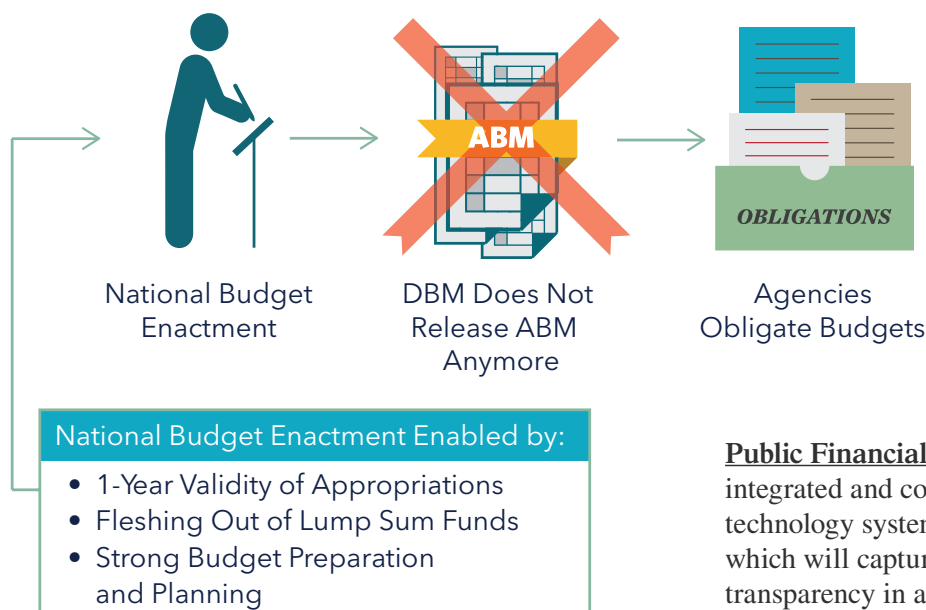
Transparency at the Core of Effective Public Financial Management



The Aquino Administration asserts that transparency should be at the core of PFM, for it ensures efficiency, speed, predictability and effectiveness in public finance.

With the proposed 2014 Budget, the government is moving towards a Budget-as-Release Document regime. This promotes predictability and speed in budgetary releases and in implementation, as it cuts through the duplicative budget request-and-release process:

- The budgets of agencies are considered as released to them as soon as the Budget is enacted. No more need to process the release of Agency Budget Matrixes (ABM).
- There will still be some budget items which will not be included in this regime: those which require prior clearance according to law (such as intelligence funds), lump sum funds that need to be disaggregated, and the budgets of agencies with poor execution performance in the previous year. A Negative List will be issued, containing such budget items.



Public Financial Management System, an integrated and comprehensive information technology system to be completed by 2016, which will capture, automate and increase transparency in all PFM information flows across government.

Earlier reforms to introduce greater transparency and efficiency in PFM have made this possible. These reforms include:

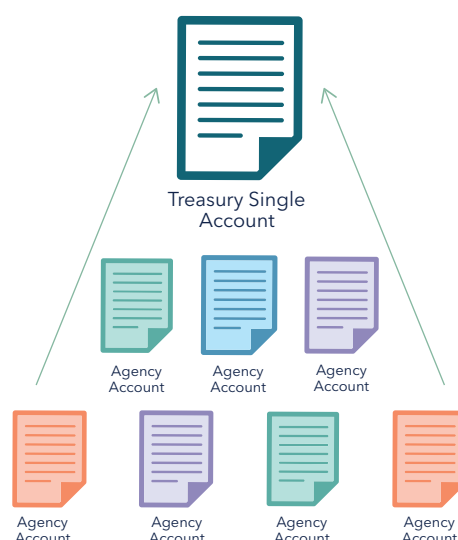
- **One-Year Validity of All Appropriations** that seeks to establish fund predictability and improve budget performance. Agencies are told: “use it or lose it.”

- **Policy vs. Lump Sum Funds** which are prone to abuse, are not transparent, and tend to delay budget execution. With this, agencies have been fleshing out their budgets in greater detail.

- **Stronger Budget Preparation, Planning and Performance Delivery**, including the reforms mentioned in the previous pages. The government also continues to roll-out other structural reforms under its PFM Reform Roadmap:

Unified Account Code Structure, adopted in the 2014 Budget, which ensures that all PFM processes—from budgeting, to cash management, to accounting, and to audit—will be done in a single language.

Treasury Single Account, which will inject more transparency and predictability in treasury cash management. By 2014, all agency bank accounts will be consolidated into one account. Later on, this will eliminate another repetitive budget request-and-release process: the Notice of Cash Allocation.



Empowering Citizens Through the Budget



The Aquino Administration asserts that the Budget is not only for the people; it is owned by the people. Through reform, the government seeks to empower the people to meaningfully take part in the budget process.

Government seeks to ensure that people have access to information on the Budget:

- Transparency Seal provision in the Budget which requires all agencies to post their budget information in their websites. To date, all line departments have complied with the Transparency Seal.



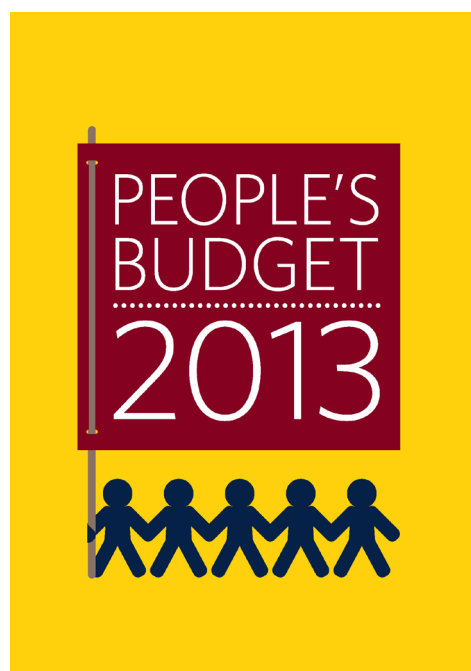
- Disclosure through the DBM website of the status of the budget releases; the assessment of disbursements; statements of allotments, obligations and balances; and releases from the Priority Development Assistance Fund (DBM).

- People's Budget publications which summarize, illustrate and translate the annual Budget and the budget process in a language that is accessible to ordinary citizens. This Proposed Budget in Brief 2014 is part of this series of publications.

- BudgetNgBayan.Com advocacy website, which has the People's Budget in an online medium and which enables citizens to send feedback and interact with the government (DBM) on the Budget through social media.

Government also introduced mechanisms for citizen's participation in the budget process:

- Budget Partnerships between departments and GOCCs, and civil society organizations (CSOs) in the crafting of agency budget proposals. From 6 departments and GOCCs entering into budget partnership agreements (BPAs) in the pilot stage during the crafting of the 2012 Budget, now 18 departments and GOCCs have BPAs with CSOs in crafting the 2014 Budget.
- Bottom-Up Budgeting, where 1,226 municipalities and cities developed local poverty reduction programs and projects in consultation with communities and CSOs in their localities. P20.1 billion in such programs and projects has been integrated in the 2014 Budget. This is an expansion from the pilot process in crafting the 2013 Budget, where P8 billion in local programs and projects were developed by 595 municipalities and cities.



C Financing the 2014 Expenditure Program

Macroeconomic Assumptions

The Philippine economy has remained resilient over the past three years, and has even outperformed its neighbors in recent times. In the first quarter of 2013, the economy grew the fastest in Asia at a rate of 7.8 percent: this means that the target of 6-7 percent

GDP growth for this year will likely be met. For 2014, the Aquino Administration expects faster growth of 6.5 to 7.5 percent. Meanwhile, the inflation, interest, and foreign exchange rates should remain benign given the country's stable fiscal position.

	2010 (Actual)	2011 (Actual)	2012 (Actual)	2013 (Approved)	2014 (Proposed)
Real GDP Growth (%)	7.6	3.9	6.8	6 to 7 (Q1: 7.8)	6.5 to 7.5
Inflation Rate (%)	3.9	4.6	3.2	3 to 5	3 to 5
364 - Day T-bill rate (%)	4.3	2.4	2.0	1 to 3	2 to 4
Forex Rates (PhP/US\$)	45.11	43.3	41.2	41 to 43	41 to 43

REAL GDP GROWTH refers to the growth of the domestic economy as adjusted for inflation. It can affect government revenues, as higher GDP generally results in a larger tax base and higher revenue collections domestically.

INFLATION RATE is the increase in the price of goods and services. It affects revenues: higher inflation means higher prices of taxable products. The inflation rate is also a benchmark for possible increases in agencies' expenditures due to higher cost requirements.

364-DAY T-BILL RATE refers to the benchmark interest rate on Treasury Bills (T-bills) issued by the national government to generate funds. An increase in the rate will raise government revenues due to taxes on interest income; however, it also increases the government debt burden due to additional requirements for interest payments.

The figures for 2010 to 2012 represent actual performance; for 2013, based on the approved General Appropriations Act; for 2014, based on proposed Budget.

