

GLOSSARY OF TERMS

Accounts Payable (A/P).

Obligations/ commitments of national government agencies, whether current year and prior years, for which services have been rendered, goods have been delivered or projects have been completed and accepted. *Prior Year's Accounts Payable* are those accounts payable which have been incurred and remained unpaid as of the end of the preceding year. *Current Year's Accounts Payable* are those accounts payable which have been incurred during the current year and remain unpaid before the end of the current year.

Advice/Authority to Debit Account.

Refers to the accountable disbursement document which serves as notice to the Modified Disbursement Scheme-Government Servicing Bank (MDS-GSB) to debit the agency's MDS sub-account for payment of A/P due to external creditors, Retirement Gratuity (RG) /Terminal Leave (TL), transfers to Local Government Units (LGUs), e.g. Internal Revenue Allotment (IRA), Special Shares from Revenues for LGUs, and credit the current/savings account (CA/SA) of the creditor/retiree.

Agency Budget Matrix (ABM).

Disaggregation of the agency budget showing the needing and not needing clearance to determine the items to be issued special allotment release orders (SAROs) as well as the amount to be released comprehensively. Starting FY 2014, the ABM will no longer be issued since the GAA will serve as the comprehensive release document for items not needing clearance.

Agency Heads. Refer to the heads of departments, attached agencies and Other Executive Offices under the Executive Branch, State Universities and Colleges, Constitutional Commissions, and Government-Owned and/or-Controlled Corporations maintaining Special Accounts in the General Fund and other similar entities and instrumentalities concerned.

Agency Performance Review (APR).

The process of determining the level of accomplishment of each agency in terms of major final outputs, income generated, and actual expenditures incurred in the production/delivery of goods and services to the public vis-à-vis the targets/budgets for the same period.

Allotment. Authorization issued by the Department of Budget and Management (DBM) to an agency, through authority contained in the General Appropriations Act (GAA) or the release of Special Allotment Release Order (SARO), permitting the agency to commit/incur obligation and/or pay out funds within a specified period of time within the amount specified for the purpose indicated therein.

Allotment Class. Classification of expenditures under the following categories:

1. Personnel Services (PS) (01)
2. Maintenance and other Operating Expenses (MOOE) (02)
3. Financial Expenses (FinEx) (03)
4. Capital Outlays (CO) (06)

Allocation to Local Government Units (ALGU).

As an expenditure item classified as Current Operating Expenditures under the Expenditure

Program, this refers to the total subsidy given to LGUs by the national government, corresponding to their mandated share in the revenue collections arising from: 1) the automatically appropriated formula-based share of all LGUs from national internal revenue collections pursuant to the Local Government Code (R.A. 7160); and 2) the special shares of selected LGUs from proceeds from national wealth, and other revenues pursuant to specific laws (e.g., share of tobacco producing provinces from taxes on Virginia and Burley tobacco). In this document's presentation of expenditures, by recipient entity, the ALGU is broken down into 2 expense classes: Current Operating Expenditures refer to 80 percent of the Internal Revenue Allotment (IRA) while Capital Outlays refer to Capital Transfers to LGUs consisting of a) the remaining 20 percent of IRA; and b) Special Shares of LGUs in proceeds of national taxes.

As a Special Purpose Fund for LGUs, however, this item covers not only the two legally mandated allocations but also the transfers from the National Government (NG) to LGUs to wit: Barangay Officials Death Benefits Fund, Local Government Support Fund, and the budget allocation for Metro Manila Development Authority.

Appropriation. An authorization pursuant to laws or other legislative enactment directing the payment of goods and services out of government funds under specified conditions or for specified purposes.

Appropriations, Automatic. One-time legislative authorization to provide funds for a specified purpose, for which the amount may or may not be fixed by law, and is made automatically available and set aside as needed. Since it is

already covered by a separate law, it does not require periodic action by Congress, and need not be included in the legislation of annual appropriations. Among these items are: a) *Debt Service* (per P.D. No. 1967, R.A. 4860, and R.A. 245 as amended) - interest payments for foreign and domestic debt; b) *Net Lending* (P.D. 1177 and E.O. 292) - to GOCCs; c) *Special Accounts* - per specific laws, e.g., Wildlife Management Fund (DENR-R.A. 9147) sourced from fines etc. relating to the implementation of the Wildlife Act.

Appropriations, Continuing. An authorization that 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 (Annual). An authorization for incurring obligations during a specified budget year as contained in the GAA. The GAA is the legislative authorization that contains the new annual appropriations authorized by Congress in specific amounts for salaries, wages and other personnel benefits; MOOE; and CO to be spent for the implementation of programs and activities of all departments, bureaus and offices of government for a given year.

