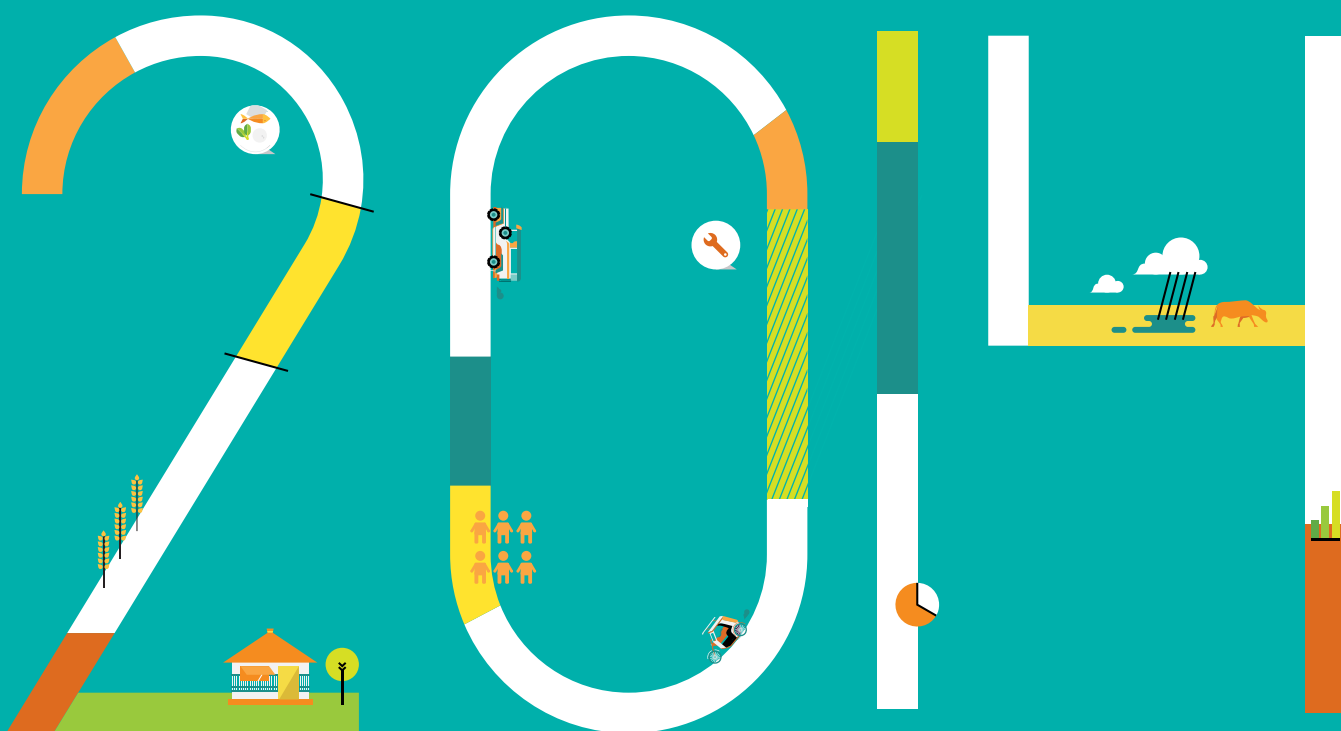




Republic of the Philippines

DEPARTMENT OF BUDGET AND MANAGEMENT

PEOPLE'S BUDGET



MARCH 2014

2014 People's Budget

Produced by the Philippine Department of Budget and Management
18 March 2014

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Paggugol na Matuwid sa Budget ng Bayan

Foreword

How do we sustain our record economic gains and ensure that these truly benefit our people? How do we deepen the reforms that we have been instituting since the beginning of the Aquino Administration?

The Administration sought to address these questions in putting together the proposed 2014 National Budget during the first half of last year.

While Congress was deliberating on the proposed Budget, our country faced unprecedented challenges: the outpouring of our people's outrage over the use of public funds, which led to the abolition of the Priority Development Assistance Fund; and the devastation that calamities brought upon our people in the Visayas and Mindanao.

This significant turn of events certainly influenced the design of the 2014 Budget. The people's outcry, and the pain and anguish of those who were in harm's way made us see more the need, and therefore the resolve, to further governance reforms and achieve Inclusive Development.

This edition of the People's Budget seeks to capture this historic moment.

This publication provides an overview not only of where public funds will be spent this year but also of how these funds will be spent. It does not only summarize the P2.265-trillion Budget for 2014 but also documents the ongoing transformation of Philippine budgeting. This publication seeks to inform the people about the annual Budget and serves as an integral component of ongoing efforts to empower the people in the budget process.

The People's Budget, which the Department of Budget and Management has been producing since 2011, is a testament to our desire to outdo ourselves every year. Aside from the standard plain language used to present the summary of the Budget, this edition features real stories of people who have benefitted from government spending. For the sake of accessibility, it is now being made available in Tagalog and Visayan.

Through this publication, we continue to maximize the use of the power of visual communication in bringing budgeting closer to ordinary citizens.

I dream—we all dream—of a day when bureaucrats and citizens fully understand each other; when public institutions exclusively act on behalf of their bosses; when the National Budget is fully transformed into a "People's Budget." Let us continue linking arms to reach that destination—*tiyak akong malapit na iyon*.

FLORENCIO "BUTCH" ABAD

Secretary of Budget and Management

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A Historic Moment for Paggugol na Matuwid

“Sa makasaysayang panahong ito ng ating bansa, tunay na naging bukal ng positibong pagkakataon ang bawat hamon na ating hinaharap. (In this historic time in our country, every challenge we have faced has truly led to positive opportunities).”

- H.E. President Benigno S. Aquino III,
Speech during the Signing of the 2014
General Appropriations Act

The 2014 General Appropriations Act (GAA) was crafted and enacted during truly remarkable times.

In 2013, the Philippines reached new heights that were previously unimaginable: robust economic growth that outshone its neighbors, upgrade of its credit rating to investment grade, heightened levels of global competitiveness and investor confidence, and other unprecedented gains. All of these achievements became possible because of the Aquino Administration's commitment to good governance. In the same breadth and time, the Administration persevered in fulfilling the Social Contract it had made with the Filipino People in the very beginning.

But by no means is this journey complete and already victorious.

TOWARD INCLUSIVE DEVELOPMENT

President Aquino himself emphasized the need to deepen the foundations for Inclusive Development: “I believe that the foremost task that we have now is to further deepen our people's ownership of our newfound prosperity¹.”

This statement means that the government must intensify its investments on the people, especially in capacitating the poor, through education, healthcare, social protection, and other basic services. It also means that economic growth must not only be sustained but also lead to the creation of meaningful employment and livelihood opportunities for the people. These commitments require public institutions that are built on stable foundations of good governance: only in this way can the government effectively deliver services to its people and create an environment suitable for economic expansion.

Therefore, the National Budgets from now to 2016—beginning with the P2.265-trillion National Expenditure Program for 2014 submitted by the President to Congress on July 23, 2013—must be designed to support the agenda for Inclusive Development.

A CRITICAL CROSSROAD

The people's demand for honest, responsive, and compassionate governance has heightened considerably.

The country faced unprecedented challenges in the latter half of 2013, when Congress deliberated on the proposed Budget for 2014. Exposures of billions in pork barrel funds siphoned off to line the pockets of a few—through syndicates using fake non-government organizations and beneficiaries—led to the outpouring of the people's outrage. The people had finally spoken: abolish the pork barrel, and hold accountable those who have abused it in the past.

In response, President Aquino instructed the filing of plunder cases against these syndicates—including high public officials who were alleged to have committed such crime against the people. He also ordered the withholding of further releases from the Priority Development Assistance Fund (PDAF) and worked toward its abolition from the National Budget. With the support of Congress, funds originally allocated for the PDAF were rechanneled to regular programs of key social and economic

REALLOCATION OF THE PDAF

2014 PROPOSED PDAF: **P 25.2B**



Removed from budget

P 3.17B



Realigned to the calamity fund

P 1B

REALIGNED TO REGULAR PROGRAMS AND PROJECTS OF AGENCIES: **P 21.03B**⁴



CHED for scholarship assistance to students

P 4.12B



DOH for hospitalization and medical assistance

P 3.25B



DOLE for the special program for the employment of students

P 1.02B



TESDA for training-for-employment

P 1.03B



DSWD for burial transportation, medical, and food assistance

P 4.09B



DPWH for local infrastructure

P 7.26B

service delivery departments, including additional resources for calamity response and rehabilitation programs.

The task of addressing patronage and corruption in public expenditure is not yet over. Budget and Management Secretary Florencio B. Abad had said, "I view the pork barrel controversy as perhaps the best thing that has happened so far to the Philippine Budget Process. Our people, holding onto their dream of a transformed society, have expressed their desire to have a deeper stake in the way government spends their hard-earned taxes. This gives us a great opportunity to escalate the momentum of reform."

BUILD BACK BETTER

The country also experienced tragedy after tragedy in the latter part of 2013: the violence in Zamboanga City, the earthquake in Bohol, and the devastation wrought by Typhoon Yolanda in the Visayas. These calamities called our attention not only to the need for additional resources but also to the urgency of strengthening the capacity

of public institutions to respond to climate change.

With the support of Congress, more resources were made available for calamity rehabilitation and reconstruction. The 2014 GAA provides a bigger Calamity Fund of P13 billion, a P20-billion Rehabilitation and Reconstruction Program, and P80 billion for reconstruction projects under the Unprogrammed Fund, among others. In addition, Congress also passed a P14.6-billion supplemental budget and extended the validity of the rehabilitation and reconstruction funds under the 2013 Budget to this year (see page 59 for more details). The abolition of PDAF helped bolster available resources for urgent rehabilitation and reconstruction activities.

President Aquino summed up his Administration's strategy in three words: "Build Back Better." Communities must be rebuilt to a much better state than that before the calamities to avoid the vicious cycle of destruction and reconstruction.

Thus, permanent and resilient housing will be built in safer zones. Infrastructure will not only be rebuilt but also be made climate-proof.

Support will be given to revive the lost livelihood of farmers, fisher folk, and entrepreneurs.

The 2014 Budget was not crafted and approved in a vacuum. It was shaped by the historic events that irreversibly influenced the country's future. Most important, it was inspired by the people who unrelentingly stood for honest, responsive, and compassionate governance. Today, it stands for the deep commitment of the Aquino Administration to sustain the fight for reform.

¹ 2014 President's Budget Message

² This amount plus the P200 million under the Office of the Vice President for priority programs and projects have been removed. This is why the total approved GAA was lower than the P2.268-trillion proposed Budget.

³ This is the amount of post-Yolanda rehabilitation projects approved by the President, to be charged against 2012 and 2013 Continuing Appropriations.

⁴ The amount also includes P292.4 million realigned to other agencies, including local government units.

Transforming the National Budget

Our people... have expressed their desire to have a deeper stake in the way government spends their hard-earned taxes. This gives us a great opportunity to escalate the momentum of reform.”

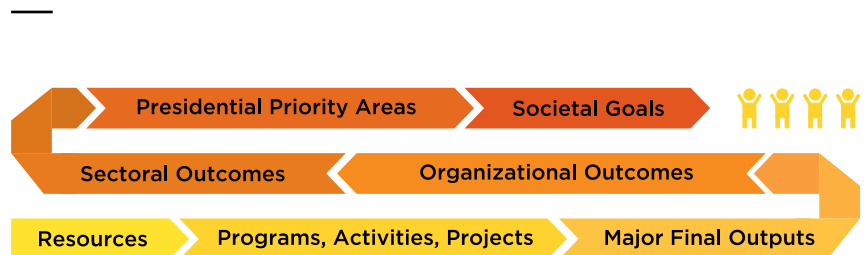
- Secretary Florencio B. Abad

Today, the people are strongly interested to know about how the government spends their hard-earned taxes and thus have shown great passion for engaging the national budget process. Their greater stake creates a great opportunity to deepen and hasten the pace of reform: to escalate the practice of transparency, to strengthen public institutions along clear roles and accountabilities, and to nurture the people’s greater interest in reform into channels for constructive engagement.

The Aquino Administration takes advantage of these favorable conditions in transforming the National Budget.

From the very beginning, the government has been instituting reforms to **ensure spending within its means, spending on the right priorities, and spending with measurable results**. Building on these early efforts, the Administration ensures that the 2014 Budget enables key game-changing reforms, which empower the citizens in public expenditure management. These reforms include the following:

PERFORMANCE-INFORMED BUDGETING



In the past, the National Budget had contained an almost incomprehensible mix of numbers and technical details that were difficult for Juan to understand. Now, for the first time, the 2014 Budget presents government agencies’ committed performance targets alongside the financials. The GAA itself now states, for example, that the Bureau of Fire Protection commits to respond to at least 5,185 fire calls in NCR within 5 to 7 minutes; or that the Department of Education commits to enroll 12.6 million children in kindergarten and elementary schools nationwide.

Through Performance-Informed Budgeting (PIB) that was applied in crafting the 2014 Budget, the GAA itself now tells a clearer story of how public funds are used by government agencies to deliver measurable services and to achieve broader outcomes. Juan can now see the performance commitments of each agency—and hold them accountable for their performance.

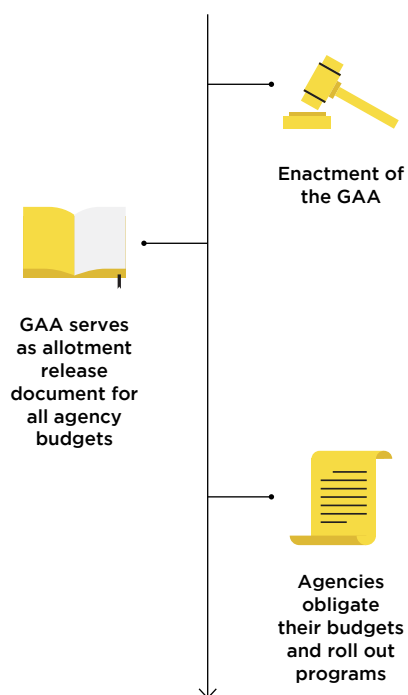
In addition, the PIB contributes to the strengthening of institutional checks-and-balances around the budget. It provides legislators with tools to better scrutinize budget proposals and perform Congress’ oversight function on the performance of the agencies. Moreover, the PIB helps boost the capabilities of agencies in planning, budgeting, and implementation, all of which are crucial in the effective delivery of services to citizens.

This reform is not only about building up the culture of merit in government: ultimately, it is also about empowering citizens to hold public institutions accountable for their performance.

To learn more about PIB, download the PIB brochure at:
<http://budgetngbayan.com/performance-informed-budget-brochure-2464/>

GAA-as-RELEASE DOCUMENT

To empower the people also means to give them fast, responsive, and efficient services. To this end, the Aquino Administration continues to improve the implementation of the National Budget.



The latest major milestone is the GAA-as-Release Document, which is part of a new policy regime that seeks to de-clog the budget execution process. This time, budgets or appropriations—except for those included in a Negative List—are already considered released to agencies as allotments when the GAA takes effect. As a result, as much as 86 percent of agency-specific budgets are already released to agencies without need for the Special Allotment Release Orders or SARO.

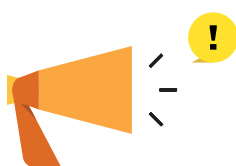
The GAA-as-Release Document is made possible by the early efforts to reduce lump sum funds and to flesh out agency budgets into specific programs and projects (the GAA now comes in three volumes because of greater detail). It is complemented by parallel reforms in budget execution, such as the move

toward a checkless and cashless payment regime through the Expanded Modified Direct Payment System and the undertaking of bidding processes before the GAA is enacted so that projects can be awarded as early as day one of the fiscal year.

The GAA-as-Release Document and other budget execution reforms are not only about speed and efficiency but also about transparency and accountability as well as responsiveness to the needs of the citizens.

To learn more about the GAA-as-Release Document, see the FAQs at <http://www.dbm.gov.ph/wp-content/uploads/Issuances/2014/National%20Budget%20Circular/Annex%20D-English.pdf> or <http://www.dbm.gov.ph/wp-content/uploads/Issuances/2014/National%20Budget%20Circular/Annex%20D-Filipino.pdf>

GRASSROOTS PARTICIPATORY BUDGETING



The National Budget is not only for the people. It is, first and foremost, owned by the people. To empower citizens in the budget process, the Aquino Administration institutes bold reforms to create wider and more meaningful spaces for people's participation.

One such reform is the Grassroots Participatory Budgeting Process (formerly Bottom-Up Budgeting) to give communities a direct voice and vote in the budget process. In crafting the 2014 Budget, communities and local civil society organizations were engaged in the crafting of local poverty reduction plans in 1,225 cities and municipalities. This participatory process led to the inclusion of P20.1 billion in locally developed programs and projects in the 2014 Budget.

Grassroots Participatory Budgeting under the 2014 Budget was an expansion of that in the 2013 Budget, which piloted in 595 cities and municipalities and resulted in a P8.3-billion allocation. As the Aquino Administration is determined to institutionalize this system, all local government units will now be covered by the process in crafting the 2015 proposed Budget.