FOREIGN EXCHANGE (FOREX) RATE refers to the rate at which the Philippine Peso is exchanged for another currency, more commonly with the US Dollar. Any change in the ForEx rate correspondingly changes the Peso cost of expenditures paid in US Dollars, most notably foreign debt repayments and interest payments

IMPORTS GROWTH refers to the growth in the value of goods and services entering the country. Imports growth is a key input to the estimation of revenues: an increase in imports could thus lead to an increase in customs duties, taxes and other revenues collected.

Fiscal Program

From this year to 2016, the government seeks to sustain a manageable deficit level equivalent to 2 percent of GDP. To achieve this in 2014, the government seeks to increase its revenues by 15.6 percent to P2.0 trillion. This will also allow public disbursements to grow by 15.5 percent to 2.28 trillion in 2014.

2010

REVENUE 1,207.9 B • 13.4% OF GDP

DISBURSEMENT 1,522.4 B • 16.9% OF GDP

DEFICIT 314.5 B • 3.5% OF GDP

2011

REVENUE 1,359.9 B • 14.0% OF GDP

DISBURSEMENT 1,557.7 B • 16.0% OF GDP

DEFICIT 197.7.0 B • 2.0% OF GDP

2013

REVENUE 1,745.9 B • 14.7% OF GDP

DISBURSEMENT 1,983.9 B • 16.7% OF GDP

DEFICIT 238.0 B • 2.0% OF GDP

2012

REVENUE 1,534.9 B • 14.5% OF GDP

DISBURSEMENT 1,777.8 B • 16.8% OF GDP

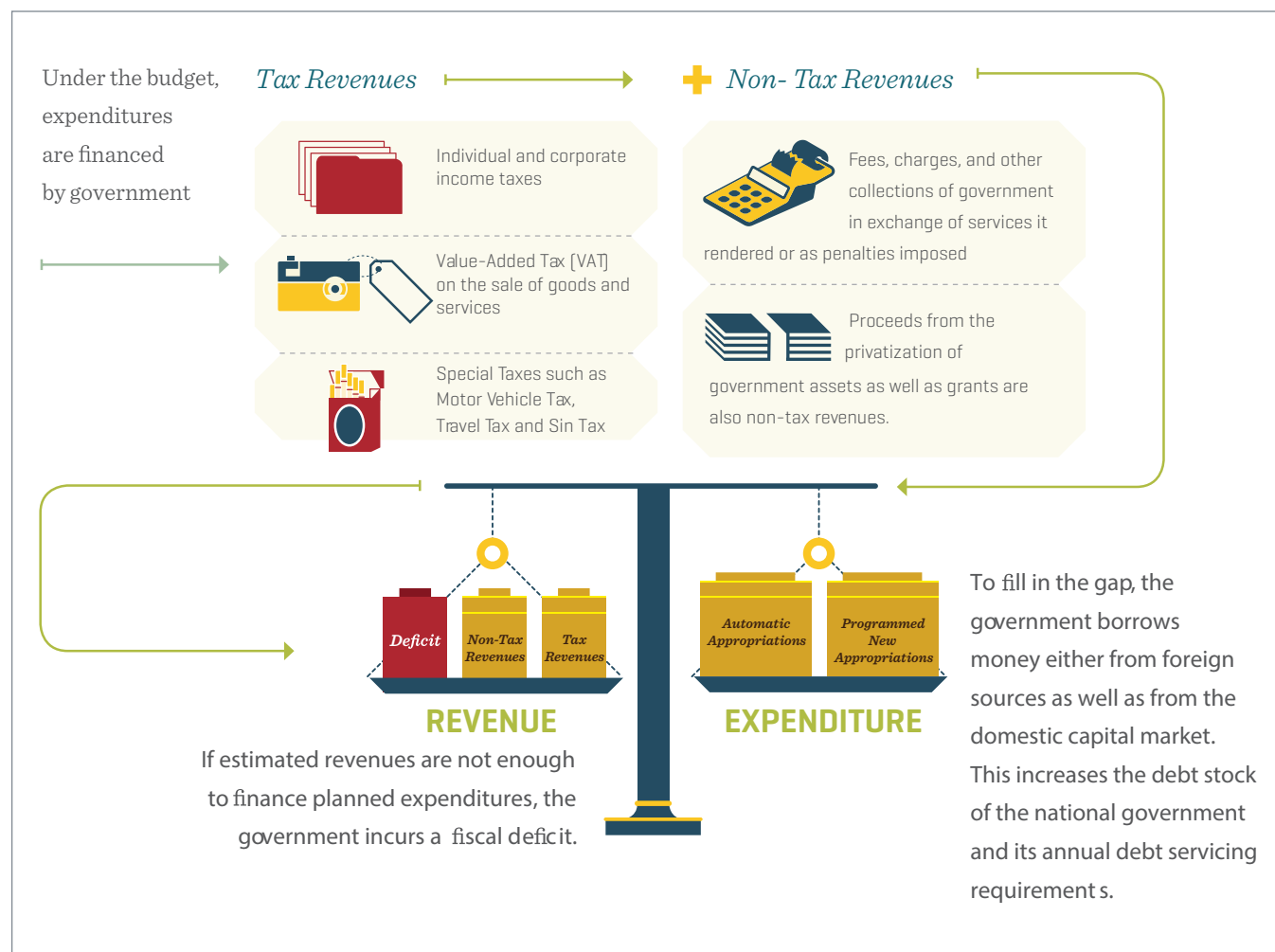
DEFICIT 242.8 B • 2.3% OF GDP

2014

REVENUE 2,018.0 B • 15.1% OF GDP

DISBURSEMENT 2,284.3 B • 17.1% OF GDP

DEFICIT 266.2 B • 2.0% OF GDP



section 2

expenditure priorities

With this proposed Budget for 2014, the government continues to tighten budgetary focus on the Result Areas of the Aquino Social Contract. In line with the framework of inclusive growth, most of the government's investments will be for poverty reduction and economic expansion. Supporting these are efforts to ensure an enabling context through peace and the rule of law, and resilience to climate change. Of course, good governance is at the core of the Aquino Administration's efforts.

Preface

Reforms for stronger transparency and accountability in government institutions have led to significant gains in the economy. The faster-than-expected growths of the economy in 2012 and in the first quarter of 2013 have shown that good governance is essential to economic growth. To sustain the pace of reforms and make these irreversible, investments in good governance will continue to be made in 2014.

Promote Transparent and Accountable Institutions

The Aquino administration seeks to empower Filipino citizens by promoting greater transparency and accountability in public institutions.

Local Government Capacity Development

The Department of Interior and Local Government (DILG) will have P2.6 billion for its capacity development and administration services for local government units (LGUs), including P504 million for the Performance Challenge Fund. This will allow DILG to assess the eligibility of 1,713 LGUs to the Seal of Good Housekeeping and provide incentives up to a maximum P7 million for 126 LGUs.

Anti-Corruption Investigation

The Office of the Ombudsman will have P574.9 million for the general investigation and fact-finding activities for complaints filed with the Tanodbayan and its adjudication of administrative cases. This



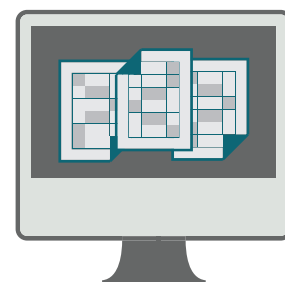
allotment will support the immediate resolution of an estimated 18,378 cases of complaints and grievances in 2014, 535 cases (3 percent) more than those in 2013. It will also fast track the completion of 4,038 fact-finding investigations and the adjudication of 3,757 administrative cases also targeted for next year.

Resolution of Graft and Corruption Cases

The Sandiganbayan will have P290 million for the expeditious adjudication of cases involving graft and corrupt practices committed by those in public office. In 2014, the Sandiganbayan will process a targeted 3,300 cases, of which 408 or 12 percent are expected to be disposed.

Strengthen Public Financial Management

To harness fiscal discipline and to provide sound public financial management (PFM), the Aquino Administration will sustain the pursuit of reforms, and leverage technology by digitizing processes and flow of information especially on public finances.



Revenue Collection

The Bureau of Internal Revenue will have P5.5 billion for its various tax collection, anti-evasion and revenue reform activities, towards improving its programmed tax collection performance from P1.25 trillion in 2013 to P1.46 trillion in 2013 to P1.46 trillion in 2014. The Bureau of Customs will meanwhile have P1.5 billion for its operations, including smuggling surveillance and prevention efforts, towards achieving its collection performance from P341 billion in 2013 to P408 billion in 2014.

Public Audit

The Commission on Audit will have P4.7 billion for its efforts to promote public accountability and improve the efficiency and effectiveness of government operations and programs. The COA targets 19,081 agencies to be subjected to financial, compliance and other audits, while 10 agencies will be subjected to performance audit.

ICT Systems for Public Financial Management

P720 million will be allocated for the implementation of major information and communication technology projects such as the integrated Public Financial Management System and the National Payroll System.

Improve Business Regulation and Frontline Service Delivery



To sustain the country's economic gains, efforts will continue to be directed to increase the country's competitiveness. This will attract more investments and generate jobs for Filipinos. This can be done by ensuring that the regulatory system is improved and that frontline services are efficiently delivered.