Appropriations, Unprogrammed. Standby appropriations authorized under the annual general appropriations act which may be availed of upon occurrence of any of the instances and compliance with the conditions reflected in the special provisions under the Unprogrammed Appropriations.

Assumed Liabilities. Domestic or foreign loans originally contracted or liabilities on securities issued by

Government Financial Institutions (GFIs) or Government Owned or Controlled Corporations (GOCCs) which by law, have been transferred to and forms part of the liabilities of the National Government.

Balance of Payments (BOP). A summary of the economic transactions of country with the rest of the world for a specific period. It serves as an accounting statement on economic dealings between residents of the country and non-residents.

Borrowings. Funds obtained from repayable sources, including loans secured by the government from financial institutions and other sources internal and external, to finance development projects and/or budget support.

Budget. The budget is the government's plan for a year. It is a table/schedule of expenditures, based on either obligations or cash concepts and the corresponding sources of financing, either from revenues, borrowings or cash balance drawdown. Ultimately, it is a tool that enables government to achieve its development agenda.

Budget Accountability Reports (BARs). Reports on the agencies' actual financial and physical accomplishments/performance for a given period.

Budget and Financial Accountability Reports (BFARs). Harmonized reports on the agencies' actual financial and physical accomplishment/performance for a given period prescribed by the oversight agencies, i.e., DBM and Commission on Audit (COA) to effectively report, monitor and/or

evaluate agency performance versus plans and targets which shall serve as basis for sound policy decisions.

Budget Balance. Derived as the difference between revenues collected and disbursements made (excluding debt repayments and payments on non-budgetary accounts) by the NG during a given year. In the context of government budgeting, when revenues and disbursements are equal, the budget is balanced. A *budget surplus* exists when revenues exceed disbursements. A *budget deficit* is incurred if revenues are less than disbursements.

Budget Call. A budget document issued by the DBM at the start of the budget preparation phase. This document contains the following:

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

Budget Execution Documents (BEDs). Annual documents required at the onset of the budget execution phase, which contain the agencies' targets and plans, physical as well as financial, for the current year.

Budget of Expenditures and Sources of Financing (BESF). A document which reflects the annual program of estimated expenditures of the NG accompanied by an estimate of expected sources of financing, which is constitutionally mandated to be submitted by the executive branch to the legislature to support the National Budget proposal.

Budgetary Support Program Loans/Grants. Proceeds from program loans and grants that can be used to finance existing items in the GAA as agreed with and deemed eligible by the donors.

Budgetary Support to Government Corporations (BSGC). The NG assistance to GOCCs in the form of equity, subsidy, relent loan proceeds or net lending advances for the servicing of debts guaranteed by the NG.

Budgeting. Allocation of revenues/borrowed funds among agency programs and projects to attain socio-economic goals and within bounds of fiscal sustainability/prudence.

Build-Operate-and-Transfer (BOT). A contractual arrangement between the NG and the private sector whereby the project proponent undertakes the construction or operation, including the financing, of a given government infrastructure or operation for which it is allowed by government to collect toll fees and/or lease payments over a number of years as amortization of its costs. It has several variants such as Build Operate and Own, Build Lease and Transfer, Build and Transfer, Build Transfer and Operate, etc.

Capital Outlays or Capital Expenditures. Refer to an expenditure category/expense class for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of the Government, including investments in the capital stock of GOCCs and their subsidiaries.

Capital Inflows. Private and official inward flows of money to the country in the form of investments, grants and loans.

Capital Revenues. Proceeds from the sale of fixed or capital assets such as land, buildings, machinery, stocks and intangibles, including receipts of unrequited transfers for capital purposes from non-governmental sources.

Cash Advances. Advances granted to officers and employees which may be classified into: (a) regular cash advance – those granted to cashiers, disbursing officers, paymasters and/or property/supply officers for salaries and wages, commutable allowances, honoraria and other similar payments and petty cash operating expenses; (b) special cash advances – those granted on the explicit authority of the agency heads to duly designated disbursing officers or employees for other legally authorized purposes.

Cash Operations Report (COR). A report prepared by the Bureau of the Treasury (BTr) on the actual government receipts, disbursements, the resulting surplus or deficit, as well as the corresponding financing (domestic and foreign sources) to cover the deficit.

Cash Release Program (CRP). Overall ceiling on disbursement authorities/notice of cash allocation which may be issued to the agencies for a particular period.