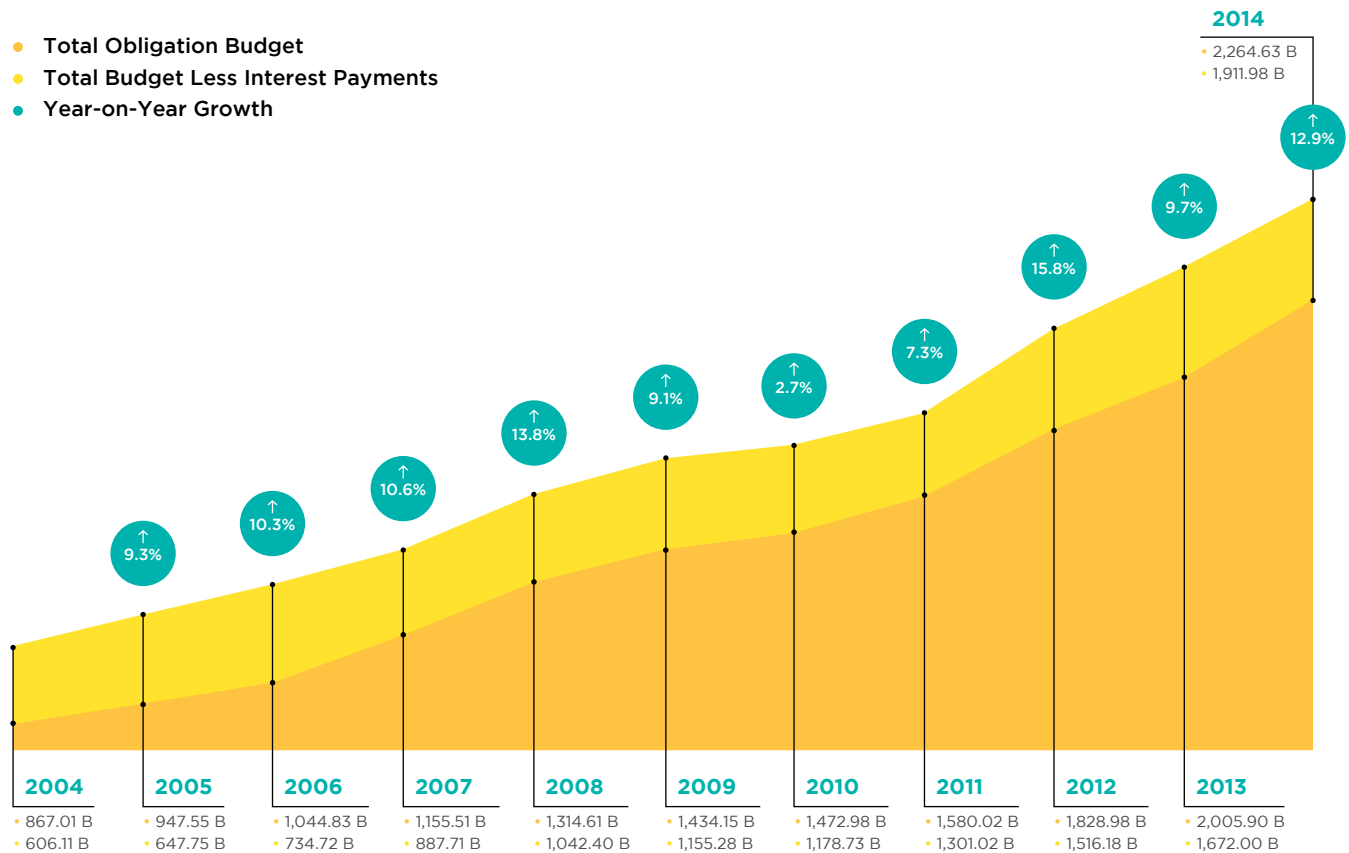
To learn more about Bottom-Up Budgeting, see pages 30-31 of this publication.

The Philippines is at a point where the government has a great opportunity to set a higher bar in governance, particularly in public resource management. These reforms, among many others, are being rolled out as the Aquino government heeds the call of the times: a strong mandate from the people to continue to build a truly just, equitable, and empowering society.

For information on more Budget reforms being rolled-out, please refer to pages 54-58 of this publication.

Overview of the 2014 Budget

- Total Obligation Budget
- Total Budget Less Interest Payments
- Year-on-Year Growth



The 2014 National Budget: P2.265 Trillion

The 2014 National Budget is 12.9 percent higher than the 2013 Budget of P2.006 trillion. Excluding debt servicing, the Budget has increased by an average of 14.6 percent annually since 2010. The 2014 Budget is also equivalent to 17.0 percent of the projected gross domestic product (GDP) for the year.

¹ Composed of DBM as chair and the Department of Finance, National Economic Development Authority, and Office of the President with the Bangko Sentral ng Pilipinas as resource agency.

WHAT IS THE NATIONAL BUDGET?

The National Budget shows the estimation of government revenues and expenses for pursuing programs and projects based on its economic growth and human development thrusts. It serves as an instrument for good governance because agencies, through their respective budgets, are accountable in delivering measurable results.

HOW IS THE BUDGET CRAFTED AND APPROVED?

1. Agencies craft their proposed budgets using budget parameters set by the Department of Budget and Management (DBM) and the Development Budget Coordinating Committee¹ (DBCC).
2. DBM reviews and consolidates the agencies' budgets into the proposed National Budget, and presents it to the President and the Cabinet for approval.
3. Upon approval, the proposed National Budget becomes the National Expenditure Program (NEP). The President submits the NEP to Congress.
4. Congress reviews the NEP, holds public hearings, effects changes, and approves the NEP. The President then signs it into the General Appropriations Act (GAA).
5. Throughout the above processes, citizens are informed and involved.

See centerfold for a full-blown diagram of the National Budget Process

THE BUDGET BY SECTOR *Lion's share for social and economic services*

DEBT BURDEN

P377.60 B • 16.7%

Debt burden represents
a) Debt Service-Interest Payments (P352.7 B)
and b) Net Lending (P24.90 B)

DEFENSE

P 89.4 B • 4.0%

GENERAL PUBLIC SERVICES

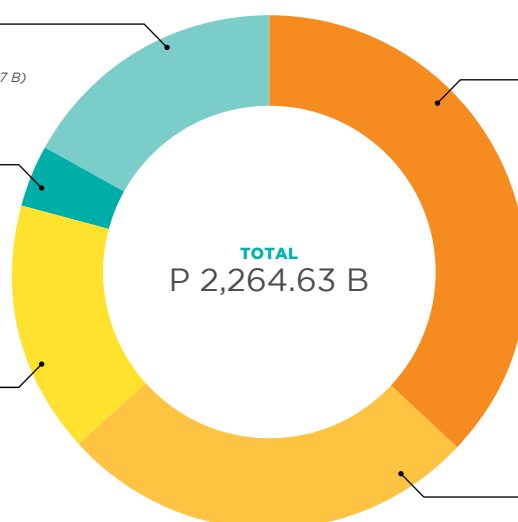
P 362.58 B • 16.0%

SOCIAL SERVICES

P 841.79 B • 37.2%

ECONOMIC SERVICES

P 593.12 B • 26.2%



Social Services that include education, health care, housing, social welfare, employment, and other services continue to top all other budget sectors at P841.8 billion, as the Aquino Administration remains committed to further reduce poverty this year. The sector's share of the Budget is 37.2 percent, an increase of 2.3 percentage points over 34.9 percent in 2013 and nine percentage points over 28.2 percent in 2010.



Economic Services that include agriculture, transport infrastructure, tourism, and other services are allocated P593.1 B. The Aquino Administration puts P83.9 billion more this year than the 2013 Budget for these expenditures that support economic development. This amount is 56 percent higher than what was allocated in 2010.



Debt Burden has been reduced to 16.7 percent of the Budget from 18 percent in 2013, consistent with the Aquino Administration's commitment to reduce public debt to more manageable levels. This sector, which is allocated P377.6 billion, includes interest payments on national government's domestic and foreign debt, as well as net lending to government corporations for debt guaranteed by the national government.



General Public Services are expenditures for general administration, such as fiscal management, foreign affairs, lawmaking, etc., and public order and safety. This sector has a 16-percent share of the 2014 Budget, with an allocation of P362.6 billion, or an increase of P15.3 billion over the 2013 allocation.



Defense is allocated P89.5 billion to continue the government's efforts to ensure national security, stability, and peace. The Aquino Administration continues to reinforce the defense sector, including strengthening and reforming the security forces.

THE BUDGET BY EXPENSE CLASS *Higher allocation for infrastructure*

CURRENT OPERATING EXPENSES	2014 (in Billion Pesos)	% Share
Personnel Services	662.56	29.3%
Maintenance and Other Operating Expenses	414.66	18.3%
Allotment to LGUs	273.24	12.1%
Subsidy to GOCCs	18.74	0.8%
Interest Payments	352.65	15.6%
CAPITAL OUTLAYS		
Infrastructure	404.31	17.9%
Capital Transfers to LGUs	30.74	1.4%
Special Shares to LGUs	9.45	0.4%
Equity	2.27	0.1%
Other Capital Outlays	71.06	3.1%
NET LENDING	24.95	-5.8%

GRAND TOTAL
P2,264.63 B



Infrastructure Outlays are expenditures for roads, bridges, airports, and other similar capital goods, which have productive benefits that extend beyond the fiscal year. As the Aquino Administration carries on with its commitment to support economic expansion, Infrastructure Outlays is allocated P404.3 billion, a 37.2-percent increase over the 2013 allocation, equivalent to 3.1 percent of GDP.



Allocations for Government-Owned or -Controlled Corporations or GOCCs include subsidies for their corporate operations, allocations for infrastructure projects to be implemented by GOCCs, equity infusion, and net lending. Total allocations for GOCCs increase by 3.2 percent to P71.2 billion, equivalent to 3.1 percent of the total Budget.



Maintenance and Other Operating Expenditures or MOOEs are outlays for the purchase of goods and services (e.g., supplies, maintenance, utilities, professional services, etc.) in order to conduct normal government operations and to implement its programs. The MOOE's are allocated P415.1 billion, or an increase of 20.9 percent over that in the 2013 Budget, which was at P343.4 billion, due to increased expenditures for priority social and economic programs.



Personnel Services are expenses for salaries, wages, and other compensation of permanent, temporary, contractual, and casual employees of the government. This expense class continues to have the largest share of the Budget at 29.3 percent, at P662.5 billion.

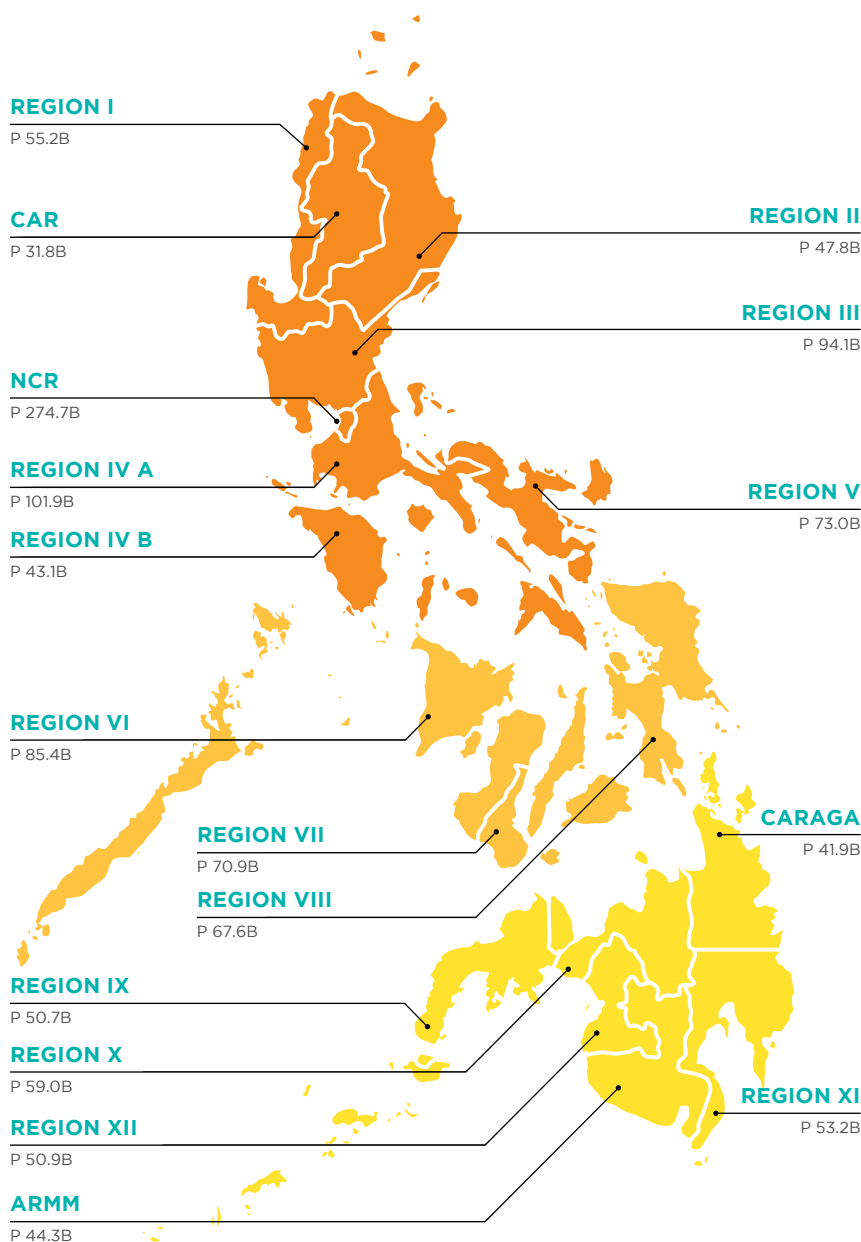


Allocations for Local Government Units or LGUs represent the Internal Revenue Allotment and other legally-mandated shares in national revenues, and capital transfers. For 2014, total allocations to LGUs increase by 12.9 percent to P361.1 billion, equivalent to, 15.9 percent of the total Budget for 2014.



Debt Servicing-Interest Payments continues to decrease as a share of the total Budget since the Aquino Administration remains committed to fiscal consolidation and stability.

THE BUDGET BY REGION *Higher Allocation for the Regions*



The budget for distribution among regions¹ is allocated P1.25 trillion, which is higher by 27.2 percent and takes up 55.0 percent of the total Budget.

Excluding the National Capital Region (NCR)², Region IV-B or MIMAROPA receives the biggest increase at 25.2 percent, followed by Region 10 or Northern Mindanao at 23.9 percent, Region 13 or Caraga at 22.1, and Region 8 or Eastern Visayas at 20 percent.

Among the major island groups, Mindanao gets the biggest increase at 17.7 percent, followed by Visayas and Luzon³ at 16.5 percent and 11.0 percent, respectively.

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

² NCR 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.

³ Excluding NCR

THE TOP 10 DEPARTMENTS

*DepEd and DPWH
Top the List*



1

Department of
Education^{1,2}

P 309.4B ↑ 5.7 %



2

Department of
Public Works and
Highways³

P 219.9B ↑ 43.8 %



3

Department of
Interior and Local
Government^{1,4}

P 136.1B ↑ 12.4 %



4

Department of
National Defense^{1,4}

P 123.2B ↑ 1.3 %



5

Department of
Health^{1,3}

P 90.8B ↑ 59.8 %



6

Department of
Social Welfare and
Development¹

P 83.4B ↑ 48.3 %



7

Department of
Agriculture³

P 80.0B ↑ 8.0 %



8

Department of
Transportation and
Communications^{1,3,4}

P 48.8B ↑ 31.6 %



9

Department of
Environment and
Natural Resources^{1,4}

P 23.9B ↑ 1.1 %



10

Department of
Agrarian Reform¹

P 20.4B ↓ 4.9 %

Note: Figures indicated here are the "all in" budgets of these agencies: their agency-specific budgets plus shares in the following special purpose funds:

¹ Miscellaneous Personnel Benefits Fund (for unfilled positions or creation of new positions)

² DepEd-School Building Program

³ Budgetary Support for Government Corporations (subsidy and equity for their respective attached GOCCs)

⁴ Pension and Gratuity Fund (for the retirement benefits of uniformed personnel, which are fully shouldered by the national government)

IN ADDITION

↑ 9.2%

P 37.1B



P 40.5B

State Universities and Colleges¹

↑ 45.6%

P 14.1B



P 20.5B

ARMM Regional Government

THE BUDGET BY DEPARTMENT AND SPECIAL PURPOSE FUND

DEPARTMENTS	2013 (in Php Billions)	2014 (in Php Billions)
Congress of the Philippines	10.7	11.1
Office of the President	2.7	2.8
Office of the Vice-President	0.4	0.2
Department of Agrarian Reform	21.4	20.4
Department of Agriculture	65.1	70.1
Department of Budget and Management	1.0	1.0
Department of Education	250.4	300.6
State Universities and Colleges	34.9	38.1
Department of Energy	4.4	4.1
Department of Environment and Natural Resources	23.7	23.9
Department of Finance	30.8	13.0
Department of Foreign Affairs	11.7	12.2
Department of Health	51.9	85.2
Department of the Interior and Local Government	92.3	101.5
Department of Justice	10.9	11.8
Department of Labor and Employment	8.1	12.6
Department of National Defense	80.6	82.5
Department of Public Works and Highways	169.3	219.3
Department of Science and Technology	10.1	12.1
Department of Social Welfare and Development	56.4	83.4
Department of Tourism	2.8	2.0
Department of Trade and Industry	3.7	4.5
Department of Transportation and Communications	35.7	47.0
National Economic and Development Authority	5.1	4.0
The Presidential Communications Operations Office	1.3	1.2
Other Executive Offices	11.0	15.8
Autonomous Region in Muslim Mindanao	14.1	20.5
Joint Legislative-Executive Councils	2.1 million	4.2 million
The Judiciary	17.8	19.3
Civil Service Commission	1.0	1.3
Commission on Audit	8.1	8.4
Commission on Elections	8.4	2.9
Office of the Ombudsman	1.7	1.8
Commission on Human Rights	0.3	0.3
SPECIAL PURPOSE FUNDS		
Budgetary Support to Government Corporations	44.9	47.2
Allocations to Local Government Units	319.8	361.1
Customs Duties & Taxes, Incl. Tax Expenditure	26.9	26.9
Debt Service Fund-Interest Payment	333.9	352.7
National Disaster Risk Reduction and Management Fund	7.5	13.0
Contingent Fund	1.0	1.0
DepEd School Building Fund	1.0	1.0
E-Government Fund	1.0	2.5
International Commitments Fund	2.6	4.8
Miscellaneous Personnel Benefits Fund	69.1	53.5
Pension and Gratuity Fund	98.7	120.5
Priority Development Assistance Fund	24.8	-
Rehabilitation and Reconstruction Program	-	20.0
Feasibility Studies Fund	-	0.4
Net Lending	26.5	25.0
Total	2,005.9	2,264.6
Unprogrammed Fund	117.5	139.9

WHAT ARE SPECIAL PURPOSE FUNDS?