Business Regulation and Registration

The Department of Trade and Industry (DTI) will have P135 million for business and trade regulation services in anticipation of 302,897 business name registration applications and 32,031 applications for licenses, permits, registration, and authorities.

Investigation Clearance

The National Bureau of Investigation will have P816 million to reinforce its investigation services and to process 5,450,000 clearance applications in 2014.

Diplomatic and Consular Services

The Department of Foreign Affairs will have P9.4 billion for diplomatic and consular services, which includes among other activities, the processing and issuances of 3 million passports and 400,000 visas, and providing assistance to 20,000 overseas Filipinos by way of repatriation.

2 Poverty Reduction and Empowerment of the Poor and Vulnerable

Preface

At the heart of the Aquino Social Contract is the commitment to end poverty. Inclusive development requires the equalization of opportunities for the people. The administration will continue investing in the capacity of the people, especially the poor and the marginalized, as well as to deliver meaningful social protection services for the vulnerable.

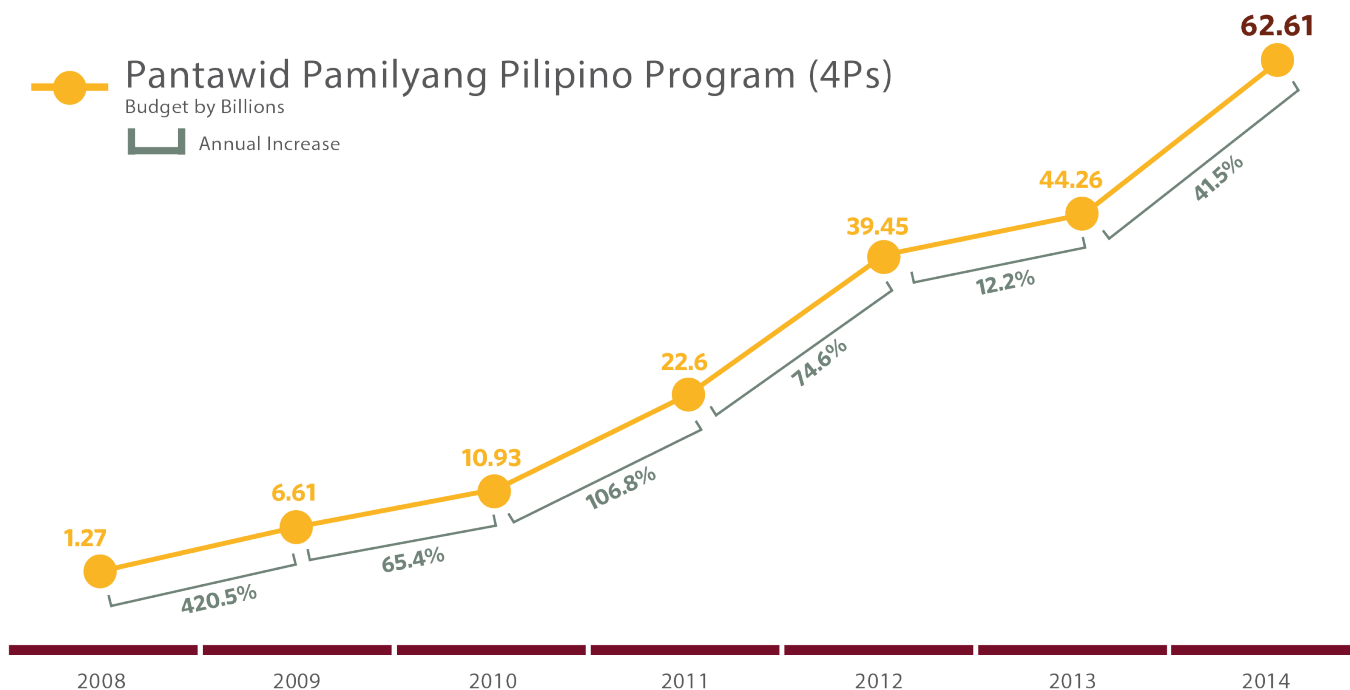
Expand the Pantawid Pamilyang Pilipino Program (4Ps)

The Department of Social Welfare and Development (DSWD) will have a total of P62.6 billion to expand its conditional cash transfer (CCT) program. 4Ps is a human development program that invests in the future of Filipino children by keeping them healthy and keeping them in school. It also seeks to provide immediate relief for poor households that have irregular income from cash flow problems.

For 2014, not only will the 4Ps budget be increased, it will also be expanded:



<p>Regular CCT P48.3 B for 4.3M households Up to Php 1,400 per month</p>		<p>Expanded CCT P12.3 B for 4.3 million children ages 15-18 (belonging to the Regular CCT households)</p> <ul style="list-style-type: none"> • P500 monthly cash grant to support them as they finish high school
<p>P500 for parents and children to avail of healthcare services</p>	<p>P300 for each child up to 3, age 6-14, for attending at least 85 percent of classes</p>	<p>Modified CCT P2.0 B to benefit:</p> <ul style="list-style-type: none"> • 7,007 homeless street families • 8,956 itinerant indigenous peoples families in urban areas • 116,000 indigenous peoples families nationwide



The DSWD implements other key social welfare and development programs, such as:

Supplemental Feeding Program

The DSWD will have P4.3 billion to benefit 2.6 million children in day care centers, an increase from P2.9 billion that benefited 1.7 million children in 2013. Under this program, children in day care centers are given healthy meals for 120 days over a span of six months. The meals are expected to provide one-third of the recommended energy and nutrient intake of the children. The program aims to mitigate hunger, improve the nutritional status of children, and complement feeding programs initiated by local government units. Parents and guardians of the children-beneficiaries help prepare the meals and attend parent effectiveness and home care sessions to enhance their knowledge and skills in nutrition and food preparation.

Social Pension for Indigent Filipino Senior Citizens

The DSWD will have 3.1 billion to extend assistance to 479,080 senior citizens, more than double the 232,868 senior citizens covered in 2013. This program provides the Philippines' indigent elderly a monthly cash assistance of P500 as mandated under Republic Act 9994, the Expanded Senior Citizens Act of 2010. The priority beneficiaries of the Social Pension are senior citizens 77 years old and above who are frail, sickly, and disabled, without a regular source of income or support from any member of the family, and not receiving other pension benefits from the government.

Ensure Access to Universal Healthcare and the Attainment of Health-related Millennium Development Goals

Universal Healthcare is at the core of the Aquino administration's health agenda. It aims to ensure that all Filipinos, especially the poor, have access to quality health services. The 2014 Budget gives more emphasis to preventive and promotive health programs over curative health programs. Among the means to achieve this are increasing enrollment in the National Health Insurance Program, improvement of healthcare facilities in the countryside through the Health Enhancement Facilities Program, and deployment of healthcare workers to the countryside.

Health Facilities Enhancement Program

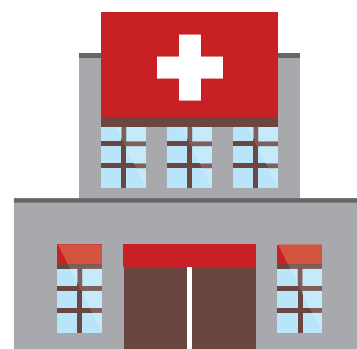
The Department of Health (DoH) will have P13.3 billion to support the rehabilitation or construction of 2,871 health facilities, particularly barangay health stations and rural health units.

Doctors to the Barrios and Rural Health Practice Program

The DoH will have P3.0 billion to deploy additional health professionals, including 131 rural health physicians, 22,500 nurses and 3,000 midwives, to provide health services to poor localities, particularly in CCT areas.

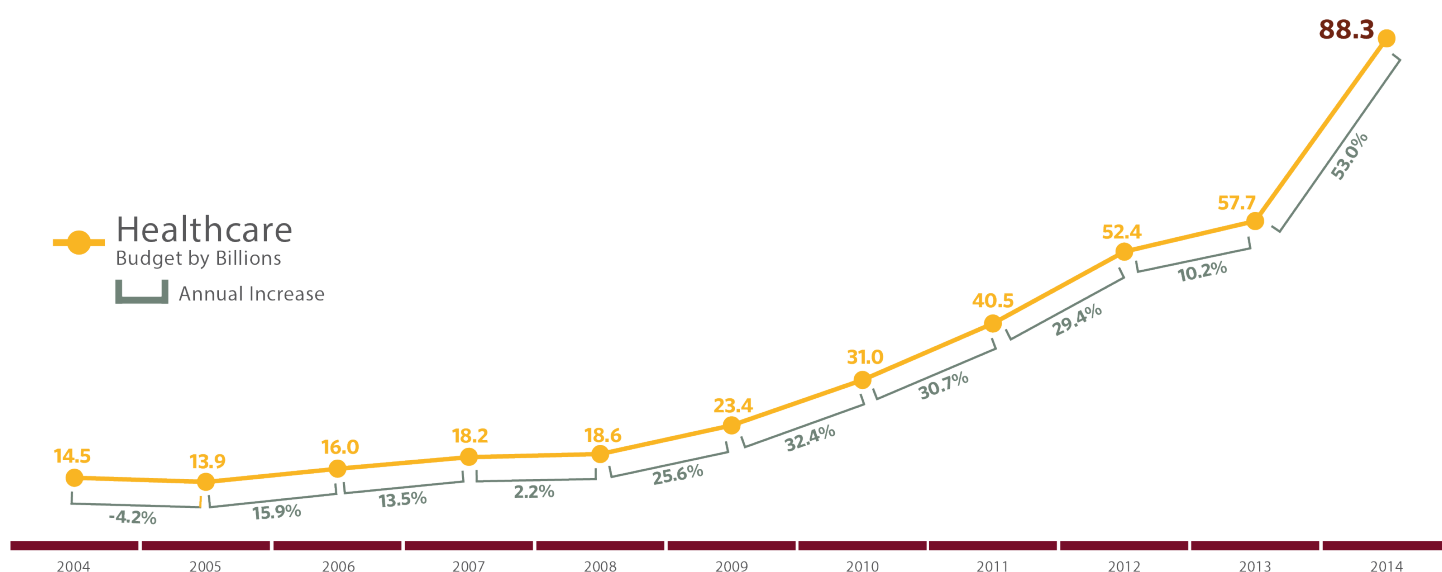
Access to Potable Water

P574 million is allocated for the Sagana at Ligtas na Tubig Project of the Department of Interior and Local Government to provide potable water supply to 53 waterless barangays and municipalities. On top of this, P2.25 billion will be set aside for potable water projects identified through the Bottom-Up Budgeting Process.