Citizen Participation. A democratic process involving people empowerment, whereby concerned citizens organized as CSOs, pursue their legitimate and collective interests by monitoring effectiveness of specific government P/A/Ps, and in so doing become partners of the Government in the formulation, monitoring, evaluation and improvement of the national budget.

Commitment. An obligation incurred by government agencies for which items

have not been delivered and services not yet rendered. This is also called "Obligations Not Yet Due and Demandable".

Commitment Fee. A levy or charge imposed by creditors on the undrawn scheduled availment of the loan.

Commodity Grants. Donations/contributions/gifts in kind received by agencies which are subsequently monetized. The peso proceeds are thereafter deposited with the BTr to be used or expended for projects specified in the grant documents between the donor and the NG.

Commodity Loans. Foreign loans in the form of goods received which are subsequently monetized to finance programs and projects of implementing agencies. Peso proceeds are thereafter deposited with the BTr to be used or expended for projects specified in the loan documents.

Common Fund System. Under this system, agencies are given flexibility in the use of cash balances under the Regular MDS accounts to settle payables, after satisfying those obligations programmed to be paid during the month as reflected/considered in the approved Monthly Disbursement Program (MDP).

Consolidated Public Sector Financial Position (CPSFP). The combined financial positions (in terms of balances) of the NG, the monitored non-financial government corporations, the GFIs, LGUs, Social Security Institutions (SSIs), as well as the cost of restructuring the defunct Central Bank and the financial position of the present Bangko Sentral ng Pilipinas (BSP).

Constructive Cash Receipts. A financing source corresponding to proceeds from foreign loans/grants in the form of goods and services for which no cash is remitted to the National Treasury. Such goods and services have been paid directly by the lender to the supplier.

Conversion of NG Advances to GOCC into Equity/Subsidy. A mechanism by which the government, through the BTr, converts into government equity and/or subsidy those unpaid NG advances for servicing outstanding debts of the GOCCs, in the event that any GOCC is unable to settle its obligations.

Cost of Qualified Borrowings. The weighted average interest paid by the country borrower on loans from the World Bank or the Asian Development Bank.

Counterpart Fund. The portion of the cost of a foreign-assisted project shouldered by the borrower as contribution to the completion of the project as stipulated in the foreign loan or grant agreement.

Current Account. Covers trade in goods, services, income and current transfers. *Trade in goods* refers to exports and imports. Among others, *trade in services* includes travel receipts in service exports while transportation (payments to foreign carriers for freight of the country's imported goods) top service imports. *Income* records as receipts of a portion of the earnings of overseas Filipinos (earnings of those whose job contracts do not exceed one year), as well as the profit of Philippine investments abroad. *Current transfers* include the rest of remittances [from Overseas Filipino Workers (OFWs) with work contracts of at least one year and from migrants], gifts, grants and donations to and from abroad.

Current Account Balance. Difference between a) the sum of exports and income receivable and b) the sum of imports and income payable. In this context, the current account essentially refers to the group of accounts which shows the flows of goods, services, primary income, and secondary income between residents and non-residents.

Current Operating Expenses (COE). Amount budgeted for the purchase of goods and services for the conduct of normal government operations within a budget year. Includes goods and services that will be used or consumed during the budget year.

Custodial Funds. Receipts or cash received by any government agency from either a private source or another government agency for the fulfillment of a specific purpose.

Debt Amortization. The sum of a) principal repayments for loans payable by regular installments resulting to gradual reduction in outstanding debt, and b) the annual contribution to the debt sinking fund for debts payable only upon maturity.

Debt Burden. Refers to payment to creditors, in the form of a) interest payment and b) net lending (advances less repayments) for payables of cash-strapped government corporations. The budget excludes debt amortization since repayment is a financing transaction (already recorded as disbursement upon utilization of the proceeds of the loans) rather than an expenditure.

Debt Buy-Back Operation. A debt reduction scheme which involves the repurchase of outstanding debts by the

government from the secondary market at a discount using its reserves or resources from official sources.

Debt Service. The sum of debt amortization and interest payments including commitment fees and other charges on foreign and domestic borrowings.

Debt-for-Assets Swap. The redemption by NG of its debt paper in exchange for an asset being disposed of by the Asset Privatization Trust (APT) with the BTr.

Defense. Refers to the sector in charge of strengthening domestic security and the maintenance of peace and order. The following agencies under the Department of National Defense are among those classified under this sector: Armed Forces of the Philippines, Government Arsenal.