Special Purpose Funds (SPFs) are items in the National Budget allocated for specific purposes. They are usually lump sums in nature, as the recipient departments only identify the specific programs and projects during budget execution. They are released to agencies after conditions have been complied with.

Budgetary Support to Government Corporations

Covers government's assistance to government-owned or -controlled corporations (GOCCs), in the form of equity, subsidy, relent loan proceeds, or net lending for the servicing of debts guaranteed by national government.

Allocation to Local Government Units (LGUs)

Covers subsidy given by the national government to LGUs corresponding to their legal shares in national revenue collections, such as Internal Revenue Allotment. Part of this allocation is the budget of the Metropolitan Manila Development Authority.

Tax Expenditure Fund

Covers subsidies given to agencies, GOCCs, and LGUs in lieu of actual payment of taxes and customs duties. This fund does not involve actual cash disbursements.

Debt Service Fund-Interest Payments

Automatic appropriations for interest payments that the national government incurs from foreign and domestic borrowings.

Miscellaneous Personnel Benefits Fund

Covers personnel-related expenditures, including provisions for filling up authorized positions and for the creation of new positions, such as teachers and uniformed personnel.

Pension and Gratuity Fund

For the payment of pensions of police, military, and other uniformed personnel that are fully subsidized by the national government; retirement and terminal leave benefits; separation benefits and incentives; and monetization of leave credits.

National Disaster Risk Reduction Management Fund (Calamity Fund)

For relief, rehabilitation, reconstruction, and other works or services related to natural calamities, epidemics, crises resulting from armed conflicts and other catastrophes. Releases may only be made upon the recommendation of the National Disaster Risk Reduction and Management Council (NDRRMC) and the approval of the President.

Contingent Fund

For requirements of new and/or urgent projects and activities that need to be implemented during the year; as well as to augment existing appropriations for local and foreign travels of the President. All releases require the President's prior approval.

DepEd-School Building Program

For the construction, rehabilitation, among others, of school buildings and facilities in addition to appropriations for educational facilities under the budget of DepEd.

Priority Development Assistance Fund

Allocation for projects and programs nominated by legislators for the benefit of their constituents. Also known as "pork barrel," **this fund was abolished** by the President and **rendered unconstitutional** by the Supreme Court.

E-Government Fund

For the implementation of strategic Information and Communications Technology projects that enhance transparency, accountability, and efficiency in government.

International Commitments Fund

Supports government's commitments to international organizations, such as membership contributions and the hosting of international conferences. All requests are submitted to the Department of Foreign Affairs and approved by the President.

Feasibility Studies Fund

Supports the conduct of feasibility studies by an agency proposing a project other than Public-Private Partnership projects—rather than being financed by prospective bidders. This new fund is administered by the National Economic and Development Authority.

Unprogrammed Fund

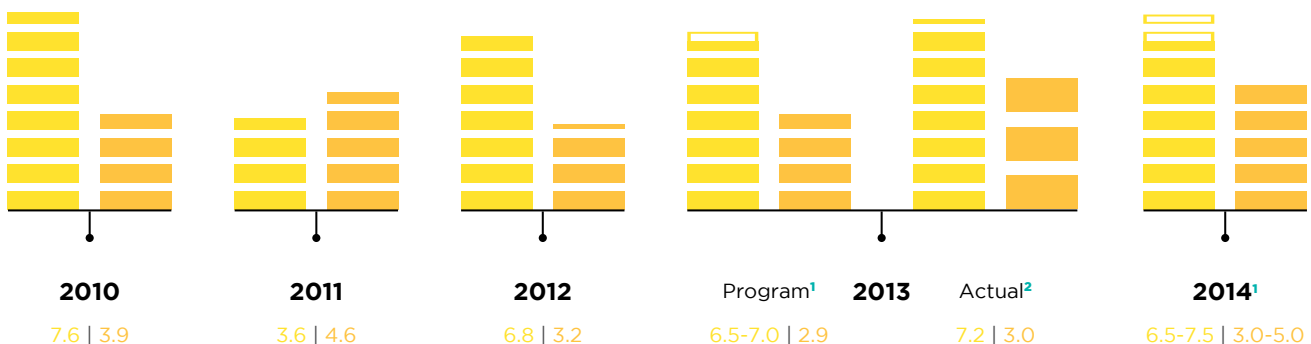
For standby appropriations that can only be used when revenue collections exceed targets, when there are new revenue sources not originally considered, or when there are newly-approved loans for foreign-assisted projects. Under the 2014 Budget, these are for:

- Budgetary Support to GOCCs
- Support to Foreign-Assisted Projects
- General Fund Adjustments
- Support for Infrastructure Projects and Social Programs
- AFP Modernization Program
- Debt Management Program
- Risk Management Program
- Disaster Relief and Mitigation Fund
- Reconstruction and Rehabilitation Program
- People's Survival Fund
- Total Administrative Disability Pension

Financing the 2014 Expenditure Program

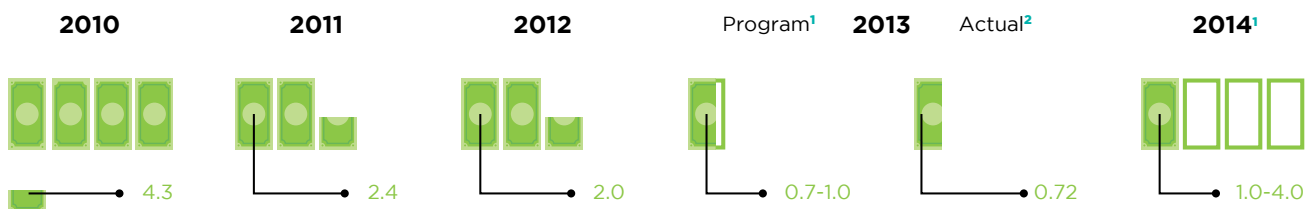
MACROECONOMIC ASSUMPTIONS

The Philippine economy had remained resilient over the past three years, even outperforming its neighbors last year. In 2013, our gross domestic product (GDP) grew strongly by 7.2 percent, the fastest in the region next only to China, even as the natural calamities in the fourth quarter affected full-year growth. This tells us that the target 6.5 to 7.5 percent GDP growth for 2014 is within reach. Meanwhile, our inflation, interest, and foreign exchange rates should remain benign given our stable fiscal position.



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 the government 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.



Foreign Exchange Rate (PhP:\$1) 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

Notes:

¹ Macroeconomic assumptions under the 2013 & 2014 GAA, per DBM NBM No. 119

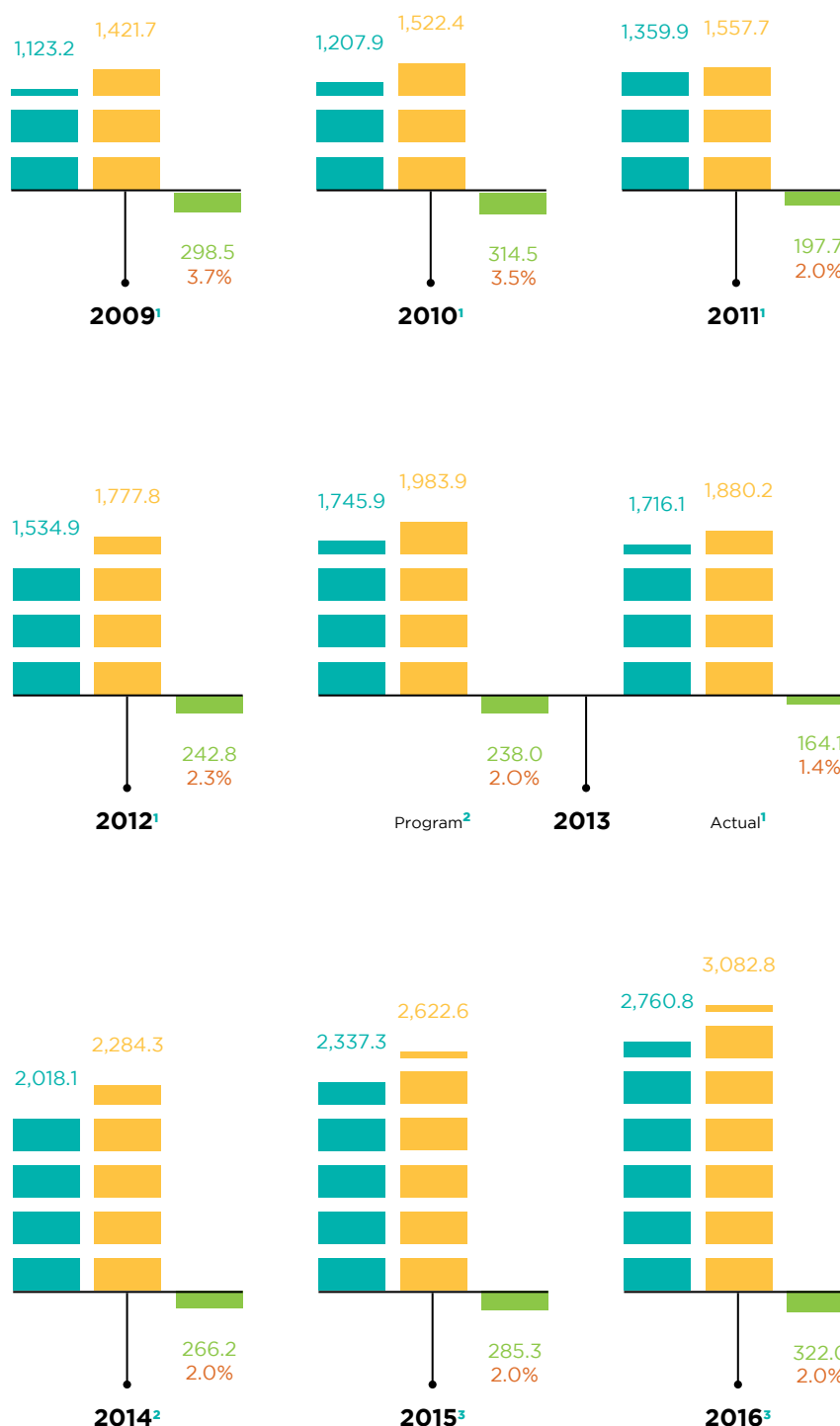
² Covers annual figures per NSCB or BSP, as appropriate

³ 2015 and 2015 figures are estimates per DBM NBM No. 119

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 P2.02 billion. This target will allow public disbursements to grow by 15.1 percent to P2.28 trillion in 2014, equivalent to 17.5 percent of GDP.

- Revenues (in P billions)
- Disbursements (in P billions)
- Deficit (in P billions)
- Deficit as % of GDP



Notes:

¹ Figures for 2009 to 2013 are actual outturns

² Fiscal program under the 2013 & 2014 GAA, per DBM NBM No. 119

³ 2015 and 2016 figures are estimates per DBM NBM No. 119

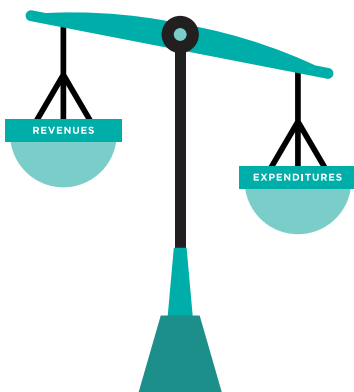
The Budget and the Economy



Public spending is important for the domestic economy. More public spending boosts economic growth, while sluggish pulls it down. But beyond spending per se, public investments in social and economic programs—like education and infrastructure—enable industries and people to be more productive.

Conversely, the economy affects the National Budget. A vibrant domestic economy, with more people getting employed and businesses earning more, generates higher government revenues. Meanwhile, when the economy slows down, the government's revenues are likewise affected and may even lead to a deficit.

Income, Expenditure, Deficit



The National Budget consists of the government's estimated income and planned expenditures in a given year.

The government's income is composed of taxes (income tax, value-added tax, etc.) and non-tax revenues (fees and charges, privatization proceeds, etc.)

Meanwhile, expenditures include programs, activities, projects, purchase of goods and services, among others, that the government will spend on to achieve its socioeconomic development objectives.

When the government's income is insufficient to finance expenditures, government incurs a fiscal deficit. In this situation, government resorts to borrowing from domestic and foreign sources

The Budget and the People

The National Budget is not just a collection of statistics: it is a tapestry of stories of people rising up on their own feet with the support of government programs. This edition of the People's Budget features two of such stories: a household in Pasig that is finding riches from rags and communities in Surigao del Sur that are weaving back their war-torn lives.



1 Elena Odiame's rag-making business expanded when she got access to seed capital through DSWD's SEA-K Program.

2 Jessa Odiame tutors her sibling Cedric, a 4Ps beneficiary who studies at Manggahan High School. Jessa now attends college as her parents can now afford to pay her tuition.

3 Life has become better for the Odiame family who now owns a 23-sq. meter lot as a result of their own perseverance as well as support from government.

A POOR FAMILY SEWS THEIR WAY OUT OF POVERTY

Jessie Odiame used to drive a pedicab and earn P150 on a good day—if he didn't suffer from an asthma attack. To augment his income, his wife, Elena, would sew cloth remnants into rags and sold them to neighborhood stores and public utility drivers. Together, they used to make P3,000 a month.

Life had been difficult for the couple and their four children, who only had about P100 a day to subsist on. They could barely meet their basic needs—noodles, eggs, and sardines were staple. There was little or no money at all to send their children to school. They had to sacrifice whatever was left from their earnings whenever Jessie suffered from asthma attacks.

Life started to look brighter for the Odiame family of Pasig City when they qualified for the Pantawid Pamilyang Pilipino Program (4Ps) of the Department of Social Welfare and Development (DSWD) in 2009¹. They had a fighting chance at a comfortable and convenient life with a cash grant that took care of the family's health and nutrition expenses as well as the children's educational expenses.

"When Pantawid Pamilya came, I was happy because I had additional budget for the children's food and school needs," Elena says in Tagalog. "It is difficult when you are hungry. Your brain cannot absorb anything, you become weak," her daughter adds.

Jessie and Elena performed exceptionally well, meeting all the program's conditions: practice and promotion of healthy living, involvement in community and environmental endeavor, respect for community and environment, and management and utilization of cash grant.



Performing well in the program, the couple then decided to submit a proposal to another DSWD program—the Self-Employment Assistance-Kaunlaran Program—for capital assistance to expand their rag-making business. They knew it was their chance to have a sustainable enterprise. They were granted a P10,000 capital assistance after meeting the program’s requirements: they were economically active but did not have access to credit. They knew the business well and were good at it, which the program rightfully saw and considered. This capital allowed the Odiame couple to produce more and cater to more customers.

“We expanded our market to include two big companies that ordered in bulk,” Jessie says. In only eight months, the couple paid up the loan grant. Not long after, their business expanded, benefitting their neighbors as well—4Ps beneficiaries themselves—through extra livelihood and income.

Today, Elena runs a flourishing micro enterprise, and Jessie has a landscaping job. They are self-reliant, able to improve their economic status without additional help from the government. All of their children are in school. They have bought a small piece of land in Pasig where they live and are looking to acquire another piece of land that their community can use for livelihood purposes.

The Odiame family’s life subsisting on P100 a day is now a thing of the past. “We now have fish and vegetables for

our meals,” says their daughter. More important, as they stand on their own feet, they have helped their community improve their lives and contribute to the country’s productivity.

The Odiames–Huwarang Pantawid Pamilyang Pilipino awardee in 2013—are only one in almost four million poor families today who are being empowered by 4Ps to steer themselves to growth through their individual abilities and hard work.

A WAR-TORN COMMUNITY WEAVES THEIR PROSPERITY

In San Agustin, Surigao del Sur, communities have been trying to live with armed conflict throughout their lives. The inaccessibility of their towns had made the delivery of basic services and livelihood opportunities difficult, making them more vulnerable.

This town’s abaca farmers and weavers produced only enough for their daily subsistence for as long as they did. To produce surplus was far from their minds—for so long, they had thought that they would only lose money if they attempted to market their abaca products. The bad roads leading to the market had kept transport costs high.

Limited government presence and basic services reached their remote communities. This had driven armed

groups to further their activities and even to recruit some of their community members.

The farmers and the weavers of San Agustin saw hope in 2011 when they were identified as among the priority areas for the *Payapa at Masaganang Pamayanan* (PAMANA) Program of the Office of the Presidential Adviser on the Peace Process (OPAPP)².

The intervention in their town was three-pronged. First, farmers were provided capital assistance for an integrated abaca plantation project. Second, a farm-to-market road (FMR) was rehabilitated to make transport of their produce easier, faster, and less costly. Third, there was technology transfer in the form of training on crafts production and business management.