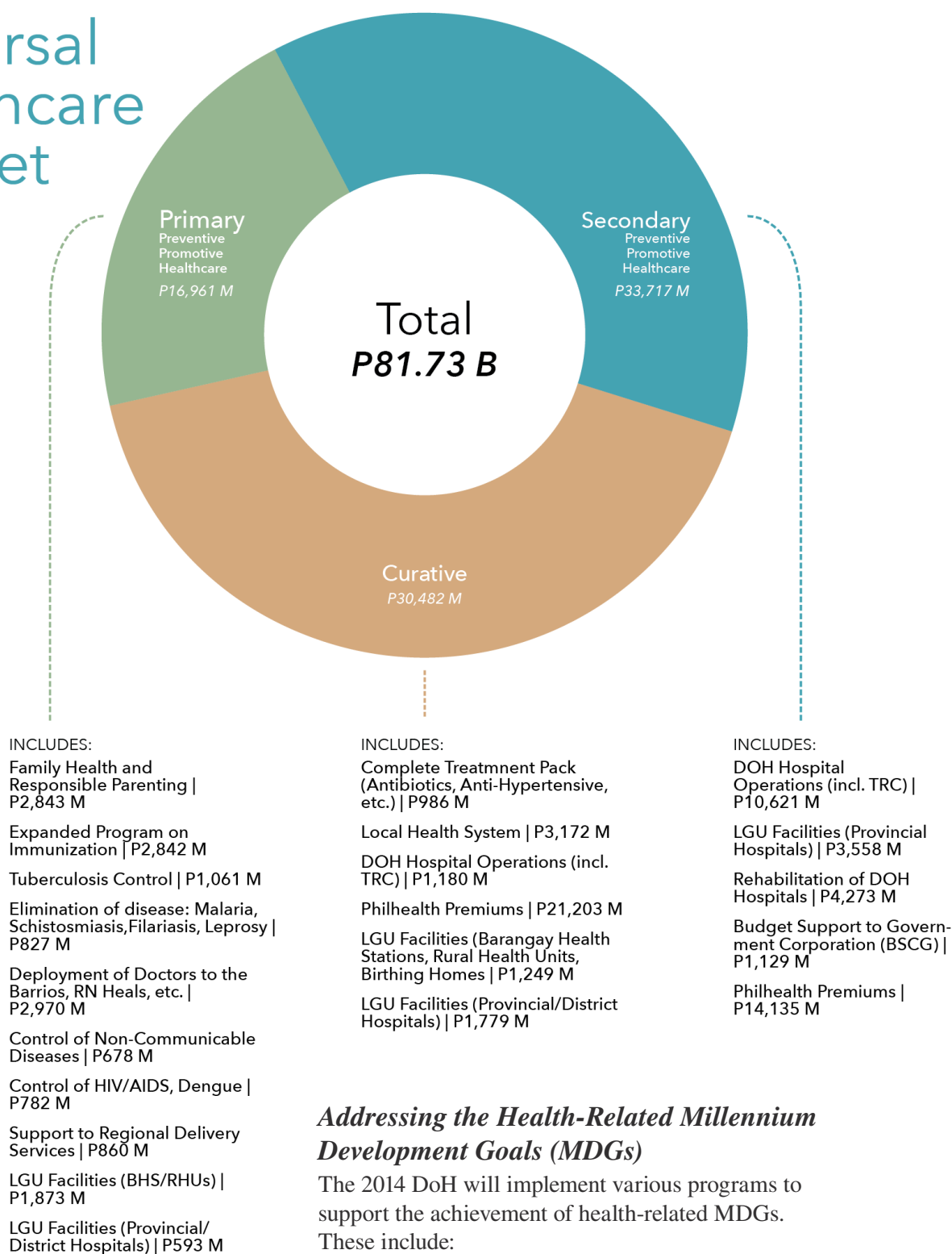


Healthcare Insurance Premium Subsidies

The 2014 Budget sets aside P35.3 billion to provide 14.7 million poor and near-poor households with premium subsidies under the National Health Insurance Program. This means that 100 percent of indigents, as identified in the National Household Targeting System for Poverty Reduction, will have health insurance coverage.



Universal Healthcare Budget



Addressing the Health-Related Millennium Development Goals (MDGs)

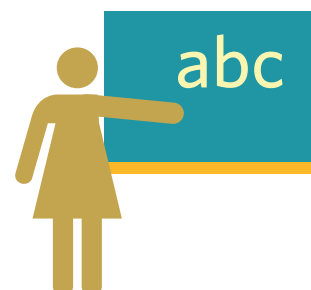
The 2014 DoH will implement various programs to support the achievement of health-related MDGs.

These include:

- Expanded Program on Immunization for 2.7 million children | P2.8 B
- Family Health and Responsible Parenting | includes Rotavirus vaccination for 2.4 million infants | P2.8 B
- Tuberculosis Control Program | P1.1 B
- Elimination of Diseases that are Public Health Threats (malaria, schistosomiasis, leprosy, filariasis, etc) | P593.3 M
- Control of HIV/AIDS and Dengue | P781 M

Ensure Access to Quality Basic Education

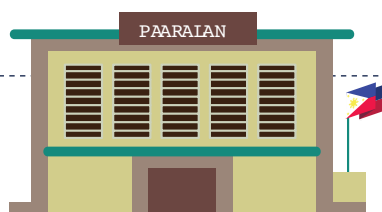
Access to quality education is essential to empowering the poor. Education opens doors to more economic opportunities and has the power to lift families out of poverty. The Aquino Administration continues to take bold steps towards reforming the education sector to ensure that every Filipino has access to basic education and that every Filipino graduate of basic education is prepared for higher education, employment or entrepreneurship. Thus, government resources will be devoted to addressing shortages in teachers, classrooms, learning materials, among other things.



The 2014 Budget allots P336.9 billion for the Department of Education. This will cover an estimated 12,568,792 learners aged 5-11 years old in the kindergarten and elementary level. Some 4,294,124 learners aged 12-15 are expected to be enrolled in the secondary level. To provide an opportunity for those who are not able to attend the regular school, some 331,150 learners above 15 years old are expected to enroll in the Alternative Learning System.