Direct NG Loans/Liabilities. Loans for obligations, either domestic or foreign, directly contracted by the NG.

Disbursement. A settlement of government obligations either in the currency, check or constructive cash such as the issuance of Tax Remittance Advice (TRA) for the remittance to BIR of taxes withheld from employees and suppliers and Non-Cash Availment Authority for direct payments made by international financial institutions to suppliers and consultants of foreign assisted projects.

Disbursement Authority. Document issued to an agency authorizing the liquidation of obligations incurred. These documents include the following:

Cash Disbursement Ceiling (CDC). An authority issued by the DBM to departments with overseas operations e.g., Department of Foreign Affairs

(DFA) and Department of Labor and Employment (DOLE) to utilize their income collected/retained by their foreign service posts (FSPs) to cover its operating requirements but not to exceed the released allotment to the said post.

Notice of Cash Allocation (NCA). Cash authority issued by the DBM to central, regional and provincial offices and operating units through the authorized government servicing banks of the MDS, to cover the cash requirements of the agencies.

Non-Cash Availment Authority (NCAA). Authority granted by DBM to government agencies to account for the cash equivalent of loan proceeds availed of through supplier's credit/constructive cash.

Tax Remittance Advice (TRA). Document which agencies issue/file with the Bureau of Internal Revenue (BIR) to report and record remittances (constructive payment) of all taxes withheld from transactions. This serves as basis for BIR and BTr to record as income, the tax collection and deposit in their books of accounts.

Discretionary Expenditures. Refer to expenditure items that can be changed or adjusted depending on government spending priorities, available fiscal space, and absorptive capacity of agencies. This type of expenditure is usually annually appropriated by Congress and enacted as the general appropriations law. By expense class, expenditure items that fall under this category include maintenance expenses tied up with the implementation of various programs/projects, tax expenditure fund and regular subsidy to GOCCs. Capital expenditures for both infrastructure and non-infrastructure

programs/projects, including equity infusion to GOCCs are also considered under the discretionary portion of the budget.

Dividends. GOCC declaration and remittance of their annual net earnings as cash, stock or property dividends to the NG, at a rate prescribed by law.

Earmarked Revenues. These identified revenues are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from government's general revenues.

Economic Services. Pertain to the enhancement of industrial/agricultural production capacities, covering, among others, the development of natural resources, promotion of trade and industry, and the setting up of infrastructure and utilities.

Equity. National government investment in the authorized capital stock of government-owned or controlled corporations.

Excise Tax. Tax, either specific and/or ad valorem, imposed on selected articles manufactured or produced in the country for domestic sale or consumption or for any other disposition, and on selected imports.

Existing Revenue Measures. Collections from the revenue structure/source under the National Internal Revenue Code and Tariff Customs Code and non-tax sources (i.e., fees and charges and other receipts) existing as of the immediately preceding year.

Expenditure Program. The ceiling on the obligations that could be incurred by the government in a given budget year. The said ceiling is supported by estimated financial resources.

Expense Class. In this document, refers to the general classification of expenditures, personnel services, maintenance and other operating expenses, financial expenses, capital outlays and net lending.

Exports. Includes all goods leaving the country that are properly cleared through the Bureau of Customs (BOC).

Export Taxes. Ad valorem levies on goods that are shipped out of the territorial jurisdiction of the Philippines.

Extraordinary Income. Collections derived from the repayment of loans and advances made by the government as well as from other non-recurring sources.

Extraordinary Receipts. Income which do not regularly accrue to the government, the collection for which is indefinite or does not depend entirely on the authority of the government.

F **Feasibility Studies Fund.** A special purpose fund to be administered by the National Economic and Development Authority (NEDA) for purposes of the conduct of feasibility studies as submitted by an agency proposing a project other than Public-Private Partnership (PPP) projects. These include technical, commercial, financial and regulatory information necessary for the project selection, evaluation, or investment decision process. The availability of such financing enhances project success as feasibility studies check the prospective project's technical viability as well as provide greater

transparency in project awards with the studies being financed by government instead of by perspective bidders/awardees.

Fees and Charges. Amounts collected by government agencies for administrative and regulatory purposes (such as passport fees, driver's licenses, court fees, building permit fees, assessment fees etc.) as well as payments exacted in exchange for goods and services.

Fiduciary Fund. A government fund where monies which have come into the possession of the government officer as trustee, agency or administrator, or which have been received as a guarantee for the fulfillment of some obligations are recorded and kept. Only the interest earnings of the fund principal, which is deposited in an authorized government depository bank, are utilized.