The integrated abaca plantation project involved two organized groups of 50 farmers in Barangays Pong-on and Janapian, with each group tending 20 hectares of land planted with abaca. Not having received any government assistance in the past, these grassroots organizations were provided with inputs and materials for abaca production as well as post-harvest facilities, including abaca stripping machines and a *kamalig*, a warehouse where they could process abaca materials.

Pong-on Barangay Chairman Agustino Rivas said that the first harvest yielded 4,000 kilograms of abaca: 50 percent more than their usual harvest in the past. They have sustained such yields.



4 The town of San Agustin in Surigao Del Sur received P2 million through PAMANA for an integrated abaca plantation project. Two farmers' organizations in Barangays Pong-on and Janapian each tend to 20 hectares of land planted with abaca.

5 Through PAMANA, women and indigenous people of San Agustin learned basic weaving to increase the value of their abaca produce.

6 Pablo Cadavos, president of the Kahugpungan ng mga Mag-uuma sa Abaca in Barangay Pong-on, recounts how PAMANA program enabled their community to increase their harvest and incomes.

"Since the project was implemented, it added to our daily income. It's a big help. And we have more abaca harvest than before," says Pablo Cadavos, president of Kahugpungan ng mga Mag-uuma sa Abaca. "The stripping machine helped us in our harvest." He also says their organization was provided a P40,000 financial assistance to serve as initial capital for their marketing activities. Such assistance greatly added to their capacity to generate more income.

Through PAMANA, a four-kilometer FMR connecting these communities to the national road was rehabilitated. More than 1,500 individuals in Barangays Pong-on, Janapian, and Sto. Niño benefitted from this FMR, which provided farmers easier and faster access to markets.

"The road greatly helped us in transporting our products," Cadavos says. It also helped increase retail businesses in the area, improve access to medical and health services, increase road safety, and decrease transport and vehicle maintenance costs.

To boost the value of their produce, farmers and weavers were trained in abaca handloom weaving. Last year, their training eventually gave rise to a One Town One Product Center in Pong-on and Janapian, which showcased abaca products created by the town's women and Indigenous People. Coupled with training in bookkeeping, product costing, and pricing techniques, the communities have had success in realizing income, part of which they are plowing back as capital for 2014.

The PAMANA intervention in this province also stretched over six more towns, as the same training was given to farmers and their wives, as well as members of farmers' cooperatives in the towns of Marihatag, Cagwait, Lianga, Tago, Bayabas, and San Miguel. The communities' enhanced skills enabled them to add value to their abaca produce—they now craft high-quality bags and decors.

Torn by war and left alone by government in the past, the people of San Agustin town are now weaving their lives back. They now have a better grasp of the opportunities presented before them to earn more for their families and to bring prosperity to their own community.

These stories of the Odiame family of Pasig City and the abaca farmers and weavers of San Agustin town are but two of the many interwoven stories about Filipinos' aspiration for a better life and perseverance to make it possible—through their own ability and hard work and regardless of status of birth or circumstance.

This is the story of Inclusive Development through the National Budget.

Notes:

¹ See page 32 for more information about the 4Ps

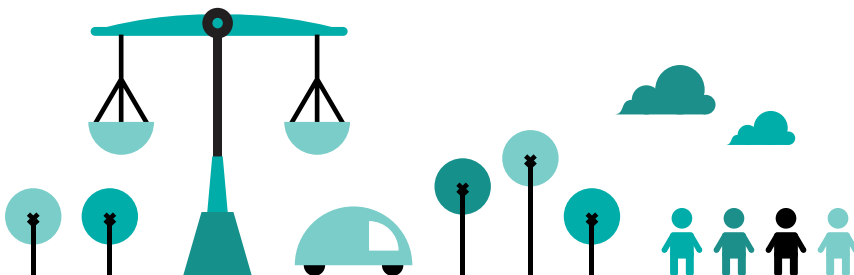
² See page 47 for more information about PAMANA

Special thanks to:

DSWD for assisting DBM in identifying and interviewing the Odiame family
OPAPP for providing the story about PAMANA in San Agustin

Expenditure Priorities

With the 2014 Budget, the government continues to tighten its focus on fulfilling the Key Result Areas of the Aquino Social Contract. To achieve inclusive growth, allocations are poured into programs and projects that reduce poverty and expand the economy. To ensure an enabling context for this growth, investments are made on initiatives that promote peace and the rule of law and improve the country's resilience to climate change. Getting a good share of the budget are works on good governance, which remains at the core of the Aquino Administration's efforts.



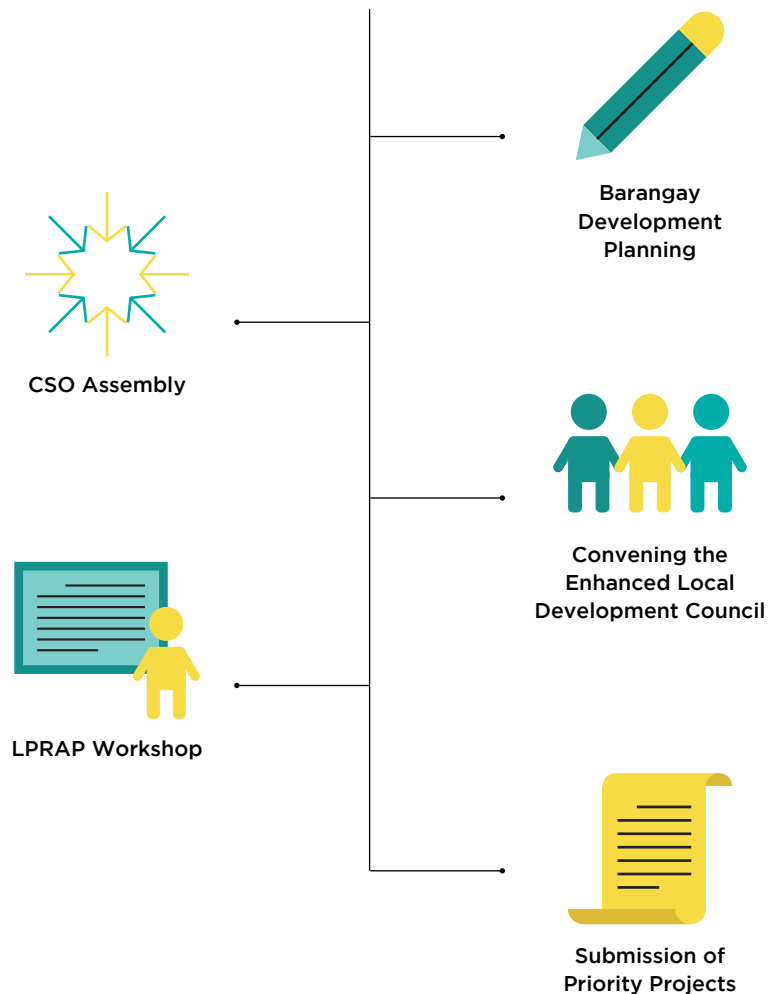
Grassroots Participatory Budgeting

Formerly known as Bottom-up Budgeting, Grassroots Participatory Budgeting helps ensure that the development needs of grassroots communities are funded and included in the budget proposals of participating government agencies (DAR, DA, DepEd, DOE, DENR, DOH, DILG, DOLE, DSWD, DOT, DTI, TESDA, and NEA). Grassroots Participatory Budgeting empowers citizens by giving them a VOICE and a VOTE in the national budget process.

The program also supports the push for good local governance as the participation of local government units in this program is contingent on their accomplishment of several good governance conditions, such as the Seal of Good Housekeeping and improvement of their Public Financial Management Systems.

How does this work?

Through consultative processes, Grassroots Participatory Budgeting provides an avenue for local basic sector organizations (BSOs), civil society organizations (CSOs), and other stakeholders to work hand in hand with their city or municipal governments in crafting the Local Poverty Reduction Action Plan (LPRAP). Projects identified under this plan will be included in the National Budget, thereby giving local governments and grassroots communities a voice in the way public funds are allocated.



EXPANDED COVERAGE

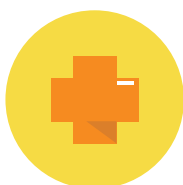
The coverage of Grassroots Participatory Budgeting in 2014 is expanded to 1,233 cities and municipalities from 609 municipalities originally covered in 2013. Such expansion is meant to help reduce inequalities in the access of the poor to unmet basic needs such as electricity, safe drinking water, health insurance, and classrooms, among others.

As a result, P20 billion in locally-identified projects--for basic social services, employment, local economic development, among others--have been included in the 2014 Budget. This is a considerable increase from P8.3 billion in 2013.

NOTABLE PROGRAMS FUNDED THROUGH GRASSROOTS PARTICIPATORY BUDGETING:



P 403.5M • **DENR**
National Greening Program



P 869.0M • **DOH**
Health Facilities Enhancement Program



P 899.0M • **DSWD**
Sustainable Livelihood Program



P 76.0M • **NEA**
Sitio Electrification Programs

2014 ALLOCATIONS FOR GRASSROOTS PARTICIPATORY BUDGETING
PER PROGRAM AND IMPLEMENTING AGENCY

DA

▶ **P 7,488M**

Various Agriculture Programs and Projects

DAR

▶ **P 476M**

Support Services for Agrarian Reform Beneficiaries

DENR

▶ **P 403M**

National Greening Program, Various Programs of the Environmental Management Bureau

DepEd

▶ **P 1,449M**

Education Facilities, Computerization, Health & Nutrition, Textbooks, Hiring of Teachers, etc.

DILG

▶ **P 2,821M**

Potable Water Supply Projects and local access roads

NEA

▶ **P 76M**

Sitio Electrification

DoH

▶ **P 1,356M**

Health Facilities, Family Health and Responsible Parenthood, Infectious Disease Prevention, etc.

DoE

▶ **P 71M**

Household Electrification in Off-Grid Areas Using Renewable Energy Systems

DTI

▶ **P 533M**

Promotion and Development of Small and Medium Industries

DoT

▶ **P 175M**

Tourism Standards Development, Regulation and Accreditation

DoLE

▶ **P 504M**

Livelihood Trainings, Reintegration Services, Rural Emergency Employment, etc.

DSWD

▶ **P 2,955M**

Protective Services, Sustainable Livelihood, Disaster Risk Reduction, etc.

TESDA

▶ **P 394M**

Technical-Vocational Training and Community-Based Training

ARMM

▶ **P 1,347M**

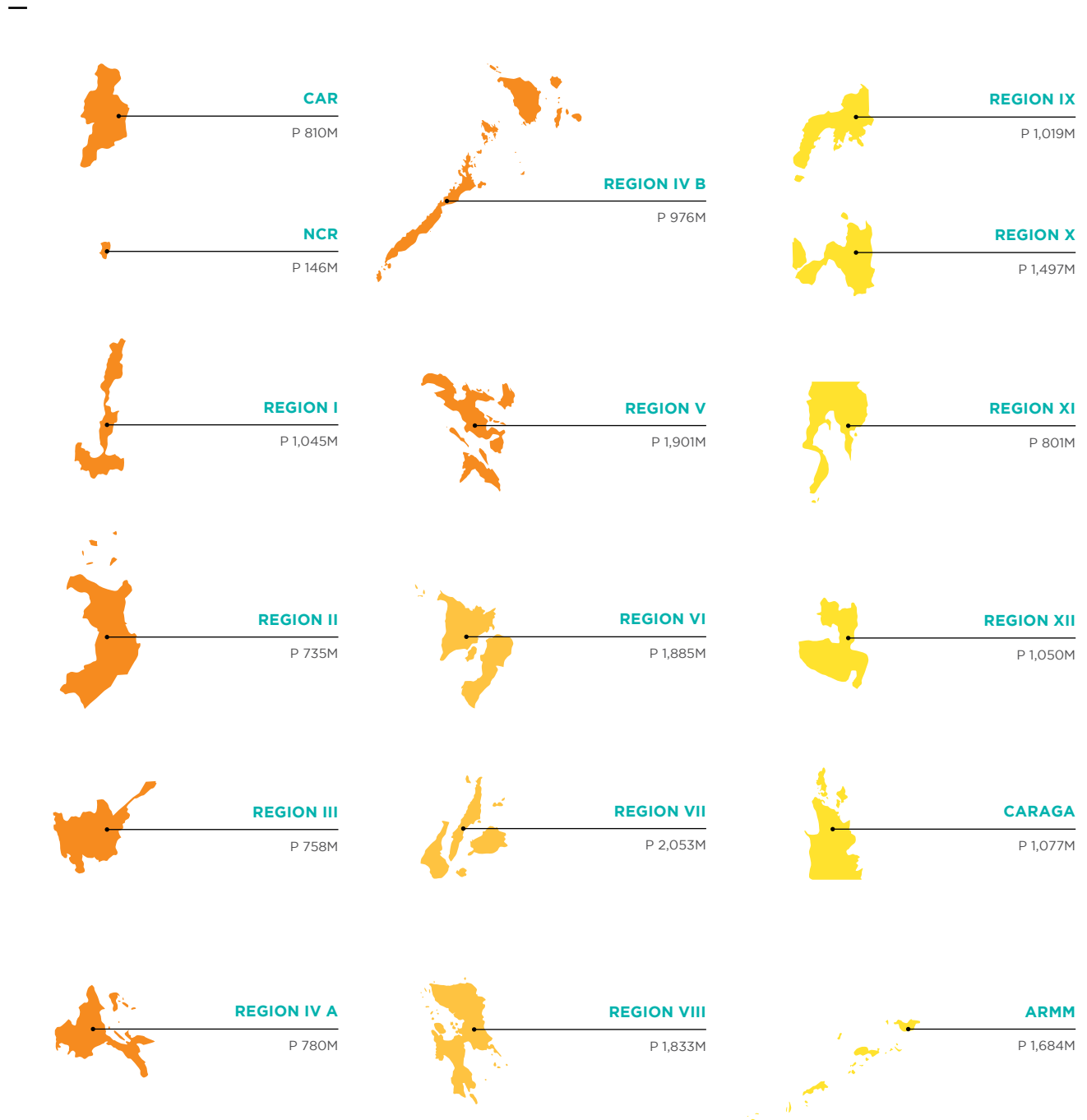
Various Projects

Total

P 20,048 M

2014 ALLOCATIONS FOR GRASSROOTS PARTICIPATORY BUDGETING

PER REGION

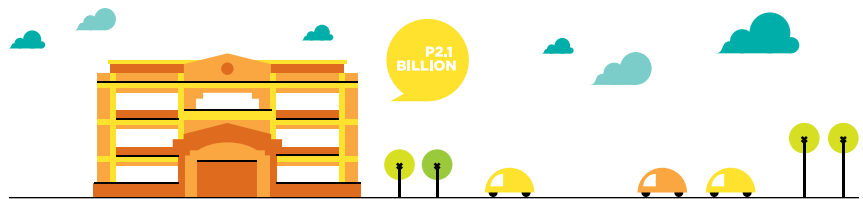


Good Governance and Anti-Corruption

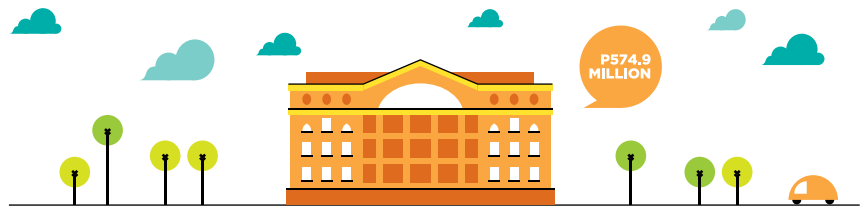
The Aquino Administration seeks to empower Filipino citizens by promoting greater transparency and accountability in public institutions.

PROMOTE TRANSPARENT AND ACCOUNTABLE INSTITUTIONS

Local Government Capacity Development – The Department of Interior and Local Government (DILG) has P2.1 billion for capacity development and administration services for local government units (LGUs), including P500 million for the Performance Challenge Fund. This allocation allows the DILG to assess the eligibility of 344 LGUs to the Seal of Good Housekeeping and to provide incentives of up to a maximum of P7 million for 126 exemplary LGUs.



Anti-Corruption Investigation – The Office of the Ombudsman is allocated P574.9 million for the general investigation of and fact-finding activities for complaints filed with the Tanodbayan and for the adjudication of administrative cases. This allotment supports the immediate resolution of 18,378 cases of complaints and grievances in 2014. This number is 535 cases, or 3 percent, more than that in 2013. This budget also allows the agency to fast track the target completion of 4,038 fact-finding investigations and the adjudication of 3,757 administrative cases in 2014.



Resolution of Graft and Corruption Cases – P290 million is provided for the Sandiganbayan for the expeditious adjudication of cases involving graft and corrupt practices committed by those in public office. In 2014, the Sandiganbayan targets to process 3,300 cases, 408 or 12 percent of which are expected to be disposed.



STRENGTHEN PUBLIC FINANCIAL MANAGEMENT

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



Revenue Collection – The Bureau of Internal Revenue has P5.2 billion for its various tax collection, anti-evasion, and revenue reform activities that seek to improve its programmed tax collection performance from P1.237 trillion in 2013 to P1.46 trillion in 2014. The Bureau of Customs has P1.5 billion for its operations, including smuggling surveillance and prevention efforts aimed at achieving its collection performance from P340 billion in 2013 to P408 billion in 2014.



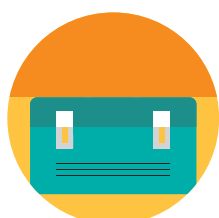
Public Financial Management Systems – P720 million is allocated for implementing major information and communications technology projects, such as the integrated Public Financial Management System and the National Payroll System.



Public Audit – The Commission on Audit (COA) is allocated P4.7 billion for its efforts to promote public accountability and to 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; and 10 agencies to be subjected to performance audit.