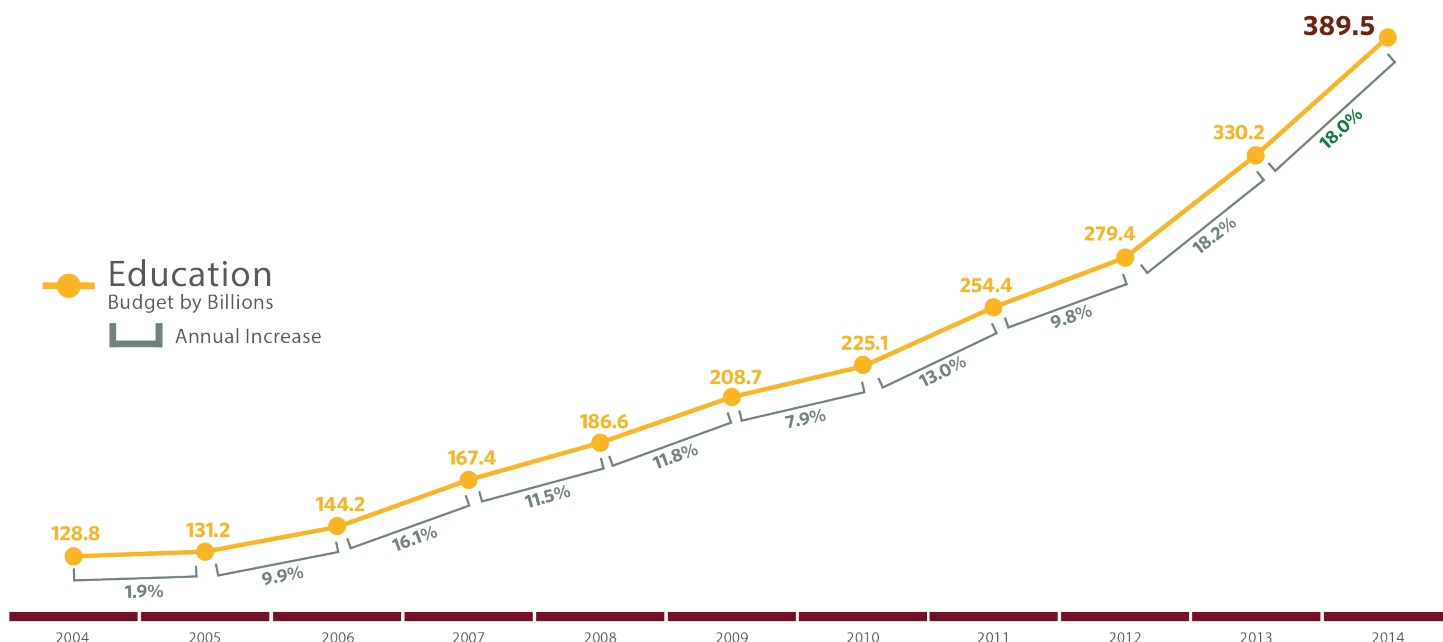
Construction of Classrooms

To address the classroom supply gap, a total of P44.6 B is allocated to fund the construction of 43,183 new classrooms, including 15,619 classrooms for senior high school for 2016; repair 9,502 classrooms; procure 1.6 million seats; and install 13,586 water facilities.



Basic Educational Facilities Php 44.6 B

- | | |
|---|--|
| <ul style="list-style-type: none"> • P37.7 B for 43,183 Classrooms in the School Building Program
Of which, frontloaded for 2016 Senior High School:
P15.6 B for 15,619 Classrooms • P2.9 B for Repair/Rehabilitation of 9,502 Classrooms | <ul style="list-style-type: none"> • P1.4 B for Construction of 13,586 Water Sanitation Facilities • P1.1 B for 1,596,921 seats for the School Furniture Program • P1.6B for 9,301 classrooms to be amortized under PPP Batch 1 |
|---|--|



Hiring of Teachers

To address the teacher supply gap, P8.6 billion is allocated for the hiring of 33,194 teachers and 1,500 principals.

Textbooks and Instructional Materials

The 2014 Budget provides P8.3 billion for the procurement of 42.6 million textbooks and instructional materials. Of which, P2.6 billion is allotted for science and mathematics equipment that will cover the first phase of a two-year program to provide all elementary grade levels, including those in kindergarten, with basic Science and Math tool kits. Moreover, P4.0 billion of which will be allocated for the DepEd Computerization Program. This program will provide 15,966 schools with computers.

Government Assistance for Students and Teachers for Private Education

To improve access to basic education and to help decongest public schools, the government, through the Department of Education, has made P7.4 billion available to one million students under the Government Assistance to Students and Teachers in Private Education (GASTPE).

Abot Alam Program

To help the community-based youth through opportunities for education, possible career, and employment, P2.0 billion was allocated for this program. It will extend and integrate education to 1.5 million out-of-school youth through the Alternative Learning System or Alternative Delivery Model.

Ensure Access to Quality Tech-Voc and Tertiary Education

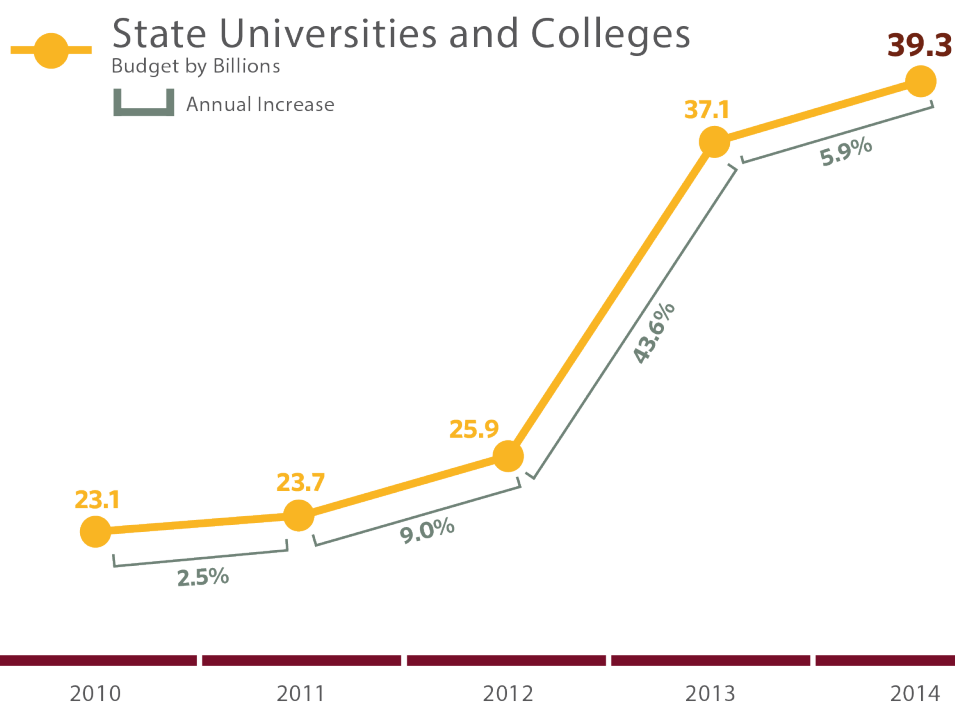


Enhanced Technical-Vocational Education and Training

(TVET) The Technical Education and Skills Development Authority (TESDA) will have P3.7 billion for its TVET program, which will benefit 161,600 trainees. Of this amount, P1.4 billion will be used for the Training for Work Scholarship Program to support 163,300 beneficiaries in 2014.

Reform Higher Education

In line with the implementation of the Higher Education Reform Roadmap, the allocation of P39.3 billion for the 112 State universities and colleges (SUCs) is intended to strengthen SUCs, expand Student Financial Assistance Programs, strengthen research, development and extension functions of SUCs and rationalize growth, distribution of SUCs, programs, and resources. P2.5 billion is allocated for scholarships for deserving students in SUCs, especially members of the CCT family beneficiaries.



In addition, P3.9 billion is allocated for the Commission on Higher Education (CHED). Of this amount, P718 million is set aside for CHED's Student Financial Assistance Program, which will subsidize 53,967 recipients. Students enrolling in Engineering, Health Sciences, Education, Information Technology, and Agriculture and related courses will be given priority as beneficiaries of these scholarship aids.

The CHED budget also includes P1.8 billion for the Philippine–California Advanced Research Institutes, a research and scholarship project aimed at (1) Establishing better information infrastructure, which can improve the government's IT capacities; and (2) Helping in the creation of another institute on Health Innovation and Translational Medicine, which will enhance our research and development capacities in terms of medicine and health equipment.

Provide Socialized Housing

The Aquino Administration is committed to providing poor and vulnerable households with quality and affordable homes. Low income levels, inadequate supply of housing units, and limited accessibility to home financing packages are among the challenges that the 2014 Budget addresses.

Relocation of Informal Settler Families in Danger Zones

P10.2 billion will be used for the relocation of 26,367 informal settler families living in danger zones, particularly near the waterways of Metro Manila, to in-city and off-city (i.e., Bulacan, Rizal, Cavite) relocation sites. The DILG will oversee the implementation of this activity to be supported by the various housing agencies and other government entities concerned:

- National Housing Authority | P5.5 billion
- Social Housing Finance Corporation | P3.7 billion
- DILG | P1.1 billion for disaster risk reduction dislocation assistance and micro-medium rise buildings for 472 beneficiaries