Financial Expenses. A new expense category, these refer to management supervision/trusteeship fees, interest expenses, gurantee fees, bank charges, commitment fees and other financial charges incurred in owning or borrowing an asset property.

Financial Restructuring. A mechanism to improve the GOCCs' financial condition through assumption by NG of the former's non-performing assets.

Financing. The means by which a government provides financial resources to cover a budget deficit or allocates financial resources arising from a budget surplus.

Financing Requirement. The portion of current and capital expenditures, plus lending minus repayments in the case of government and distributions of equity income to shareholders in the case of

enterprises, that is not covered by the revenues and transfers received and must consequently be met through changes in liabilities and in claims on others, held for liquidity purposes in the case of government. It is equivalent to an overall deficit/surplus but carries the opposite sign.

Fiscal Policy. The part of government policy which is concerned with raising of resources through taxation and borrowing and deciding on the level and pattern of expenditures.

Fiscal Space. The available funding that the government could use for its priority programs. Fiscal space is computed as the difference of projected obligations ceilings (after considering projected revenues and deficit targets) and forward estimates of the cost of ongoing programs.

Foreign Assisted Projects (FAPs). Government projects which are wholly or partly financed by foreign loans and/or foreign grants.

Foreign-Assisted Projects Support Fund. A Special Purpose Fund initially classified under the Unprogrammed Appropriations for the expenditure requirements of FAPs which have not been included in the agency specific budgets.

Forward Estimates (FEs). Projections or estimation of the future costs of existing policies. It also serves as the validation instrument of determining the reasonable levels of agency proposals on existing programs/projects/activities.

Forward Obligational Authority (FOA). Certificate of commitment or authority issued by the DBM to a NG agency certifying that funds shall be made available to cover the total project

cost. This will serve as an assurance that the loan proceeds and the peso counterpart contribution are included in the long term capital program of the NG.

Franchise Taxes. Taxes imposed on the special privilege or right conferred by the state on an individual or corporation, through legislation, to exercise certain powers and privileges such as the operation of public utilities.

GAA-as-Release-Document. A mechanism whereby upon the effectivity of the General Appropriations Act (GAA), budgets of agencies or "appropriations" in the GAA are considered released as allotments, except for those included in the negative list.

General Administration and Support. A cost structure which consists of activities and expenditure dealing with the provision of overall administrative management and operational support to the entire agency operations.

General Fund. Fund which is available for any purpose to which the Congress may choose to apply, and is composed of all receipts or revenues which are not otherwise accruing to other funds.

General Public Services. A government sector covering general administration, public order and safety, and the dispensation of justice.

Government Electronic Procurement System (PhilGEPS). A system which 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*.

Government Integrated Financial Management Information System (GIFMIS). A computerized system of the public financial management processes (budget preparation/execution to accounting and reporting), with the integrating element of a common, single, reliable database or a series of interconnected databases to and from which all data expressed in financial terms flow. GIFMIS will store, organize and make access to government financial information easy, timely, and on a government-wide availability basis.

Government-Owned or Controlled Corporation (GOCC). A stock or a non-stock corporation, whether performing government or proprietary functions, which is directly chartered by special law or, if organized under the general corporation law, is owned or controlled by the government directly or indirectly, through a parent corporation, to the extent of at least a majority of its outstanding capital stock of the outstanding voting capital stock.

Government Securities. Evidences of indebtedness of the Republic of the Philippines or its instrumentalities, government-owned and/or controlled corporations, or the Central Bank and must be freely negotiable and regularly serviced.

Government Servicing Banks (GSBs). Financial institutions authorized, upon accreditation by the Monetary Board, to accept government deposits and perform banking services on behalf of government agencies. Presently, only three government financial institutions have been designated to be servicing banks of the MDS, namely: Land Bank of the Philippines, Development Bank of the Philippines, and Philippine Veterans Bank.

Grace Period. Period commencing from the time a loan agreement becomes effective to the time when the initial principal repayment becomes due.

Grants. All non-repayable transfers received from other levels of government, or from private individuals, or institutions, foreign or domestic, including reparations and gifts given for particular projects or programs, or for general budget support.

Bottom-Up Budgeting (formerly Grassroots Participatory Budgeting). A participative approach started for the 2013 Budget to identify programs/projects addressing the development needs of poor cities/municipalities based on local poverty reduction plans, with the active participation of national agencies, civil society organizations and others concerned in the identified localities. These programs/projects are included in the budgets of participating national agencies.