IMPROVE BUSINESS REGULATION AND FRONTLINE SERVICE DELIVERY

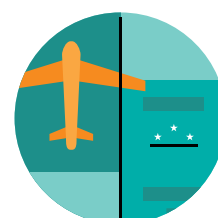
To sustain the country's economic gains, efforts continue to be directed toward increasing the country's competitiveness, thereby attracting more investments and generating jobs for Filipinos. This goal can be achieved by ensuring that the regulatory system is improved and that frontline services are efficiently delivered.



Business Regulation and Registration – The Department of Trade and Industry (DTI) has P143 million for business and trade regulation services in anticipation of 308,344 business name registration applications and 33,110 applications for licenses, permits, registration, and authorities.



Investigation Clearance – The National Bureau of Investigation is allocated P768 million to reinforce its investigation services and to process 5,354,000 clearance applications.



Diplomatic and Consular Services – The Department of Foreign Affairs has P2.0 billion for diplomatic and consular services, which include the processing and issuances of 3 million passports and 400,000 visas as well as providing assistance to 20,000 overseas Filipinos by way of repatriation.

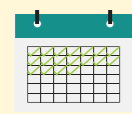
THE BUDGET CYCLE

The Budget is the government's plan for a year. It lists down all the Programs, Activities, and Projects it will undertake in a Fiscal Year, as authorized by Congress via appropriations. It consists of the government's projected revenues and expenditures for the fiscal year.

Ultimately, it is a tool that enables government to achieve its development agenda.

START

1. PREPARATION



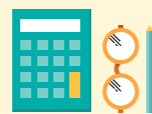
Budget Call JAN OF PRIOR FISCAL YEAR (FY)

Budget preparation starts with the Budget Call, which sets the economic parameters, budget priorities, and procedures that guide the agencies in preparing their respective proposed budgets.



Citizen Engagement JAN-MAR OF PRIOR FY

Agencies engage citizens as they prepare their proposed budgets, through mechanisms like the Budget Partnership Agreements with civil society organizations and Grassroots Participatory Budgeting.



Program Budgeting JAN OF PRIOR FY

Lead and contributing agencies for each program priority of the government (for example, tourism) meet and synergize their proposed agency budgets in order to meet targeted outcomes.



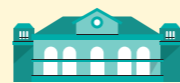
Agency Proposals MARCH OF PRIOR FY

Agencies submit their proposed budgets according to the Budget Call through the Online Submission of Budget Documents, a facility recently established by the DBM.



Budget Hearings & Review APR-JUNE OF PRIOR FY

Agencies defend their proposals during Technical Budget Hearings. After evaluating the proposals, the DBM technical bureaus present their recommendations before the Executive Review Board, composed of the DBM Secretary and senior officials.



Presentation to the President JUNE OF PRIOR FY

The DBM, the Department of Finance, and the National Economic and Development Authority present the proposed Budget before the President and the Cabinet for discussion and approval.



Consolidation, Validation, Confirmation JUNE OF PRIOR FY

The DBM validates the approved agency budgets and consolidates these into the Budget of Expenditures and Sources of Financing (BESF) and other budget documents.



President's Budget JULY OF PRIOR FY

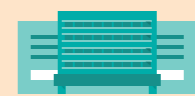
President Aquino has been submitting the proposed budget a day after his State of the Nation Address. This is much earlier than the deadline set by the 1987 Constitution.

2. LEGISLATION



House Deliberations AUG-OCT OF PRIOR FY

The House Committee on Appropriations holds public hearings on the proposed Budget. After which, it sponsors its recommended General Appropriations Bill (GAB) before plenary. Once approved, the House transmits the GAB to the Senate.



Senate Deliberations SEPT-NOV OF PRIOR FY

The senate conducts its own committee hearings and plenary deliberations on the GAB. To expedite the process, the Senate Committee on Finance usually starts hearings early before the House formally submits the GAB.



Bicameral Deliberations NOV-DEC OF PRIOR FY

After the House and the Senate approve their versions of the GAB, they constitute a panel to the Bicameral Conference Committee, which discusses and harmonizes conflicting provisions.



Ratification & Enrolment DEC OF PRIOR FY

The Harmonized or "Bicam" version of the GAB is then submitted back to both Houses, which then vote to ratify the final GAB. Both houses then submit or "enrol" the ratified GAB to the President.



Enactment DEC OF PRIOR FY

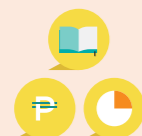
Budget legislation ends when the President signs the General Appropriations Act (GAA) into law. Prior to this, the President may veto or set conditions for implementation for certain items in the GAA, which are contained in the President's Veto Message.

THE BUDGET CYCLE



Audit WITHIN FOLLOWING FY

The Commission on Audit (CoA) reviews the accounts of each agency in order to ensure their accountability in the use of public funds. The DBM uses CoA's reports in confirming agency performance, determining budgetary levels for agencies, and addressing issues in fund usage.



Mid-Year and Year-End Reports BY SEPT OF FY AND WITHIN THE NEXT FY

The Development Budget Coordination Committee (DBCC) publishes these reports on macroeconomic developments, the fiscal situation of the national government, and performance of key programs and projects.



Performance Review THROUGHOUT

DBM technical bureaus perform the regular review of the financial and physical performance of agencies against their targets. In addition, the DBM deploys Account Management Teams in key departments to closely monitor their performance and address bottlenecks proactively.



Citizen Engagement THROUGHOUT

Citizens, through civil society organizations, help monitor and evaluate the performance of agencies in using public funds and delivering services through mechanisms such as the Budget Partnership Agreements and the Grassroots Participatory Budget.



Public Disclosures THROUGHOUT

Agencies publish required reports and essential budget information on their websites through the Transparency Seals. The DBM and the Department of Finance regularly release reports to the public on the status of budget implementation and the fiscal scenario.



Accountability Reports MONTHLY OR QUARTERLY

Agencies submit Financial Accountability Reports on a monthly or quarterly basis, as required by the DBM and the Commission on Audit. DBM also requires agencies to submit Quarterly Physical Reports of Operation to report on the outputs delivered in the use of such funds.



Performance Targets JAN OF FY (WITH GAA)

Budget accountability starts with the setting of targets that agencies are to be held accountable for. With the Performance Informed Budget, the GAA beginning 2014 now contains the targeted outcomes, outputs and performance indicators of each agency.

4. ACCOUNTABILITY



Disbursement THROUGHOUT

Monies are paid out from the Treasury to settle government obligations. With the Expanded Modified Direct Payment Scheme, most payment transactions of government will be checkless and cashless this year.



Cash Allocation JAN (COMPREHENSIVE) AND THROUGHOUT

The DBM issues disbursement authorities, such as the Notice of Cash Allocation (NCAs), to authorize an agency to pay the obligations it incurs.



Obligation (Bidding & Award) THROUGHOUT

Agencies incur liabilities, which the national government will pay for, as they implement programs, activities and projects. Agencies incur obligations when, for instance, they hire new staff or enter into a contract with suppliers of goods and services (also see *Early Procurement*).



Allotment Release JAN (COMPREHENSIVE) AND THROUGHOUT

The DBM issues allotments to agencies to authorize the latter to incur obligations. With the GAA-as-Release Document, the enacted Budget itself serves as allotment release for all budget items except those contained in a negative list, which require Special Allotment Release Orders.



Budget Program NOV-DEC OF PRIOR FY

Agencies submit Budget Execution Documents to outline their financial plans and performance targets for the year. DBM consolidates these plans into the budget program, which breaks down the allotment and cash releases for each month of the year.



Early Bidding for Infrastructure OCT-DEC OF PRIOR FY

The Department of Public Works and Highways (DPWH) and other agencies that implement infrastructure projects bid their projects before the GAA is enacted. Early bidding allows agencies to award their projects as early as day one of the new fiscal year.

3. EXECUTION

The Budget Process: Then and Now

To achieve the goal of inclusive development, each peso spent by government should count. Since day one, the Aquino Administration has been instituting key budget reforms to ensure that government spending is within its means, on the right priorities, and with measurable results.

How have these reforms changed the national budget process so far?



The Budget Process in the Past

had led to leeway for abuses and had created major bottlenecks in implementing programs and projects, which ultimately led to inefficient delivery of much-needed services to the people. For instance:

- There had been no formal mechanisms for citizen's participation in budgeting. Agencies had weak planning, budgeting, and evaluation capabilities, leading to poor alignment of funds for priorities, as evidenced by the prevalence of lump sum funds.

- Budgets had been approved late, if these were enacted at all, which led to re-enactments of the budget of the preceding year. This practice did not only lead to delays in implementing programs and projects but also gave the President discretion over the use of funds.

- Implementation of programs and projects had been clogged with tedious release processes, too many lump sums, and unwieldy procurement, among others. As a result, projects were implemented late—often during the rainy season—leading to poor quality, added costs, and waste.

- Budget transparency and accountability had been weak. Reports had been tedious and not harmonized across oversight agencies—and compliance to these by agencies had been poor. These reports had also been largely kept away from the citizens' eyes.



The Budget Process Now is markedly different from the past, as it enables greater focus and efficiency in the allocation and use of funds. With continuing reforms, the Philippine budget process is becoming even more empowering for ordinary citizens. For instance:

- Formal mechanisms for engagement of citizens in the budget process have been established. Now there are clear parameters for the agencies' formulation of proposed budgets: to align these with development priorities and targeted outcomes, to

flesh them out into greater detail, to identify clear performance indicators, among others.

- With the support of Congress, the Aquino Administration has been ensuring the timely enactment of the Budget. The President has also been consistently submitting the proposed budget a day after his State of the Nation Address.

- Key reforms such as the GAA-as-Release Document, checkless and cashless payments systems, procurement innovations, among others, now enable the timely and efficient implementation of priority programs and projects.

- Citizens can now access budget information and reports through the Transparency Seal on each agency's website. As the budget now includes performance indicators, citizens are more empowered to hold agencies to account for the services they deliver.

In summary, these reforms ensure that the country meets its development goals and delivers quality and timely services to the people.

Philippine Budget Documents

To improve the state of budget transparency, the Philippine government—through the DBM, the Department of Finance (DoF) and the Commission on Audit—has been aligning essential budget publications with global benchmarks, such as the International Monetary Fund’s Fiscal Transparency Code and the International Budget Partnership’s Open Budget Index (OBI).

1

The Budget Call – issued by the DBM at the start of budget preparation, this document contains the following:

- Budget Priorities Framework, which sets budget priorities, macroeconomic assumptions, and fiscal parameters for the Proposed Budget
- National Budget Call, which sets guidelines, procedures, and prescribed forms in formulating budget proposals; a separate Corporate Budget Call is issued for government corporations

2

Proposed Budget – the proposed National Budget submitted by the Executive to Congress for its review and approval

It is composed of the following:

- President’s Budget Message (PBM), where the President explains to Congress the rationale behind the proposed Budget
- Budget of Expenditures and Sources of Financing (BESF) contains macroeconomic parameters and breakdown of expenditures and funding sources
- National Expenditure Program (NEP) contains the Proposed Budget in the form of proposed legislation; contains targeted outcomes and outputs with corresponding indicators alongside the financial plan
- Details of the Budget contains a disaggregation of programs, activities and projects of each agency
- Staffing Summary contains a summary of the staffing complement of each agency, including number of positions and amounts allocated for these

3

Enacted Budget – the annual General Appropriations Act (GAA) as well as supplemental budgets that have been approved by Congress and signed by the President into law; comes with the President’s Veto Message, where certain budget items are subjected to direct veto or conditional implementation

4

In-Year Reports – periodic reports that “provide a snapshot of the budget’s implementation during the budget year,” as defined by the OBI

The Philippine government regularly publishes the following In-Year Reports:

- Agency Budget Accountability Reports are submitted by agencies to report on how their funds are spent alongside their accomplishments. Agencies must publish these in their respective websites via their Transparency Seals.
- Budget Reports by the DBM, published on its website, that include:
 - Status of Allotment Releases, published monthly on the budgetary allotments released by the DBM to agencies
 - Statements of Allotments, Obligations and Balances, published every quarter, on the obligations made by agencies against allotments released
 - Reports on the Utilization of Cash Allocation, published monthly, to report on Notices of Cash Allocation (NCAs) released to agencies and how these have been utilized or disbursed
- National Government Fiscal Reports are published by the DoF and the DBM on a regular basis to report on the status of government’s revenue collection, expenditures, deficits, and debt, including:
 - Reports by the DoF that include the monthly Cash Operations Report (BTr), reports on collections (BIR & BoC), and Outstanding Debt (BTr)
 - Assessment of Disbursements, published monthly by the DBM, providing a more detailed reporting on government’s disbursement performance

5

Mid-Year Report – a new report by the Development Budget Coordination Committee (DBCC) on the macroeconomic environment and revenue and expenditure performance midway into the fiscal year, as well as the outlook for the remainder of the year

6

Year-End Report – a new publication by the DBCC on the macroeconomic outturn, performance of revenues, disbursements, and debt for the whole year, as well as detailed discussions on government expenditures and highlights on key programs

7

Audit Reports – published by the CoA, as the Supreme Audit Institution, that include:

- *Annual Financial Reports* on the financial condition and results of operation of the government, its subdivisions, agencies, and instrumentalities, including government corporations and local government units
- *Annual Audit Reports* of each government agency, local government unit, and government corporation, which, among others, contain auditors’ findings on the fairness of financial statements, other observations as well as recommendations

8

People’s Budget – has been published by the DBM since 2011 that contain the citizen-oriented summaries of the budget as enacted and as proposed (Proposed Budget in Brief) to make the National Budget more accessible and understandable to the citizens; its online version can be found at BudgetNgBayan.Com

Poverty Reduction and Human Development

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 FAMILYANG PILIPINO PROGRAM (4PS)

The Department of Social Welfare and Development (DSWD) has P62.6 billion, or 41.3 percent more than its 2013 budget, to expand its conditional cash transfer (CCT) program. Also called the 4Ps, the CCT is not just about giving immediate relief to poor households with irregular income: it is a human development program that invests in the future of Filipino children by keeping them healthy and keeping them in school.

As the program's budget is increased, its coverage is also now expanded:

Regular CCT



P 48.3B



4.3M households



P1,400 monthly per household

- 1** | P500 for parents and children to avail of healthcare services
P300 for each child, up to three, for attending at least 85% of classes

Expanded CCT



P 12.3B



4.3M children age 15-18



P500 monthly per child

Modified CCT



P 2B



7,007 homeless street families

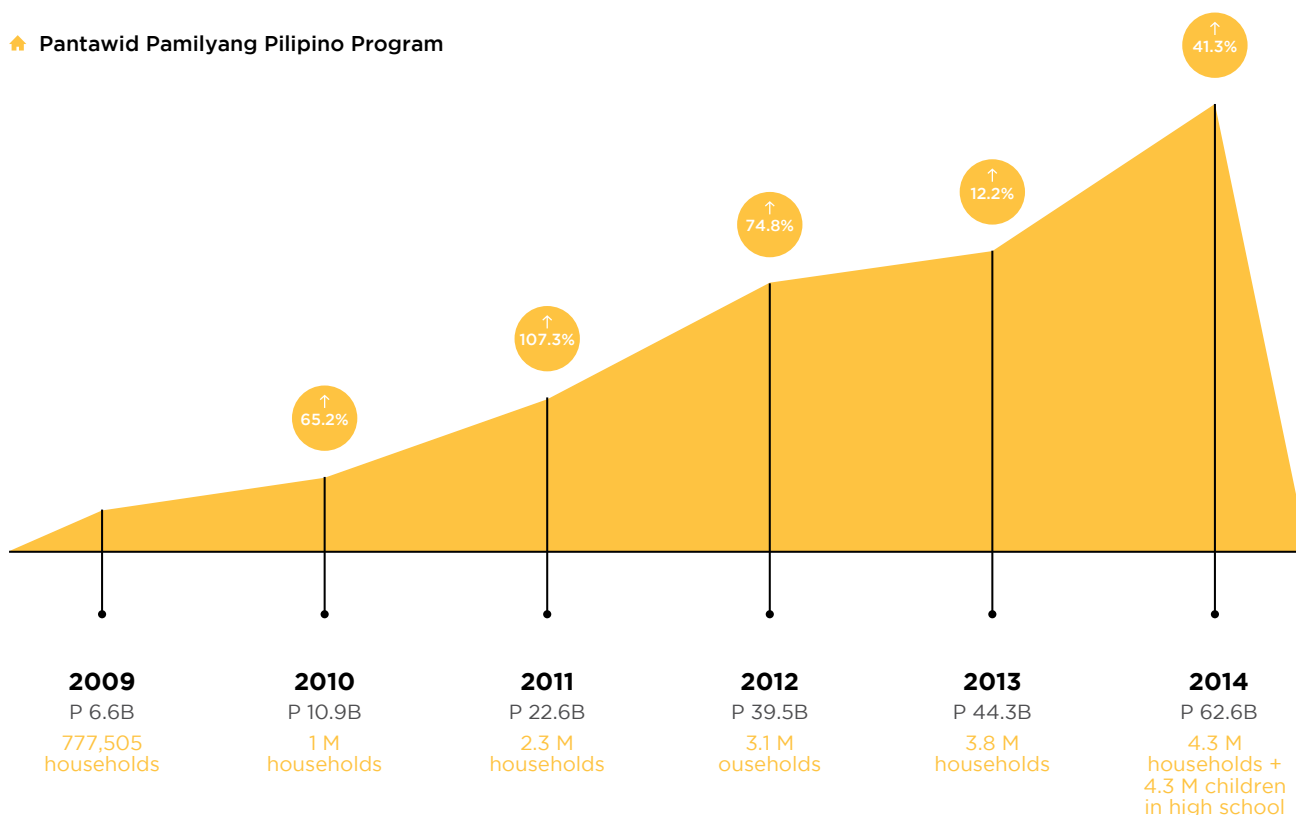


8,956 itinerant indigenous families in urban areas



116,000 indigenous families nationwide

🏠 Pantawid Pamilyang Pilipino Program



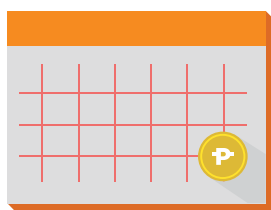
Two other key social welfare and development programs, which are also undertaken by the DSWD, enjoy budget increases as well:



Supplemental Feeding Program - The DSWD has P4.3 billion to feed 2.6 million children in day care centers with healthy meals. For the same purpose, the department had P2.9 billion in 2013, which benefited 1.7 million children.