3

Inclusive Growth

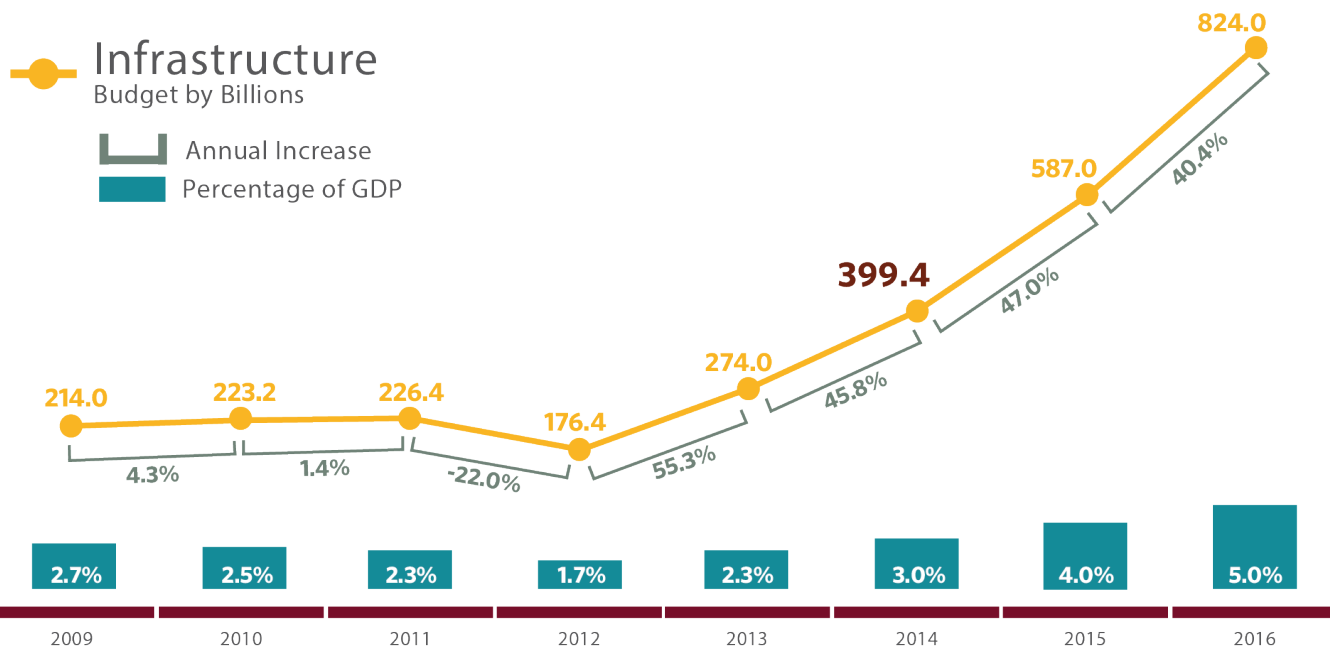
Preface

Inclusive growth means putting the poor at the center of development. The impressive economic growth experienced in 2012 and 2013 would be meaningless if the poor do not feel it. The Aquino Administration is committed to eliminating inequitable circumstances that prevent Filipinos from taking advantage of opportunities. Thus, apart from investing in the capacity of Filipinos through effective social protection and basic social services through education and healthcare, it is necessary to funnel more resources to sectors that have been left behind.

With this, the Aquino Administration is committed to foster the growth of industries, primarily agriculture, agro-manufacturing,

and tourism, that creates employment for the unskilled and uneducated; to ensure backward and forward linkages through infrastructure and give communities better access to opportunities; and to build social capital that empowers communities and small entrepreneurs to create economic value from the grassroots.

To support economic expansion, the total infrastructure budget for 2014 has been increased to P399.4 billion, from P294.7 billion in 2013. The Aquino Administration plans to further increase the infrastructure budget to P824 billion or 5 percent of GDP by 2016.



Transport Infrastructure

Investments in transportation infrastructure will be sustained to ensure the seamless interconnection of people and products across the country, to reduce transport costs by 8.5 percent, and to lessen logistics costs from 23 percent to 15 percent.

The flagship Transport Infrastructure Program for 2014 amounting to P180.1 billion will be directed toward creating additional jobs in the construction and manufacturing sectors and spurring spin-off activity in the rest of the economy. This amount is about 44.1 percent higher than the 2013 allocation of P124.9 billion.

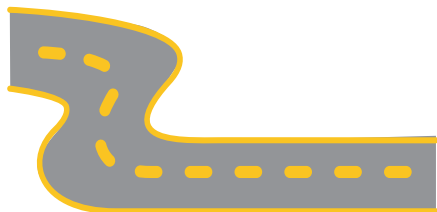
The road transport component will represent the bulk of the transport infrastructure budget at P151.5 billion (84.1 percent), followed by rail transport at P16.4 billion, air transport at P9.0 billion, and maritime transport at P3.2 billion.

Road Transport

Of the P151.5 billion for the road transport component of the Transport Infrastructure Program, the bulk of P137.7 billion will be for the National Roads and Bridges program of the Department of Public Works and Highways (DPWH).

Includes:

- DPWH | National Roads and Bridges Program | P137.7 billion
- DA | Farm to Market Roads | P12 billion
- DOTC | Road Transport IT Infrastructure Project | P1.3 billion
- MMDA | 161 Signalized Intersections and Traffic and Transport Management | P499 million



Air and Maritime Transport

The Department of Transportation and Communication (DOTC) will have P9 billion for various airport projects and P3.2 billion for various seaport projects:

Air Transport | P9 B

Locally-Funded Projects | P1.6 billion

Includes:

- Bicol International & Tacloban Airport Development | P350 million
- Mactan Cebu Airport Expansion (PPP) | P124 million

APEC Requirements | P1.2 billion

- Clark International Airport | P270 million
- Davao International Airport | P508 million
- Iloilo International Airport | P275 million
- Kalibo International Airport | P150 million

Foreign-Assisted Projects | P6.2 billion

- Puerto Princesa | P1.7 billion
- New Bohol (Panglao) | P2.7 billion
- New CNS | P1.5 billion
- Laguindingan | P279 million

Maritime Transport | P3.2 B

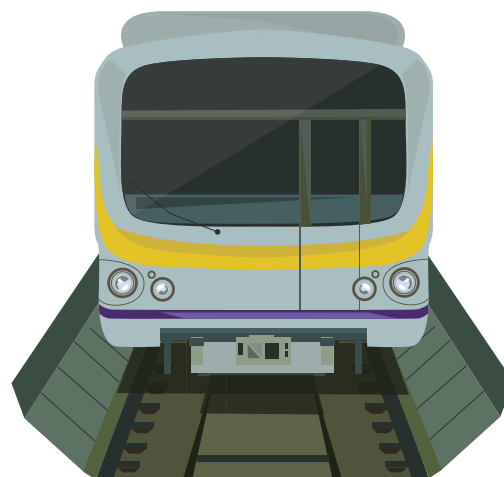
- Locally-Funded Seaport Development Projects | P831 million
- APEC Requirements (Caticlan & Cabagan Jetty Ports) | P249 million
- Foreign-Assisted (Multi-Role Response Vessels) | P2.1 billion

Rail Transport

The Aquino Administration is committed to increasing urban mass transport ridership from 1.2 million to 2.2 million, which will generate time savings equivalent to P54 billion by 2016.

Thus, P16.3 billion has been set aside for railways, doubling the 2013 allotment of P5.8 billion:

- Metro Rail Transit System Line 3 | 48 additional light rail vehicles | P4.5 billion
- Light Rail Transit (LRT) Line 1 Cavite Extension | Baclaran to Bacoor | P6.8 billion
- LRT Line 2 Antipolo Extension | Santolan to Masinag | P5.1 billion

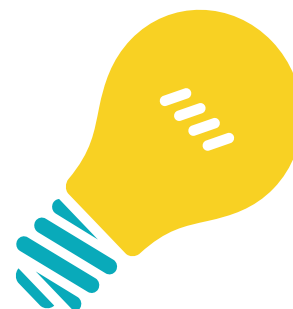


Rural Electrification

Through the Department of Energy (DOE) and the National Electrification Administration (NEA), the Aquino Administration will continue to put barangays and sitios on the grid under its rural electrification program. Socio-economic growth of the marginalized sectors including farmers and fisherfolk in remote unelectrified areas of the country will be spurred by providing them with electric services. This will yield opportunities for an improved quality of life, greater access to basic services, and better infrastructure for rural development.

The government will pursue the rural electrification program for 2014 through the implementation of the Household Electrification Program in Off-Grid Areas for far-flung provinces using renewable energy system, the Sitio Electrification Program, the Barangay Line Enhancement Program, and the Missionary Electrification Projects of Small Power Utilities Group. The Sitio Electrification Program and the Barangay Line Enhancement Program will also be implemented in armed-conflict provinces under the PAMANA program.

- Household Electrification Program | 5,937 households | DOE | P159 M
- Sitio Electrification Program | 7,073 sitios | NEA | P6.4 B
- Barangay Line Enhancement Program | 301 barangays | NEA | P753 M
- PAMANA Sitio Electrification Program and the Barangay Line Enhancement Program | 27 sitios/barangays | NEA | P58 M
- Small Power Utilities Group | 340 plants | National Power Corporation | P2 B
- Exploration, Development and Utilization of Renewable Energy Resources | DOE | P79 M



To reduce energy consumption and greenhouse gas emissions, P2.6 billion will be allocated for the Market Transformation through the Introduction of Energy Efficient Electric Vehicle Project. This project will fund a) the deployment of 17,000 units of e-trike, b) battery supply chain including support infrastructure, c) solar charging stations, and d) material recovery collection of used batteries. This project will also increase the take home pay of tricycle drivers.

Agricultural Development

Farmers and fishfolk are among the poorest Filipinos. Poverty incidence is highest in provinces where the main livelihoods are fishing and coconut farming. The 2014 Budget focuses on meeting the twin objectives of food security and poverty reduction by allotting resources for infrastructure support and programs to improve agricultural productivity.

The Department of Agriculture (DA) will have a budget of P52.7 billion for its programs that will increase the productivity and income of farmers and fishermen. Around P10.5 billion was allotted for the 2,116,313 farmers, farm laborers, and fishermen of the 20 poorest provinces.

Infrastructure support

Adequate infrastructure support is needed to boost farm production. The 2014 Budget allots P21.1 billion for irrigation projects to service new irrigation systems of 59,491 hectares, rehabilitate 17,634 hectares, and restore 8,894 hectares of irrigated land. Irrigation fees will be ploughed back for the rehabilitation of irrigation systems in the first to third class LGUs to maximize the use of resources for the opening of new irrigated lands and the rehabilitation of systems in poorer LGUs.