Gross Domestic Product (GDP). The sum of gross value added of all resident producer units plus that part (possibly the total) of taxes on products, less subsidies on products, that is not included in the valuation of output.

Gross National Income (GNI). Consists of the total value of goods and services produced within a country (i.e. GDP) together with its income received from other countries (notably interests and dividends), less similar payments made to other countries (net income from international assets and gross exports less gross imports and indirect business taxes). GNI is equal to GDP less primary incomes payable to non-resident units plus primary incomes receivable from non-resident units. In other words, GNI is equal to GDP less taxes (less subsidies) on production and imports,

compensation of employees and property income payable to the rest of the world plus the corresponding items receivable from the rest of the world.

Guaranteed Obligations. Debt obligations for which a juridical entity assumes secondary liability as guarantor. If the primary obligor fails to pay, the guarantor becomes liable for the amount due.

Implementing or Operating Units.

Refer to organizational units directly receiving cash allocations, capable of administering its own funds, carrying out specific substantive functions and directly implementing the program/activities/projects of a department or agency.

Imports. Corresponding to import arrivals which essentially include all goods entering any of the seaports or airports of entry of the Philippines properly cleared through customs or remaining under customs control.

Import Duties and Taxes. Taxes and levies, generally in ad valorem form, imposed on goods that enter the country, for the purpose of protecting locally manufactured goods of similar nature, or for the purpose of generating revenues under the Tariff and Custom Code. Includes specific taxes on imported goods, advance sales tax and compensating tax on imported goods.

Income from Public Enterprises and Investments. Receipts paid to the government from all properties and investments income such as dividends, interest, rent and royalties.

Indirect Tax. Tax levied on the sale of, use of or expenditure on goods and

services, such as excise tax, sales tax, VAT, import duties, export tax, documentary and stamp taxes, forest charges, and others.

Internal Revenue Allotment (IRA). Automatically appropriated and released share of local government units, aggregately corresponding to 40% of the national internal revenue taxes based on the collection of the third fiscal year preceding the current fiscal year, with the share of each local government unit determined pursuant to the provisions of the Local Government Code, by share for each LGU level, and in terms of population / land area / equal sharing.

Interest. Charges imposed as a consequence in the use of money. It is deemed synonymous with discount when applied to government securities.

Item of Appropriation. Refers to an amount appropriated in the GAA for a program, activity or project. In the case of programs with several activities, the item of appropriation shall refer to each of the activity.

Itemized Positions. Approved positions in the regular personnel plantilla of all agencies of the national government.

Legislative Agenda. A program of proposed legislations to support policies and programs of government.

Loan Availments/Proceeds. Amount drawn, in cash or in kind, against existing or new loan commitments.

Local Development Council (LDC). The main advisory arm of the local chief executive in setting the direction and coordinating development efforts in their

respective territorial jurisdictions. It includes the Provincial Development Councils (PDC), City Development Councils (CDC), Municipal Development Councils (MDC) and the Barangay Development Councils (BDC).

Local Government Units LGUs). Refer to provinces, municipalities and barangays.

Locally-Funded Projects (LFPs). Projects financed out of revenue collections and domestic borrowings.

London Interbank Offered Rate (LIBOR). This is the rate offered to prime borrowers in the internal capital market based in London, which serves as the basis for most foreign interest rate quotations.

Maintenance and Other Operating Expenses (MOOE). Refer to an expenditure category/expense class for support to the operations of government agencies such as expenses for supplies and materials; transportation and travel; utilities (water, power, etc.) and the repairs, etc.

Major Final Outputs (MFOs). Goods and services that a department or agency is mandated to deliver to external clients through the implementation of programs, activities and projects.

Medium Term Expenditure Framework (MTEF). A planning-budgeting framework of the government which provides a medium term three-year perspective to decision making process during budget preparation.

Miscellaneous Income. Non-tax revenues not elsewhere classified such as proceeds from the sale of goods or

confiscated merchandise, inventory adjustments, and waste materials.

Medium Term Information and Communication Technology and Harmonization Initiative (MITHI). Jointly undertaken by DBM, DOST and NEDA, a process for the planning, budgeting, implementation, monitoring, and evaluation of government-wide ICT programs and projects, ensuring alignment with the broad framework of the Philippine Development Plan, President Aquino's Social Contract and the e-Government Master Plan. A centralized, rationalized, and streamlined approval and budgeting process for ICT projects.

Modified Disbursement Scheme (MDS). A disbursement system implemented to facilitate effective management of the national government's cash resources, whereby national government agencies/GOCCs settle their payables through issuance of checks or through direct crediting to bank accounts, chargeable against the account of the Treasurer of the Philippines (TOP/Bureau of the Treasury) being maintained with the head offices of the three government servicing banks (GSBs) (LBP, DBP, and PVB).