The program provides children in day care centers with healthy meals for 120 days over a span of six months. The meals are designed to provide one-third

of the children's recommended energy and nutrient intake. The program aims to mitigate hunger, improve the children's nutritional status, as well as complement feeding programs initiated by local government units. Parents and guardians of the children-beneficiaries help prepare the meals and attend sessions on parent effectiveness and home care to enhance their knowledge and skills in nutrition and food preparation.



Social Pension for Indigent Senior Citizens - The DSWD has P3.1 billion to extend cash assistance to 479,080 senior citizens, which is more than double the 232,868 senior citizens covered in 2013.

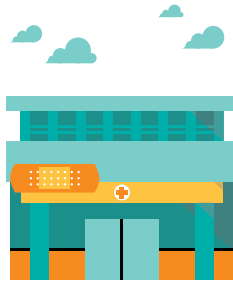
The program provides the country's indigent elderly a monthly cash assistance of P500 each, as mandated under Republic Act 9994 or the Expanded Senior Citizens Act of 2010. The priority beneficiaries of the program are senior citizens 77 years old and above who are frail, sickly, and disabled, without a regular source of income or support from any member of the family, and not receiving other pension benefits from the government.

Note for all time series charts:

2009 to 2012 pertain to actual outturns, while 2013 and 2014 pertain to approved budgets under the GAA

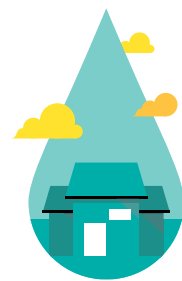
ENSURE ACCESS TO UNIVERSAL HEALTHCARE AND ATTAIN HEALTH-RELATED MILLENNIUM DEVELOPMENT GOALS

At the core of the Aquino Administration's health agenda is Universal Healthcare, which gives all Filipinos, especially the poor, access to quality health services. The 2014 Budget gives more emphasis on health programs that are preventive and promotive over those that are curative. Thus, the government works to increase the enrollment of the National Health Insurance Program, improve health care facilities in the countryside through the Health Enhancement Facilities Program, and deploy healthcare workers to these localities.



Health Facilities Enhancement Program

– The Department of Health (DoH) has P13.5 billion to help rehabilitate or construct 2,917 health facilities, particularly 991 barangay health stations and 1,274 rural health units.



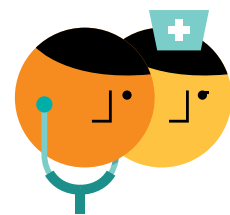
Access to Potable Water – P2.25

billion is set aside for 677 cities and municipalities, identified through the Grassroots Budgeting Process. In addition, P573 million is allocated to the Sagana at Ligtas na Tubig Project of the DILG for potable water supply in 53 waterless barangays and municipalities.



Healthcare Insurance Premium

Subsidies – P35.3 billion is set aside for premium subsidies for 14.7 million poor and near-poor households, which is carried out under the National Health Insurance Program. This budget translates to health insurance coverage for all indigents identified through the National Household Targeting System for Poverty Reduction.

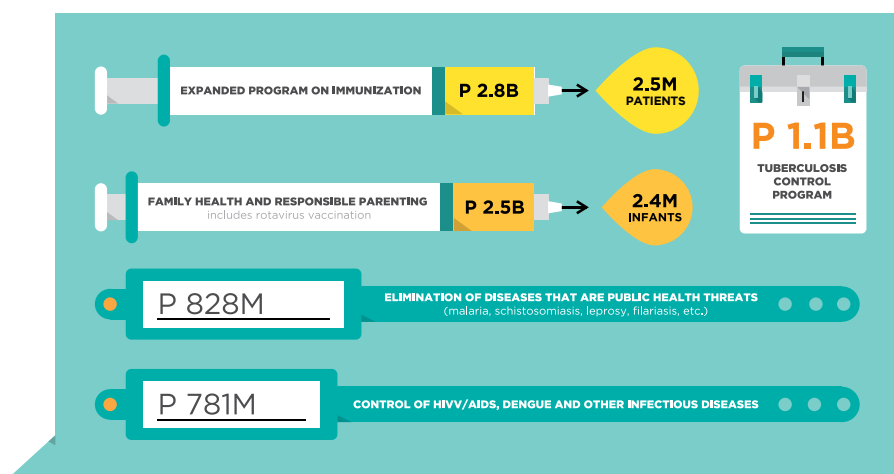


Doctors to the Barrios and Rural Health

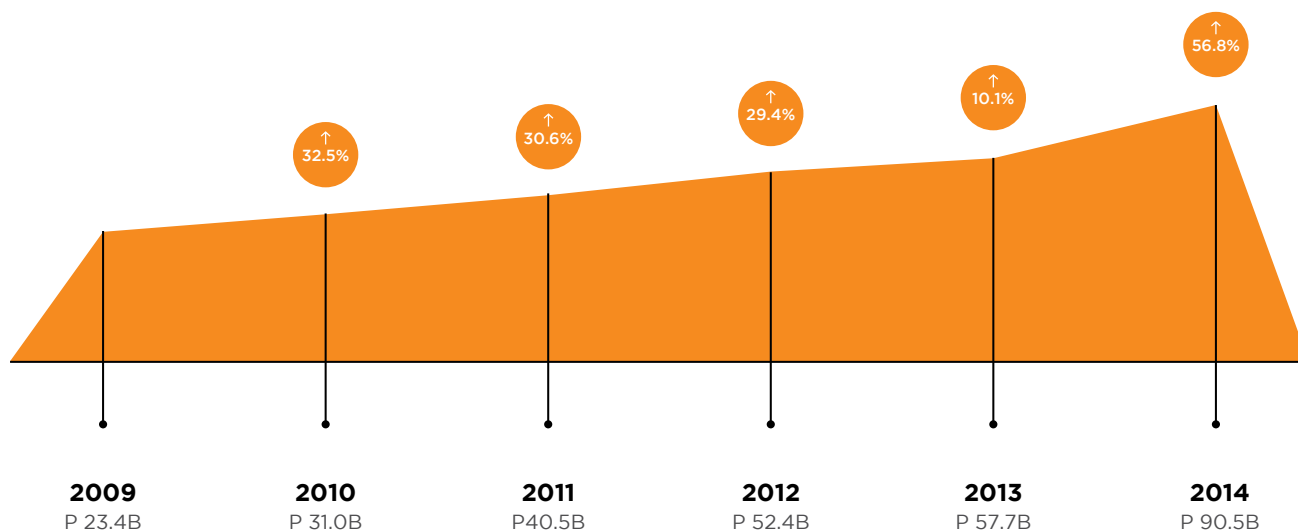
Practice Program – The DoH has P3.0 billion to undertake deployment of additional health professionals in poor localities, particularly in CCT areas, including 131 rural health physicians, 22,500 nurses, and 3,000 midwives.



Addressing Health-Related Millennium Development Goals (MDGs) – The 2014 Budget supports key programs of the DoH that help achieve health-related MDGs. These programs include:



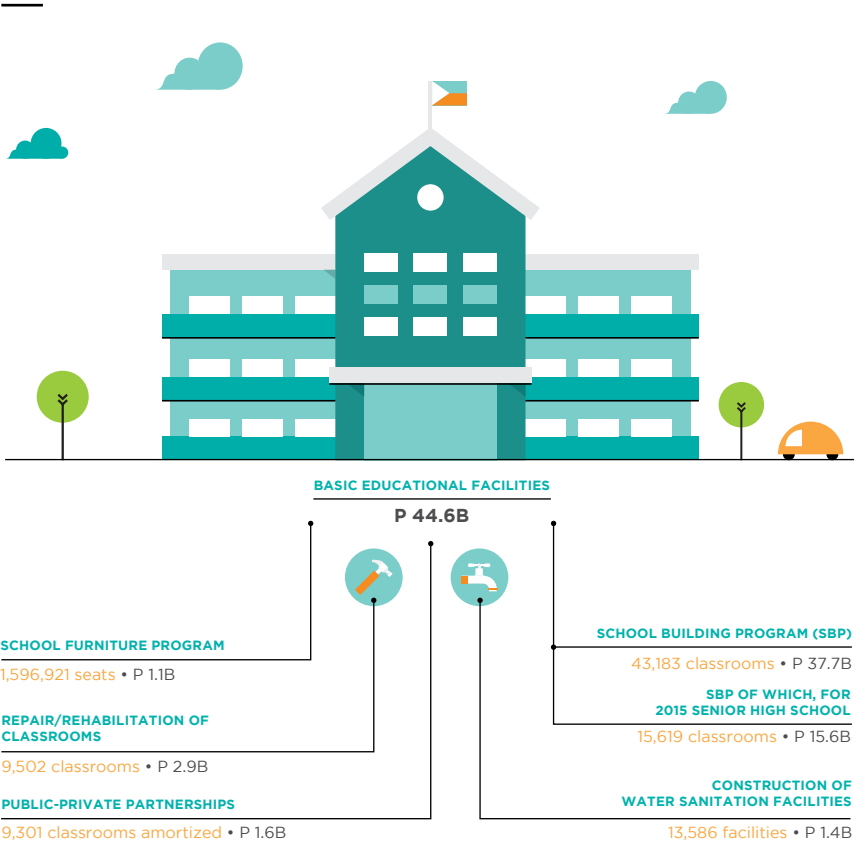
✚ Health Subsector



Note for all time series charts:

2009 to 2012 pertain to actual outturns, while 2013 and 2014 pertain to approved budgets under the GAA

ENSURE ACCESS TO QUALITY BASIC EDUCATION

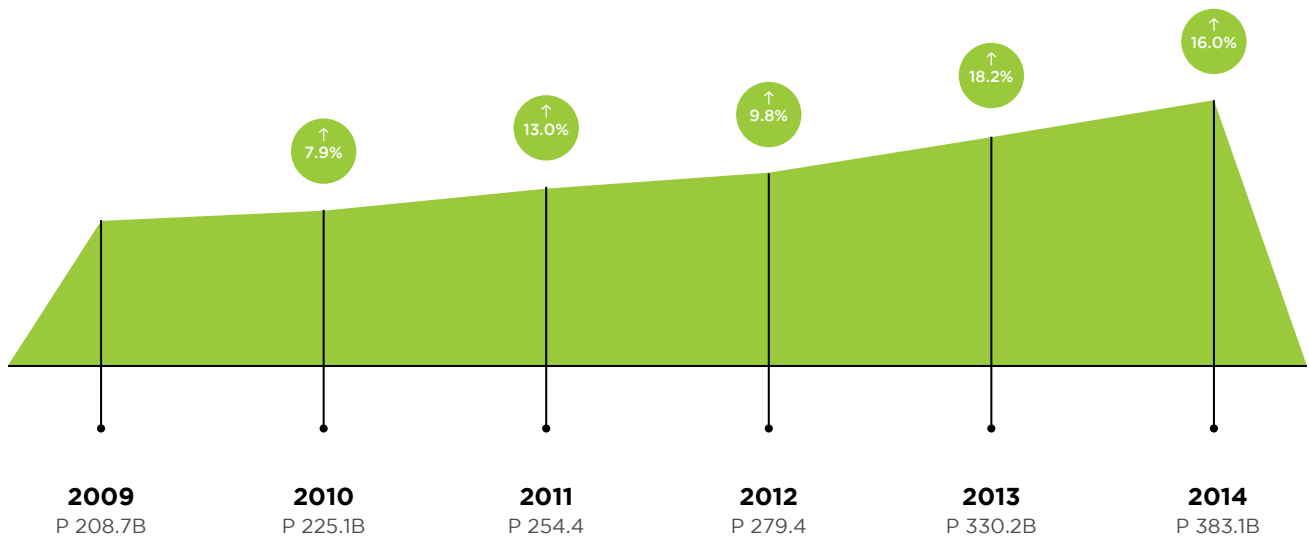


Access to quality education is an essential first step in empowering the poor. Education opens doors to more economic opportunities, giving them the power to lift themselves out of poverty. The Aquino Administration continues to take bold steps in reforming the education sector to ensure that every Filipino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

The Department of Education (DepEd) is allotted P309.4 billion for quality basic education. This budget covers:



Education Subsector



Note for all time series charts:

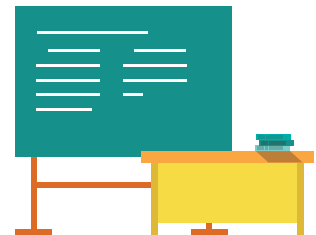
2009 to 2012 pertain to actual outturns, while 2013 and 2014 pertain to approved budgets under the GAA



Hiring of Teachers - P8.6 billion is allocated for hiring 33,194 teachers and 1,500 principals thereby addressing the teacher supply gap.



Textbooks and Instructional Materials – P1.7 billion is allocated to procure 42.6 million textbooks and instructional materials. P2.6 billion is allotted to acquire science and mathematics equipment for the first phase of a two-year program that provides all those in kindergarten and elementary grade levels with basic Science and Math tool kits.



Construction of Classrooms – P44.6 B is allocated to fund the construction of 43,183 new classrooms, including 15,619 classrooms for senior high school for 2016; the repair of 9,503 classrooms; the procurement of 1.6 million seats; and the installation of 13,586 water facilities.



Abot Alam Program – P2.0 billion is allocated for this program, which helps community-based youth by providing them opportunities for education, possible career, and employment. The budget allows the integration of out-of-school youth (OSY) programs of all agencies, which stands to benefit 1.5 million OSY through the Alternative Learning System or Alternative Delivery Model.

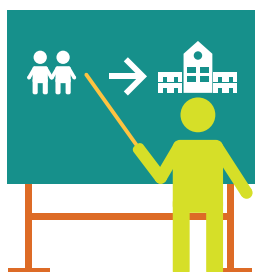


DepEd Computerization – P4.0 billion is allocated for the DepEd Computerization Program, which aims to provide 15,966 schools with computers.

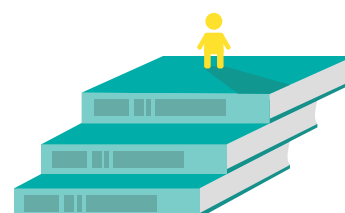
ENSURE ACCESS TO QUALITY TECH-VOC AND TERTIARY EDUCATION



Enhanced Technical-Vocational Education and Training (TVET) – The Technical Education and Skills Development Authority (TESDA) has P3.7 billion for its TVET program, which stands to benefit 161,600 trainees. Of this amount, P1.4 billion is set aside for the Training for Work Scholarship Program to support 163,300 beneficiaries.



Government Assistance for Students and Teachers for Private Education – P7.4 billion is made available to enroll one million students in the Government Assistance to Students and Teachers in Private Education (GASTPE). This program, which is undertaken by the DepEd, gives deserving students access to basic education while also helping to decongest public schools.



Reform Higher Education - P39.3 billion is reserved to implement the Higher Education Reform Roadmap, thereby strengthening 112 State universities and colleges (SUCs); expanding Student Financial Assistance Programs; strengthening research, development, and extension functions of SUCs; and rationalizing growth and 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.

The Commission on Higher Education (CHED) is allocated P3.9 billion, of which P718.2 million is set aside for

CHED's Student Financial Assistance Program in order to subsidize 53,967 recipients. In addition, P4.1 billion was realigned from the Priority Development Assistance Fund to CHED for scholarships. Students enrolling in Engineering, Health Sciences, Education, Information Technology, and Agriculture and related courses are given priority as beneficiaries of these scholarship aids.

The CHED budget also includes a P1.8-billion allocation 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 recognizes that a decent shelter is a basic human right, therefore, it is committed to providing every Filipino with quality affordable homes.



Housing for Uniformed Personnel – P5.5 billion is allocated for affordable housing for military, police and other uniformed personnel.