The 2014 Budget allocates P 12 billion for the concreting of 1,000 kilometers of farm-to-market roads. The DPWH is raising the standards for these roads and locating them in the focus geographical sites with the help of the DA.

Support for fisherfolk

To improve productivity and raise the incomes of fisherfolk, P4.2 billion will be allotted to the DA-Bureau of Fisheries and Aquatic Resources wherein P1.2 Billion will provide production support and supplies for 206,354 fisherfolk, among others. P1.11 billion is allocated for infrastructure



facilities and equipment. This will benefit 91,205 fishermen and consequently reduce spoilage and losses in products. This allocation will also cover the construction of 21 fish ports and 8 ice plants and cold storage units in areas not exhibiting overfishing, those where poverty incidence is high, and those that can serve tourism and has access to existing roads, ports, and power facilities.

Support for coconut farmers

Among the poorest Filipinos are coconut farmers. To support the growth of the coconut industry and to raise the incomes of coconut farmers, the 2014 Budget allocates P2.04 billion to the Philippine Coconut Authority for coconut farm inputs or an increase of 36 percent from the 2013 level. Some P704 million will buy 19,500,000 coconut seed nuts and palm seeds that will be planted by 195,000 beneficiaries, P416 million for 1,232,200 bags of fertilizer that will be distributed to 217,000 beneficiaries, P20 million for 128,000 oil palm seedlings for 1,000 beneficiaries, and P30 million for 20,000 bags of commercial fertilizers that will be distributed for the rehabilitation of oil palm in Sultan Kudarat and Agusan del Sur, thereby benefitting 5,000 farmers. Some P306 million will be used to distribute 5,000,000 coffee and cacao seeds planted by 10,000 beneficiaries, 50,000 bags of complete fertilizers distributed to 25,000 beneficiaries, and 4,000,000 livestock and other planting materials distributed to 16,275 beneficiaries.

Manufacturing and Agri-Based Industries

Micro, small, and medium scale enterprises (MSMEs) play an important role in the country's economy as they employ 70% of the workforce. Supporting MSMEs means creating more value and more jobs.

Shared Service Facilities

P770 million will be allotted in the 2014 Budget to create 827 Shared Service Facilities. Through these facilities, MSMEs which cannot afford equipment and other production requirements can use machines and services provided by the government. 24,337 jobs are expected to be created with this investment.

Research and Development

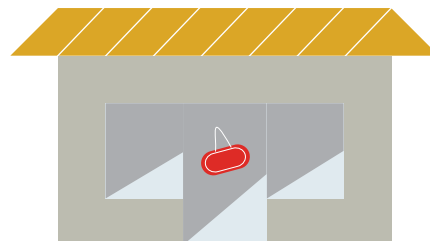
The manufacturing and agri-based industries can benefit from research and development in science and technology. P319 million is allocated in the 2014 Budget for the Department of Science and Technology-Philippine Council for Industry, Energy and Emerging Technology Research and Development for the establishment of the Advanced Device and Materials Testing Laboratory that would provide companies with testing services.

Training of Workers

P242 million was earmarked for the Department of Labor and Employment–TESDA for the training of 32,266 trainees under the Training for Work Scholarship Program and Promotion/Development of Quality Technical Education and Skills.

Manufacturing Industry Roadmap

To boost the manufacturing sector, the Manufacturing Industry Roadmap (MIR) was created to make the country competitive in



preparation for the ASEAN economic integration in 2015. The MIR is an integration of the plans of stakeholders that will promote the growth of specific industries and the entire manufacturing sector.

The MIR will be implemented in two phases. Phase 1 (2014–2017) will focus on a) strengthening agriculture-related products, machinery, glass, and some chemical products; b) maintaining competitiveness of “classics,” such as forest materials, raw materials, cereals, labor- and capital-intensive garment products, machinery, and certain chemical products; and c) rebuilding existing capacities. Phase 2 will be implemented from 2018 to 2021.

The Industry Development Program will receive P60 million primarily to finance the conduct of feasibility studies on investment project proposals, publication of roadmaps, and capacity-building activities.

The amount of P754 million will fund the promotion and development of MSMEs through technical assistance, such as skills training, product development, and market development and access, to capacitate MSMEs and improve their productivity and competitiveness.

Tourism Development

“It’s More Fun in the Philippines!”

The success of this tourism campaign has meant a significant increase in tourist arrivals. Tourism not only allows the country to showcase its people and its natural and cultural resources, it also generates jobs and provides business opportunities for many Filipinos. Tourism is expected to contribute P835.4 billion to the economy and generate 5.4 million jobs next year.

To sustain the growth of the tourism industry and to meet the target of 6.8 million international tourists and 47.7 million domestic travelers in 2014, the 2014 Budget includes appropriations for tourism promotion, human resource development, infrastructure, smooth entry for foreign visitors, and safety of tourists.

Through the Tourism Development Plan, the Aquino administration identified 10 gateway tourism destination clusters, namely, Laoag–Vigan, Central Luzon, Metro Manila, CALABARZON, Bicol, Palawan, Central Visayas, Western Visayas, Cagayan de Oro Coast and Hinterlands, and Davao Gulf and Coast. P24.8 billion will be set aside to improve market access, connectivity, and destination infrastructure for these clusters.

This amount, which represents 83 percent of the program’s budget will fund:

- Construction, Widening, Upgrading of Access Roads to Declared Tourists Destinations | DPWH | P14.3 B
- Construction, Improvement and Rehabilitation of Airports, including Navigational Facilities | DOTC | P9 B
- Construction and Upgrading of Seaports | DOTC | P534 M



To further boost the development and marketing of competitive destinations and products, P4.5 billion will be allocated to:

- (1) develop diversified tourism products that engage local communities;
- (2) facilitate tourism investment by lowering cost of business;
- (3) safeguard natural and cultural heritage and vulnerable groups; and
- (4) implement an effective marketing strategy and action plan.

The amount will cover the Tourism Promotion Services (P1.2 billion) of the Tourism Promotions Board and the Support Infrastructure and Facilitating Investment of the Tourism Infrastructure and Enterprise Zone Authority (P1.2 billion).

P523 million of the tourism program budget is allotted to develop a competent, well-motivated, and productive tourism workforce; and to improve governance in the area of safety and security in dealing with tourists. This amount will cover the P360 million tourism capability-building services under the Technical Education and Skills Development Services and the P144 million quarantine services and international health surveillance under the Department of Health.

Preface

The Aquino Administration believes that a just and lasting peace, security, and the rule of law are essential for promoting good governance, eliminating poverty, and spurring economic growth.

The pursuit of a just peace is a priority area in the Aquino Social Contract. This means continuing the negotiated political settlement of armed conflicts alongside efforts to address

the needs of the vulnerable; the protection of national security alongside the promotion of human rights; and the strengthening of the rule of law through judiciary and enforcement reform.

***Ensure Lasting Peace and Development***

For 2014, the government, through the Office of the Presidential Adviser on the Peace Process (OPAPP), will continue to work towards lasting peace and development for the nation and all Filipinos. P212.9 million is allocated to the OPAPP for its technical advisory and support services in support of the comprehensive peace process. Of this amount, P70 million will be used to boost all Conflict-Sensitive, Peace-Promoting Program Processes and Mechanisms that are currently in place in 25 provinces. This will capacitate 9 national government agencies, 37 LGUs, and 18 civil society groups to engage in the peace process.

Payapa at Masaganang Pamayanan

PAMANA is the government program and framework for peace and development. It is focused on fostering peace in areas affected by conflict as well as communities covered by existing peace agreements. PAMANA will be allocated P7.2 billion in 2014 or an increase of 43.8 percent from its 2013 level. Of this amount, P2.7 billion

will go to the Autonomous Region in Muslim Mindanao for development support initiatives and Roads to Peace projects in 386 of the poorest barangays.

P1.73 billion will be allotted for the mobilization of the Department of Agriculture's agri-fisheries production, agricultural infrastructure activities, and farm-to-market roads in 22 beneficiary provinces across the country. P1.55 billion will be channeled to the DILG for the development of key roads and water and community infrastructure as well as for the advancement of capacity-building efforts for local governments under the PAMANA program.

P922 million is set aside for the Department of Social Welfare and Development for the implementation of the KALAHI-CIDSS program and other sustainable livelihood programs in 2,676 barangays, 110 municipalities, and 24 provinces under the PAMANA program as well as for the development of 63 day care centers for various beneficiary areas.

Modernize Law Enforcement and Territorial Defense

The 2014 Budget supports the enhancement of the capability of the country's police force, the modernization of its fire protection agency, and the upgrading of its capabilities to defend national interests.

Crime Prevention and Suppression Services

To strengthen the police force and reduce the crime rate by 5 percent, the Philippine National Police will receive a budget of P69.7 billion.

Department of National Defense (DND)–AFP Modernization Program

The 2014 Budget allocates P5 billion for the program to allow the agency to upgrade or secure new communications equipment, lead-in fighter trainer jets, closed air support aircraft, long-range patrol aircraft, radar systems and engineering equipment.