Monetary Policy. The part of economic policy which regulates the level of money or liquidity in the economy to achieve desired policy objectives, such as inflation control, improvement of the BOP or growth of the economy.

Monthly Disbursement Program (MDP). The estimated monthly disbursement requirements of the operating units (OUs) of departments/agencies.

Multi-Year Obligational Authority - (MYOA). An authority issued by the DBM to enable an agency to enter into a multi-year contract whether for locally funded projects (LFPs) or foreign assisted projects (FAPs).

National Development Plan. Refers both to the Medium-Term Philippine Development Plan and the Perspective Plan. The Medium-Term Philippine Development Plan is a plan containing specific socio-economic development goals, objectives, policies and strategies that will be pursued within a six-year period. The Perspective Plan, on the other hand, lays down long-term socio-economic goals and broad strategies in support thereof which will be carried out within a period of ten years or more.

National Budget. Financial plan or monetary requirement corresponding to national objectives/plans/programs, consistent with estimated resources (income/borrowings).

National Government Agencies (NGAs). Entities which perform functions not normally undertaken by the private sector, whole dependent on the government for their budgetary requirements.

National Payroll System (NPS). An automated payroll processing system for all government agencies which aims to standardize payroll processing, enhance transparency and accuracy of manpower information, and promote efficient processing of all government employees' salaries and wages. Under the NPS, the agencies prepare the payrolls, DBM authorizes the release of funds and BTr distributes salaries through the employees' bank accounts. With this system, the government can save in

administrative expenses and avoid leakages, particularly by eradicating the problem of "ghost" employees since a single roster of employees shall be maintained for easy validation.

Negotiated Checks. MDS checks already paid/encashed by government servicing banks.

Net Income (Loss). The difference between revenues and expenses, reflecting the results of operations of corporations for a given period. A positive balance indicates a net income while a negative balance, a net loss.

Net Lending (NL). Advances by the national government for the servicing of government guaranteed corporate debt during the year, net of repayments on such advances. Includes loans outlays or proceeds from program loans relent to government corporations.

Non-Budgetary Accounts. Trust liabilities, securities unloaded or purchased, sinking fund, and other accounts not included in the NG budget, i.e., the government's estimated income and expenditures for a particular year.

Non-discretionary Expenditure. Necessary expenses that the government will have to incur for the conduct of its operation and as such need to be programmed for payment in a given year. This generally includes expenditure items that are automatically appropriated by existing laws like interest payments, net lending and Internal Revenue Allotment (IRA). This also includes expenses for payment of personal services and associated benefits of government personnel; recurring maintenance expenses for general administration and support services and support to operations.

Non-Fiscal Transaction. Items that represent expenditures that are non-fiscal in character but have been carried in the expenditure program of the national government over the last four years. These include debt payments on assumed liabilities, interest payment on CB open market support transactions, etc.

Non-Governmental Organization. Refers to private, non-profit voluntary organization, including schools, that is committed to the task of socio-economic development and established primarily for service which may include giving assistance to citizens or people's organizations in various ways as by educating, training or giving financial assistance to them.

Non-NCA Expenditures. Budgetary accounts which are paid without requiring the issuance of notices of cash allocation (NCAs) during the budget year in consideration.

Non-Tax Revenues. Revenues collected from sources other than compulsory tax levies. Includes those collected in exchange for direct services rendered by government agencies to the public, e.g. fees and charges, or those arising from the government's regulatory and investment activities.

Object of Expenditures. Refers to a classification under an allotment class, based on type of goods or services consistent with Unified Accounts Code Structure Manual.

Obligation. A commitment by a government agency arising from an act of a duly authorized official which binds the government to the immediate or eventual payment of a sum of money. The agency is authorized to incur

obligations only in the performance of activities which are in pursuit of its functions and programs authorized in appropriation acts/laws within the limit of the allotment released by the DBM.

Obligation Budget. Programmed amount out of total appropriations to enable the national government to contract delivery of goods and services in a given fiscal period.

Off-Budget Item. Any expenditure item which is not part of the National Expenditure Program. Principal repayments are considered off-budget items.

Off-Budgetary Funds. Receipts which are authorized to be deposited with government financial institutions for expenditure items which are not part of the National Expenditure Program. These are categorized into: (a) Retained Income/Receipts; (b) Revolving Funds; and (c) Receipts from borrowing by BTr.