Relocation of Informal Settler Families in Danger Zones – P10.4 billion is allocated to fund 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 oversees the relocation project with support from the various housing agencies and other government entities concerned, including:



P 5.5B • National Housing Authority



P 3.7B • Social Housing Finance Corporation



P 1.2B • DILG - for disaster risk reduction dislocation assistance

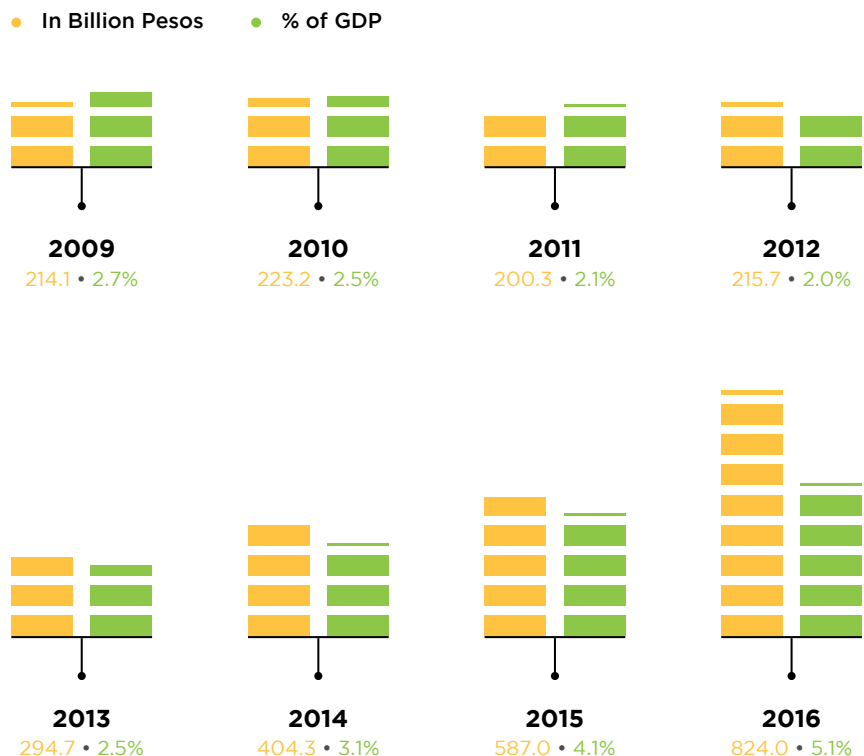
Economic Expansion and Inclusive Growth

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, which 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.

INFRASTRUCTURE

To support economic expansion, the total infrastructure budget for 2014 is increased to P404.3 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 are 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 that is allocated P177.2 billion is directed toward creating additional jobs in the construction and manufacturing sectors and spurring spinoff activity in the rest of the economy. This amount is 61 percent higher than the 2013 allocation of P110.0 billion.

The road transport component represents the bulk of the transport infrastructure budget at P151.9 billion, followed by rail transport at P13 billion, air transport at P9.1 billion, and maritime transport at P3.2 billion.

Road Transport. Of the P151.9 billion allocation for the road transport component of the Transport Infrastructure Program, the bulk of P137.9 billion is allotted for the National Roads and Bridges program of the Department of Public Works and Highways (DPWH).

Includes:



DPWH

National Roads and Bridges Program

P 137.9B



DA

Farm to Market Roads

P 12B



DOTC

Road Transport IT Infrastructure Project

P 1.3B



MMDA

161 Signalized Intersections and Traffic and Transport Management

P 309.4B

Air and Maritime Transport. The Department of Transportation and Communication (DOTC) has P9 billion for various airport projects and P3.2 billion for various seaport projects:

Air Transport **P 9.1B**

LOCALLY FUNDED PROJECTS: P 2.7B
(only samples of major projects under this category)

P 1.1B

NAIA I Rehabilitation

P 350M

Bicol International & Tacloban Airport Development

P 124M

Mactan Cebu Airport Expansion (PPP)

APEC REQUIREMENTS: P 1.2B

P 270M	Clark International Airport
P 508M	Davao International Airport
P 275M	Iloilo International Airport
P 150M	Kalibo International Airport

FOREIGN-ASSISTED PROJECTS

P 1.7B	Puerto Princesa
P 1.7B	New Bohol (Panglao)
P 1.5B	New CNS
P 279M	Laguindingan

Maritime Transport P 3.2B

P 831M	Locally-Funded Seaport Development Projects
P 249M	APEC Requirements (Caticlan & Cabagan Jetty Ports)
P 2.1B	Foreign-Assisted (Multi-Role Response Vessels)

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

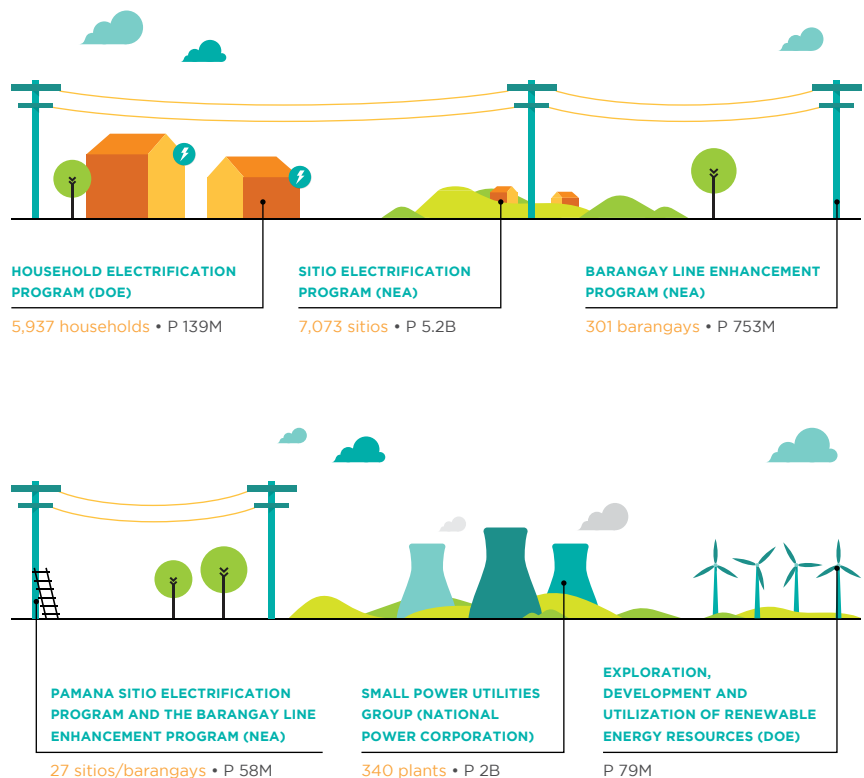
Rail Transport P 13B

P 4.5B	Metro Rail Transit System Line 3 • 48 additional light rail vehicles
P 630M	Light Rail Transit (LRT) North Extension • Common Station
P 5.2B	LRT Line 1 Cavite Extension • Baclaran to Bacoor
P 265M	LRT Line 2 Antipolo Extension • Santolan to Masinag
P 2.5B	Integrated Transport System • South SLEX and South Coastal Road Terminals

RURAL ELECTRIFICATION

Through the Department of Energy (DOE) and the National Electrification Administration (NEA), the Aquino Administration continues to put barangays and sitios on the grid under its rural electrification program. These electric services are seen to spur socio-economic growth of the marginalized sectors, including farmers and fisherfolk in remote unelectrified areas of the country. Thus, opportunities for an improved quality of life, greater access to basic services, and better infrastructure for rural development are anticipated.

The government pursues the rural electrification program for 2014 by implementing the Household Electrification Program in Off-Grid Areas for far-flung provinces through the Sitio Electrification Program, the Barangay Line Enhancement Program, Missionary Electrification projects of the Small Power Utilities Group, as well as renewable energy systems. The Sitio Electrification Program and the Barangay Line Enhancement Program will also be implemented in armed-conflict provinces under the PAMANA program.



To reduce dependence on imported gasoline and carbon footprint of the road transport sector, P2.6 billion is allocated for the Market Transformation through the introduction of Energy Efficient Electric Vehicle Project. This project funds 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 increases the take home pay of tricycle drivers.

AGRICULTURAL DEVELOPMENT

Farmers and fisherfolk 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) has a budget of P62.2 billion for programs that increase the productivity and income of farmers and fishermen. Around P10.7 billion is allotted for the 1.4 million individual and 25,024 groups of farmers, farm laborers, and fishermen.

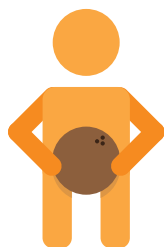


Infrastructure support – Adequate infrastructure support is needed to boost farm production. The 2014 Budget allots P21.1 billion for irrigation projects to service new irrigation systems of 41,158 hectares, rehabilitate 273.8 kilometers of canals, and restore 5,999 hectares of irrigated land. Irrigation fees are ploughed back to rehabilitate irrigation systems in the first to third class LGUs to maximize the use of resources in opening new irrigated lands and rehabilitating systems in poorer LGUs.

The 2014 Budget allocates P12 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 – P1.2 billion is allotted to the DA-Bureau of Fisheries and Aquatic Resources for supply services for fishery productivity. This amount provides production support to 206,354 fisherfolk. P1.1 billion is allocated for infrastructure facilities and equipment, which reduce spoilage and losses in products. This allocation benefits 91,205 fishermen. It also covers the construction of 21 fish ports and eight ice plants and cold storage units in areas not exhibiting overfishing, where poverty incidence is high, and serves 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 P2.4 billion to the Philippine Coconut Authority, an increase of 36 percent from the 2013 level. This amount provides them with coconut farm inputs: P704 million for 19,500,000 coconut seed nuts and palm seeds to be planted by 195,000 beneficiaries; P416 million for 1,232,200 bags of fertilizer to 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 to rehabilitate oil palm plantations in Sultan Kudarat and Agusan del Sur, thereby benefitting 5,000 farmers. An amount of P306 million is allocated to distribute 5,000,000 cacao seeds to be planted by 10,000 beneficiaries; 50,000 bags of complete fertilizers to be distributed to 25,000 beneficiaries; and 800 heads of livestock to be distributed to 11,275 beneficiaries.

MANUFACTURING AND AGRI-BASED INDUSTRIES

Micro, small, and medium 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 – Through these facilities, MSMEs that cannot afford equipment and other production requirements can use machines and services provided by the government. An amount of P770 million is allotted to create 827 Shared Service Facilities, which is expected to generate 24,337 jobs.

Research and Development – The manufacturing and agri-based industries 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 to establish the Advanced Device and Materials Testing Laboratory to provide companies with testing services.

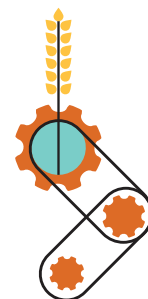
Training of Workers – P1.4 billion is earmarked for the Department of Labor and Employment-TESDA to train 163,300 trainees under the Training for Work Scholarship Program and Promotion/Development of Quality Technical Education and Skills.

Manufacturing Industry Roadmap – The Manufacturing Industry Roadmap (MIR) aims to boost the manufacturing sector as it is designed to make the country competitive in the coming ASEAN economic integration in 2015. The MIR is an integration of the plans of stakeholders that promote the growth of specific industries and the entire manufacturing sector.

The MIR has two phases. Phase 1 (2014–2017) focuses 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. The implementation of Phase 2 is from 2018 to 2021.



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



The amount of P744 million is allocated to promote and develop MSMEs through technical assistance, such as skills training, product development, and market development and access, as well as to capacitate MSMEs and improve their productivity and competitiveness.

TOURISM DEVELOPMENT

The success of the “It’s More Fun in the Philippines!” tourism campaign has meant a significant increase in tourist arrivals. Tourism does not only allow the country to showcase its people and its natural and cultural resources, but 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 in 2014.

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

The Tourism Development Plan cites 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. Set aside is P24.8 billion to improve market access, connectivity, and destination infrastructure for these clusters. This amount, which represents 83 percent of the program’s budget, funds:



DPWH

Construction, Widening, Upgrading of Access Roads to Declared Tourists Destinations

P 14.7B



DOTC

Construction, Improvement and Rehabilitation of Airports, including Navigational Facilities

P 9B



DPWH

Construction and Upgrading of Seaports

P 534M

To further boost the development and marketing of competitive destinations and products, P4.5 billion is 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. This amount covers 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).

Of the tourism program budget, P523 million 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 covers 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.

Just and Lasting Peace and the Rule of Law

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

Through the Office of the Presidential Adviser on the Peace Process (OPAPP), the government continues to pursue just and lasting peace and development for the nation and all Filipinos. The OPAPP is allocated P212.9 million for its technical advisory and support services for the comprehensive peace process. Of this amount, P70 million is allotted to boost all Conflict-Sensitive, Peace-Promoting Program Processes and Mechanisms that are currently in place in 25 provinces. This budget also capacitates nine national government agencies, 37 LGUs, and 18 civil society groups involved 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.

THE PAMANA HAS THREE COMPLEMENTING STRATEGIC PILLARS:



Macro-level policy reform that support convergence interventions and security guarantees and support for Internally-displaced Persons and other marginalized sectors



Community-driven development interventions to promote the convergent delivery of services and goods for households and communities.



Sub-regional development for high impact connectivity and value chain development, infrastructure support and economic integration, and employment.

PAMANA is allocated P7.2 billion this year, an increase of 43.8 percent from its 2013 level. Of this amount, P2.66 billion goes to development support initiatives in the Autonomous Region in Muslim Mindanao and Roads to Peace projects in 386 of the poorest Moro National Liberation Front barangays.

P1.73 billion is allotted for the Department of Agriculture to mobilize agri-fisheries production, agricultural infrastructure activities, and construction of farm-to-market roads in 22 beneficiary provinces across the country. P1.55 billion is allocated to the DILG to develop key roads and water and community infrastructure as well as advance the capacity-building efforts for local governments under the PAMANA program.

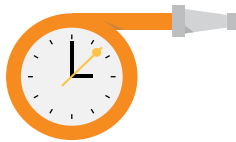
Set aside for the Department of Social Welfare and Development is P922 million to implement the KALAHI-CIDSS program and other sustainable livelihood programs in 2,676 barangays, 110 municipalities, and 24 provinces under the PAMANA program, as well as to establish 63 day care centers for various beneficiary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

MODERNIZE LAW ENFORCEMENT AND TERRITORIAL DEFENSE

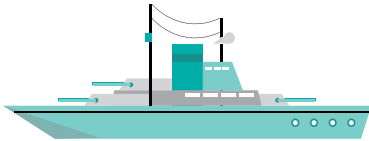
The 2014 Budget supports the enhancement of the capability of the country's police force, the modernization of its fire protection agency, and the upgrading of its capabilities to defend national interests.



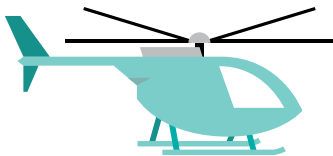
Crime Prevention and Suppression Services – To strengthen the police force and reduce the crime rate by 5%, the Philippine National Police is provided a budget of P69.6 billion for crime prevention and suppression services.



Fire Suppression and Investigation Services – The Bureau of Fire Protection aims to 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. To achieve this, the Budget provides P7.1 billion for fire prevention and investigation services, as well as for the acquisition of 146 fire trucks.



Territorial Defense– To bolster the ability of the Armed Forces of the Philippines (AFP) to secure the country, the 2014 Budget provides P35.5 billion to the Philippine Army, P9.8 billion to the Philippine Air Force and P9.9 billion to the Philippine Navy for territorial defense, security, and stability services.



Revised AFP Modernization Program – The 2014 Budget Allocates P5 billion to partially fund the program. The Department of National Defense (DND) will use this 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. (In addition, the 2014 Budget allocates P5 billion under the Unprogrammed Fund to support the program).



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 strengths of the Philippine justice system, with the end goal of ensuring greater order and security across the country.

P11.1 billion is 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 is apportioned for the Court of Appeals 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 is allotted for the Department of Justice to improve its investigation and prosecution services. P3.3 billion is earmarked to boost its capacity to investigate and resolve 296,264 criminal complaints. The National Bureau of Investigation is allotted P817 million to enhance its services to conduct and act upon 48,600 investigations.

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

Climate Change Adaptation and Mitigation

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 DPWH is allotted P30.2 billion for flood control and management services, more than twice the P15.8 billion allotted in 2013. This budget allows the agency to construct 346 flood control structures and drainage systems nationwide. Reserved budget for 119 flood mitigation facilities along major and principal rivers is P3.3 billion. A budget of P203 million is allocated to maintain and construct 486 rainwater collection systems as well as a septage and sewerage system all over the country.

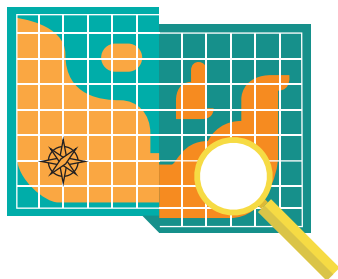
P1.1 billion is allocated for the Metro Manila Development Authority's flood mitigating activities, such as deepening waterways, desilting drainage mains, and declogging drainage laterals. This amount is accompanied by a P1.1 billion allocation for a waste disposal management project for Metro Manila, 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 allocates P6.2 billion to the National Greening Program led by the Department of Environment and Natural Resources to produce 164.6 million seedlings in 800,000 hectares of forest land.

P513 million is 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 are set to be completed this year.

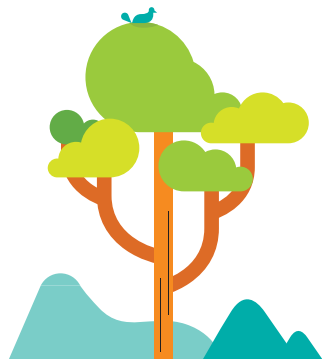


PURSUE LAND USE DEVELOPMENT

A total of P431 million is set aside for the DENR-Mines and Geosciences Bureau for geohazard mapping programs to identify effective land usage and determine disaster preparedness. This amount allows the completion of the target of mapping 1,634 cities and municipalities.

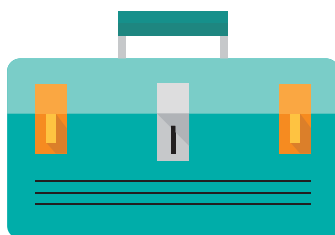
P1 billion is allotted for the DENR-NAMRIA in order to produce or publish 213 maps and charts for land cover mapping, mapping of low-lying areas, and coastal resource mapping.