Fire Suppression and Investigation Services

With a budget of P8.4 billion, the Bureau of Fire Protection will improve its capability to respond to calls, with five to seven minutes set for fire calls and 10 minutes for emergency medical services and rescue calls.



Strengthen the Delivery of the Rule of Law

Instituting socio-economic reform necessitates the swift and firm enforcement of the law. The 2014 Budget enhances the existing strengths of the Philippine justice system, with the end goal of ensuring greater order and security across the country.



P11.1 billion will be allotted to the Supreme Court to facilitate the fair and speedy resolution of cases—appeals or otherwise—under its jurisdiction. As part of its performance targets for 2014, the Supreme Court seeks to achieve a disposition rate of 32 percent for Regional Trial Court cases and 51 percent for Metropolitan Trial Court cases.

P506 million will be apportioned for the Court of Appeals, which will use the Budget to deliver effective and efficient decisions in all cases under its jurisdiction with a disposition rate of 50 percent.

A total of P11.5 billion has been allotted for the Department of Justice to improve its investigation and prosecution services. P3.2 billion is earmarked to boost its capacity to investigate and resolve 296,264 criminal complaints.

The National Bureau of Investigation is allotted P816 million to enhance its services to conduct and act upon 48,600 investigations.

The Public Attorney's Office (PAO) has a budget of P1.8 billion to increase its capacity to provide free legal services to an estimated 4,643,719 indigent clients and other qualified persons in need of legal assistance and proper representation in court.

Preface

A recent World Bank report stated that the Philippines was considered the third most vulnerable country to weather-related extreme events, earthquakes, and sea level rise. Climate change has brought devastating effects to the agriculture and fishing industries, infrastructure, property, and to human lives. The poor and marginalized have suffered the most.

In 2014, the Aquino Administration will continue to strengthen efforts in protecting the environment and addressing climate change effects through effective adaptation and mitigation programs and projects.



Ensure Climate- and Disaster-Proof Infrastructure

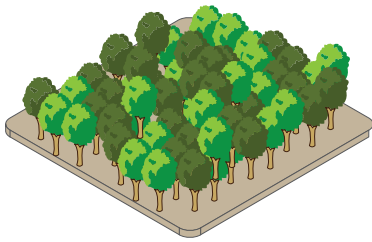
The 2014 Budget allots the DPWH P34.2 billion for flood control and management services, more than twice the P15.8 billion allotted in 2013. This Budget will be used to construct 465 flood control structures and drainage systems nationwide. These structures will include 119 flood mitigation facilities along major and principal rivers worth P3.3 billion. P203 million of the Budget will be utilized to maintain and construct 486 rainwater collection systems as well as a septage and sewerage system all over the country.



P555 million will be allocated for the Metro Manila Development Authority's flood mitigating activities, such as deepening waterways, desilting drainage mains, and declogging drainage laterals. This amount will be accompanied by a P899 million allocation for a waste disposal management project for Metro Manila, which aims to reduce waste being disposed in landfills and to increase the garbage diversion rate of the LGUs.



Protect and Develop Watersheds and 18 Major River Basins



Reforestation is necessary to protect and develop the country's watersheds. The 2014 Budget will allocate P6.2 billion to the National Greening Program led by the Department of Environment and Natural Resources to produce 164.6 million seedlings that will cover 300,000 hectares of forest land.

P513 million will be earmarked to finance the preparation of 35 critical watershed management plans, the profiling of 26 watersheds, and the rehabilitation of 42,000 hectares of degraded and denuded watershed areas. The integrated river basin development plans for the 18 major river basins will also be completed this year.

Pursue Land Use Development

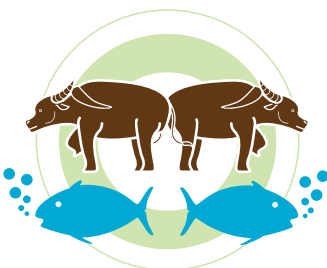


The 2014 Budget sets aside a total of P431 million for the DENR-Mines and Geosciences Bureau for geohazard mapping programs to identify effective land usage and determine disaster preparedness. This amount will complete the target of mapping 1,634 cities and municipalities.

P949 million will be utilized by the DENR-NAMRIA of which, P285 million will be used to produce or publish 213 maps and charts for land cover mapping, mapping of low-lying areas, and coastal resource mapping.

As part of the Nationwide Operational Assessment of Hazards or Project NOAH, P500 million will be available to generate and deliver high-resolution imagery using LIDAR technology to create comprehensive and accurate flood models of the country's 18 major river basins. This LIDAR Technology will also provide inputs to NAMRIA's topographic base mapping and to the Land Management Bureau's cadastral surveys.

Establish a Network of Protected and Key Biodiversity Areas



The Aquino Administration will continue to pursue biodiversity conservation efforts to preserve vulnerable species and habitats. Apart from the allocation to the DENR's National Greening Program, the department will also be provided with a P312 million budget to establish a network of protected biodiversity areas. This endeavor will include the implementation of the Sustainable Coral Reef Ecosystem Management Program, which was allotted with P149 million.

Environmental Governance and Disaster Risk Mitigation



The 2014 Budget addresses the need to enhance the public's knowledge on climate change and improve the capacity of communities and sectors at the local level to handle efforts on climate change adaptation, mitigation, and disaster risk reduction.

P1.2 billion is allocated to enhance the environmental regulation services of the DENR-Environmental Management Bureau and to enable it to support the crafting and updating of environment and natural resources plans, development and enforcement of policies and standards, as well as the implementation of monitoring and evaluation systems.

To boost efforts in fighting air pollution, the Clean Air Regulation program will be given P390 million for the establishment of 39 additional air quality monitoring stations to augment the 55 existing sampling stations and the 39 stations to be established in 2013.

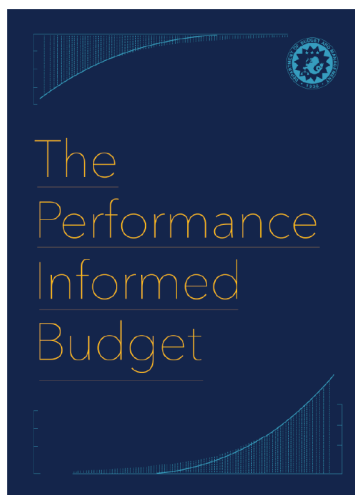
P83 million will be allocated for the DND–Office of Civil Defense in the 2014 Budget. This amount will be used to capacitate 96,300 people in implementing climate change measures through the conduct of disaster risk management reduction trainings.

P54 million will be earmarked for the Climate Change Commission in support of its initiatives on climate change adaptation and mitigation. These will cover the development of more focused climate change policies and plans, the conduct of vital research for adaptation measures, and the increase and improvement of capability trainings toward disaster preparedness.

The People's Budget Publications

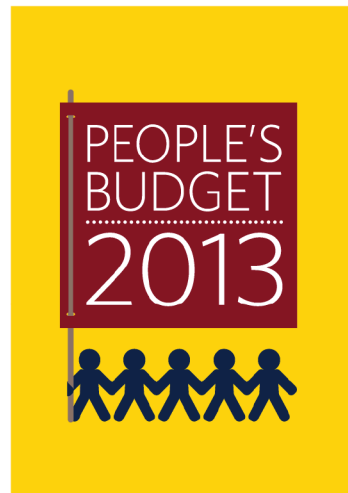
The Department of Budget and Management is committed to empowering citizens in the national budget process. By practicing fiscal transparency and participation, it seeks to ensure that citizens are able to exercise their voice and vote on how government spends their hard-earned taxes.

Transparency does not only entail disclosing information and making it available to citizens. It also requires government to ensure that information on its finances and transactions are accessible to the people—in a form and language that they can readily understand. This inspired the DBM to launch the People's Budget Publications: a series of informational materials that seek to popularize the Budget, the budget process and public expenditure management reforms.



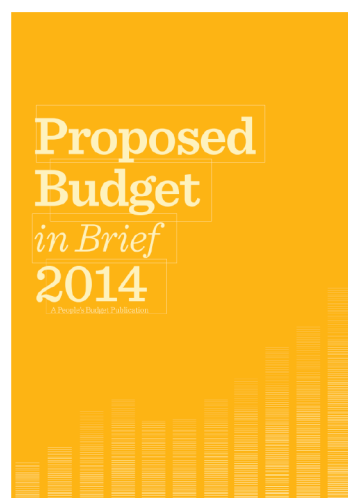
Reform Advocacy Materials

This year, the DBM introduced reform advocacy materials which discuss various public expenditure management reforms being implemented by the government. The brochure on the Performance Informed Budget is the first of such materials.



People's Budget

the flagship publication of the series, it is a non-technical presentation of the annual General Appropriations Act (GAA) as approved by Congress and enacted by the President. It also provides a summary of the national budget process.



Proposed Budget in Brief

similar to the People's Budget primer, this presents a non-technical summary of the National Expenditure Plan (NEP) that the Executive submitted to Congress for its review and approval.



A Quick Glance on the Budget

a brochure that provides citizens with a quick and condensed summary of the annual budget.



In addition, the DBM launched **BudgetNgBayan.Com** a web version of the People's Budget publications that enables citizens to interact with DBM through social media.



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