As part of the Nationwide Operational Assessment of Hazards or Project NOAH, P500 million is made available to generate and deliver high-resolution imagery using LIDAR technology thereby creating comprehensive and accurate flood models of the country's 18 major river basins. The LIDAR Technology also provides 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 continues to pursue biodiversity conservation efforts to preserve vulnerable species and habitats. Apart from the allocation to the DENR's National Greening Program, the department is also provided a P312 million budget to establish a network of protected biodiversity areas. This endeavor includes the implementation of the Sustainable Coral Reef Ecosystem Management Program, which is allotted 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.

P1.3 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 is given P390 million to establish 39 additional air quality monitoring stations to augment the 55 existing sampling stations and the 39 stations to be established in 2013.

P83 million is allocated for the DND-Office of Civil Defense in order to capacitate 96,300 people in implementing climate change measures by conducting disaster risk management reduction trainings.

P54 million is earmarked for the Climate Change Commission to support its initiatives on climate change adaptation and mitigation. The allocation covers 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.

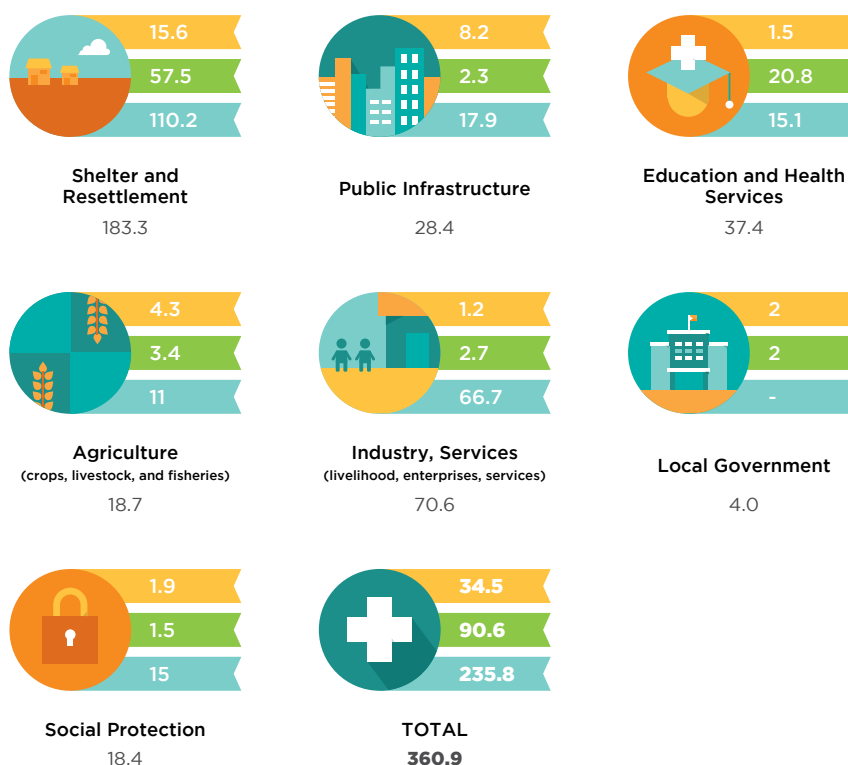
Build Back Better

The Aquino government intends to not only restore normalcy for the 3.4 million families in 44 provinces¹ affected by Typhoon Yolanda but also to “build back better”—to help devastated communities to rise stronger and more resilient than before.

The National Economic and Development Authority has formulated the Rehabilitation Assistance on Yolanda (RAY), which indicates an estimated P360.9 billion requirement for recovery and reconstruction investments until 2017. Of this amount, P125 billion is required for immediate and short-term interventions.

INVESTMENT REQUIREMENTS FOR RECOVERY AND RECONSTRUCTION (IN BILLION PESOS)

- Critical Immediate Actions
- Short-term Interventions (2014)
- Est. Medium-Term Needs Est. (2015-2017)

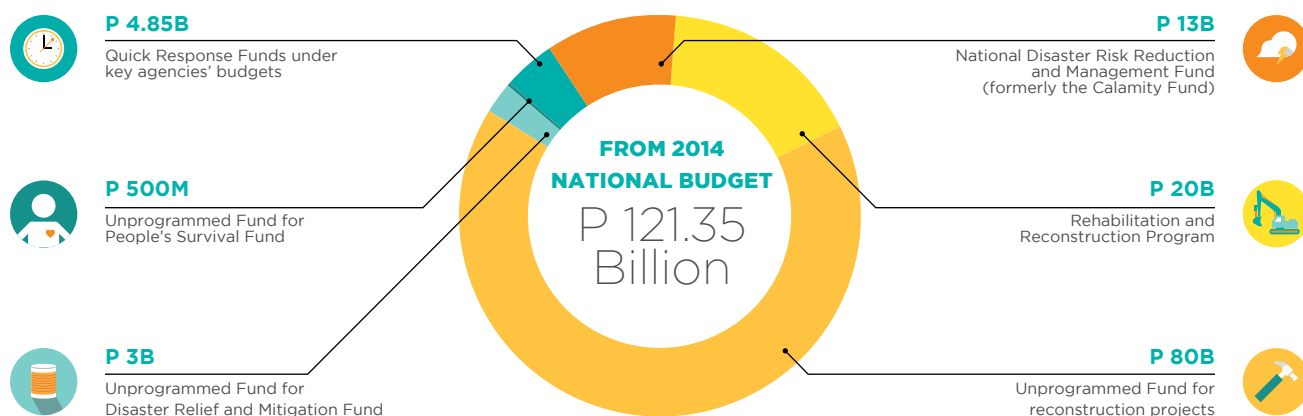


Armed with a total of at least P113 billion under the 2014 National Budget—as well as P14.6 billion more under the 2013 supplemental budget and P22.7 billion from carry-over budgets in 2013, the government will undertake reconstruction and rehabilitation works: from rebuilding damaged public infrastructure to providing social protection and livelihood support for affected communities. Details of projects to fund and releases will be made available to citizens for monitoring through an online portal which is currently being developed.

¹ Situation Report No. 103, National Disaster Risk Reduction and Management Council (NDRRMC), January 29, 2014.

² Reconstruction Assistance on Yolanda (RAY), National Economic and Development Authority (NEDA), 16 December 2013.

RESOURCES FROM THE NATIONAL BUDGET FOR RECONSTRUCTION AND REHABILITATION:



FROM 2013 SUPPLEMENTAL BUDGET: P 14.6B

AVAILABLE FROM PRIOR YEAR'S BUDGET: P 22.7B

AS APPROVED BY THE PRESIDENT ON DECEMBER 27, 2013

FOR RECOVERY AND REHABILITATION: P 22.6B



Housing and Resettlement

P 2.2B



Public Infrastructure

P 7.2B



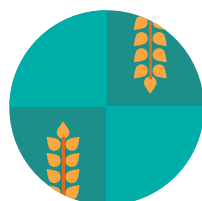
Education and Health Services

P 1.0B



Local Government Services

P 2.0B



Agriculture

P 5.3B



Livelihood and Employment

P 953M



Business Enabling Environment

P 80M



Social Assistance

P 2.9B

ADDITIONAL QUICK RESPONSE FUNDS FOR DSWD: P 1.07B

The Aquino Budget Transformation Agenda

*Spending within means
Spending on the right priorities
Spending with measurable results*

*In an empowering regime
of transparency, accountability,
and citizen's engagement*



01

FISCAL DISCIPLINE

Spending Within Means

1. Timely Enactment of the Budget

Eliminates the practice of budget re-enactment as well as potential avenues for abuse that it creates, and enables the timely implementation of priority programs and projects.

2. Fiscal Consolidation

Allows reduction of the fiscal deficit to a more stable level of two percent of gross domestic product (GDP) by 2013 to 2016, from 3.5 percent of GDP in 2010 through reforms in revenue collection, smarter debt management, and prudent expenditure management.

3. Medium-Term Expenditure Framework

Helps the government link policy, planning, and budgeting over the medium term, enabling the DBM to employ a three-year rolling budget approach through a top-down allocation of resources as well as forward estimates on the costs of agency operations.



02

ALLOCATIVE EFFICIENCY

Spending on the Right Priorities

1. Zero-Based Budgeting

Involves the close evaluation of major ongoing programs and projects to determine their relevance and effectiveness thereby helping the government identify and eliminate programs and projects that are inefficient, ineffective, and fraught with leakages.

2. Aquino Social Contract Priority Areas

Defines the five priority areas of President Aquino, through Executive Order No. 43 issued in 2011, of Social Contract with the Filipino People and directs budgetary focus on these priority areas:

- Anti-Corruption and Transparent, Accountable and Participatory Governance
- Poverty Reduction and Empowerment of the Poor and Vulnerable
- Rapid, Inclusive and Sustained Economic Growth
- Just and Lasting Peace and the Rule of Law
- Integrity of the Environment and Climate Change Adaptation and Mitigation

3. Program Budgeting

Seeks to deepen budgetary focus on priority programs and improve inter-agency collaboration. For example, the Department of Tourism and other agencies responsible for tourism-related services collaborate to meet the target of 6.8 million international tourist arrivals in 2014.

4. Budget Priorities Framework

Guides departments and agencies in designing their respective budget proposals along program priorities as well as geographic focus areas where the poorest are and where great potential lies. This framework works together with the annual Budget Call.

5. Medium-Term Information Technology Harmonization Initiative

Or MITHI, establishes a coherent process for the planning, budgeting, implementation and monitoring of information technology projects. MITHI was initiated by the DBM, the Department of Science and Technology, and the National Economic and Development Authority.

6. Public-Private Partnerships

Or PPP, entices 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.

7. Local Government Public Financial Management Program

Enhances the capacity of local government units to generate revenue and allocate public funds more efficiently.



03

OPERATIONAL EFFICIENCY

Spending with Measurable Results

A. Fast and Efficient Budget Execution

1. GAA-as-Release Document

This document serves to make the annual Budget as the allotment release document, which cuts the tedious budget release process. As a result, as much as 86 percent of the budgets of agencies are considered as released as soon as the Budget is enacted, and ready for implementation.

2. Checkless Payment System

Streamlines the settlement of accounts payables through the Expanded Modified Direct Payment System, so that 80 percent of transactions become checkless and cashless starting in 2014. Suppliers are paid within two days after agencies instruct government servicing banks to transfer funds.

3. Disaggregation of Lump Sum Funds

Into as much detail as possible—up to specific programs and projects and their location—to curb bottlenecks and leakages caused by lump sum funds.

4. Disbursement Acceleration Program

Enables the government to address the slowdown in public spending by mobilizing funds for fast-moving and high-impact programs and projects. As a result, disbursements recovered from a 7.3-percent contraction in September 2011 to a 2.3-percent growth by end-2011.

5. Account Management Teams

Closely monitor their major departments' financial and physical performance and address bottlenecks to implementation in order to sustain the pace and quality of public spending.

6. Unified Account Code Structure

Ensures that all public financial processes—from budgeting to cash management to accounting and audit—follow a single classification system.

7. Early Procurement

Enables government agencies to award bidders and implement projects as soon as the first day of the budget year.

8. Mandatory Use of the DBM-Procurement Service

Allows purchase of common-use supplies from the Procurement Service, an attached agency of the DBM which serves as the bulk buyer of government, to ensure efficient and cost-effective procurement.

9. Philippine Government Internal Audit Manual

Guides agencies' internal audit units in assessing and developing their internal audit systems that will ensure more efficient and economical operations.



B. Stronger Performance Management

1. Performance Informed Budgeting

Includes in the National Budget each agency's performance targets alongside the proposed budgets thereby enabling Congress and citizens to better hold agencies to account for their performance.

2. Organizational Performance Indicator Framework

Links budgets with desired outcomes and performance measures. The Aquino Administration improved this framework by refining the major final outputs and performance indicators of agencies. This framework enabled government to adopt PIB.

3. Results-Based Performance Management System

Harmonizes the varying and fragmented performance management systems in government into a single Results-Based Performance Management System.

4. Performance-Based Incentive System

Enables granting civil servants a performance-based bonus of up to P35,000 for meeting or even surpassing their agency and individual performance targets.



C. Using Technology in Transforming Public Financial Management

1. Government Integrated Financial Management Information System (GIFMIS)

Will provide real-time information on government financial transactions and will also streamline and harmonize the budgetary release, collection and disbursement processes of government. The target completion of this system is in 2016.

2. Comprehensive Human Resource Information System (CHRIS)

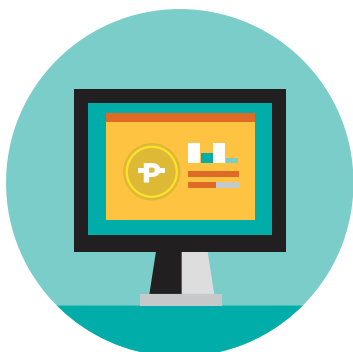
Will introduce greater accuracy and efficiency in government human resource management, including the government payroll. This system, a major module of the GIFMIS, builds on the DBM's existing Government Manpower Information System (GMIS).

3. Government Electronic Procurement System (PhilGEPS)

Provides a facility for the public posting of bid notices and awards. This system has been expanded to include electronic bidding and electronic payment functions. All agencies are required to use this system. The facility can be accessed via PhilGEPS.gov.ph.

4. Cashless Purchase Cards

Establishes prior control on purchases and facilitates the subsequent auditing process in order to prevent abuses in the use of cash advances. This system is being piloted in the military.



04

FISCAL TRANSPARENCY & PARTICIPATION

A. Transparency

1. Electronic Transparency and Accountability Initiative for Lump Sum Funds

Enables the online disclosure of information on releases from the Calamity Fund, the School Building Program, Internal Revenue Allotment for LGUs and the erstwhile Priority Development Assistance Fund (pdaf.dbm.gov.ph).

2. Transparency Seal

Is included in the annual Budget as a legal requirement for all government agencies to disclose relevant budget information—from approved budgets and targets, to procurement plans and contracts awarded, among others—through their respective websites.

3. Open Government Data

Enables citizens to access data sets—including budget and procurement data—in open data format. This facility can be seen at data.gov.ph.

4. People's Budget / Budget ng Bayan

Simplifies and visualizes the National Budget and the budget process through these publications to make the Budget more accessible and understandable to citizens. These publications can be seen at BudgetNgBayan.com.



B. Citizen's Participation

1. Civil Society Organizations (CSO) Desk

Provides support in engaging citizens in the budget process and establishing formal mechanisms for such engagement. CSO Desks are established in DBM's Regional Offices.

2. Budget Partnership Agreements

Allows for citizen's participation in the budget process, where agencies and civil society organizations enter into formal Budget Partnership Agreements in crafting agency budget proposals as well as in monitoring budget implementation.

3. Grassroots Participatory Budgeting

Allows local communities and civil society organizations to engage in crafting local poverty reduction plans to be funded by the National Budget. This pioneering mechanism was formerly known as Bottom-Up Budgeting.

Glossary of Frequently-Used Budget Terms

ALLOTMENT

An authorization issued by DBM to an agency that allows the latter to incur obligation for specified amounts contained in a legislative appropriation

With the GAA-as-Release Document, the enacted Budget itself serves as the allotment release for all budget items except those contained in a negative list, which require the fulfillment of conditions and the eventual issuance of a Special Allotment Release Order (SARO).

ALLOTMENT CLASS

Classification of government expenditures:

Personnel Services

For salaries and other compensation (e.g., salary increases, allowances, honoraria) for permanent, temporary, contractual, and casual employees of the government; as well as retirement benefits (e.g. terminal leave, retirement gratuity)

Maintenance and Other Operating Expenditures (MOOE)

Those that support the operations of government agencies, including those for supplies and materials; transportation and travel; utilities and other maintenance activities

Financial Expenditures

A new allotment class for management supervision or trusteeship fees, interest expenses, bank charges, and other financial charges

Capital Expenditure or Capital Outlays (CO)

For purchase of goods and services that add to the government's assets, including infrastructure outlays, purchase of vehicles, and investments in the capital stock of government corporations

APPROPRIATION

An authorization made by law or other legislative enactment, directing payment out of government funds under specified conditions or for specific purposes

Appropriations, Automatic

Made annually or for a period as prescribed by law, by virtue of a standing legislation that does not require periodic action by Congress

Examples of automatic appropriations in the National Budget are Internal Revenue Allotments (IRA) and debt service, among others.

Appropriations, Continuing

Supports obligations (expenditures incurred and committed to be paid by the government) for a specific purpose or project, even when these obligations are incurred beyond the budget year

Appropriations, New General

Legislated by Congress and enacted by the President every fiscal year, such as the General Appropriations Act (GAA)

The GAA enacts both programmed and unprogrammed appropriations.

Appropriations, Programmed

Appropriations in the GAA that are supported by existing resources and can be released during the year

Appropriations, Unprogrammed

Appropriations in the GAA that can only be utilized when revenue collections exceed targets, when there are new revenue sources, or when there are newly-approved loans for foreign-assisted projects

BUDGET DEFICIT

A financial status in which government expenditures exceed revenues

DEBT SERVICE

The sum of loan repayments, interest payments, commitment fees, and other charges on foreign and domestic borrowings

MAJOR FINAL OUTPUTS (MFOS)

Goods and services that a department/ agency should deliver to external clients through the implementation of programs, activities, and projects

These MFOs have corresponding performance indicators according to quality, quantity, and timeliness.

REVENUES

Projected cash inflows like collections from taxes, fees, and charges imposed by government agencies, as well as proceeds from grants

Non-Tax Revenues

Fees, charges, and other government collections in exchange for services rendered, penalties imposed, among others

In certain cases, non-tax revenues also include the privatization of government assets.

Tax Revenues

Compulsory charges or levies imposed by government on goods, services, transactions, individuals, and entities, among others (e.g., income tax, value-added tax, and special taxes such as the motor vehicle tax).

For definitions of more budgeting terms, please download <http://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2014/GLOSSARY.pdf>.



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