Official Development Assistance (ODA). Refers to the financial and non-financial grants and concessional loans to developing countries provided by bilateral and multilateral institutions, including state and local governments or their executive agencies. It has the following characteristics: (i) administered with the objective of promoting the economic development and welfare of developing countries; (ii) concessional in character and contains a grant element of at least 25%.

Online Submission of Budget Proposal System (OSBPS). This automated system allows online or electronic submission and encoding of agency budget proposals adopting the Unified Accounts Code Structure (UACS). The OSBPS reduces the number and duplication of reports being submitted by

agencies as well as facilitates the timely and consolidation / processing of consistent information from such reports.

Open Government Data. Data produced by the government which enables citizens to access data sets—including budget and procurement data—in open data format. This facility can be seen at *data.gov.ph*.

Operating and Service Income. Non-tax revenues generated in the exercise of the administrative and regulatory functions by the national government. Includes hospital income, tuition fees of government schools and admission fees to government museums and parks. Also includes revenues realized by government agencies from their business undertakings called for by the nature of their functions, and those income generated by social security agencies in the form of premiums earned from life and non-life insurance.

Operating Expenditures. Costs incurred by Government in the exercise of its administrative, regulatory, or service functions.

Operating Program. The portion of the expenditure program for a given fiscal year used for the delivery of goods and services. This includes Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE), Financial Expenses (FinEx) and Capital Outlays (CO).

Operating Revenues. Receipts from the conduct of regular business operations.

Operations. Cost structure which consist of programs and corresponding expenditures which relate to the main purpose for which an agency has been created. Involves direct production of

goods or delivery of services or direct engagement in regulations.

Organizational Performance Indicator Framework (OPIF). An approach to expenditure management that directs resources towards results or major final outputs and measures agency performance by key quality and quantity indicators.

OPIF Logical Framework. A planning tool which provides a graphical presentation of the linkage among societal and sectoral goals, organizational outcomes, major final outputs, and the programs, activities, and projects undertaken to produce or deliver goods and services.

Organizational Outcome. An outcome or result produced by the Agency that 1) contributes to the achievement of the legislated mandate of that department or agency, and 2) is achieved through the production of goods or services to external clients (MFOs), delivered through its projects, activities and programs.

Outstanding Checks / Check Floats. Checks issued by agencies (in the current or previous year) which are not yet presented by the payee to the bank for payment.

Outstanding Debt. Unpaid Obligations.

People's Organizations (POs). Refer to independent community and/or class-based associations established to protect and advance the interests of specific causes or sectors, e.g. labor, farmers, fishermen, peasants, women and students. POs function as vehicles for mobilizing communities in the pursuit of

their aspirations and likewise serve as schools for raising the people's consciousness on key issues that affect their lives and training the people's own leaders and organizers.

Performance Indicator (PI). A predetermined measure of the results of an activity against a standard of performance required to achieve a set of policy objectives within a given period.

Performance Target. A predetermined level of quantity, quality, timeliness and cost of outputs.

Performance-Based Bonus (PBB). An incentive given to personnel of bureaus or delivery units in accordance with their contribution to the accomplishment of their department's overall targets and commitments.

Performance-Informed Budgeting (PIB). A set of integrated processes that aims to improve the efficiency and effectiveness of public expenditure by linking the funding to results, making systematic use of performance information, although not solely, in resource allocation and management.

Personnel Services (PS). Refer to an expenditure category/expense class for the payment of salaries, wages and other compensation (e.g., merit, salary increase, cost-of-living-allowances, honoraria and commutable allowances, etc.) of permanent, temporary, contractual, and casual employees of the government.

Peso-Denominated Transactions. Involves cash obligations and receipts expressed in the local currency.

Principal Payment. The sum of the first component of debt amortization, i.e., principal repayments for loans payable in

regular installments and actual releases out of the sinking fund for the eventual payment of debt. These are the cash outlays from the BTr in payment of principal amounts of foreign and domestic borrowings.

Private sector. Refers to any person, entity or organization who or that is not part of government. It includes, among others, non-government organizations (NGOs), people's organizations (POs), members of the business community or business groups, cooperatives, schools, professional organizations, civic clubs and plain citizens or individuals who are not members of any organization.

Program. A homogeneous group of activities necessary for the performance of a major purpose for which a government agency is established, for the basic maintenance of the agency's administrative operations or for the provisions of staff support to the agency's administrative operations or for the provisions of staff support to the agency's line functions.

Program Budgeting. An integrated group of activities and projects that contributes to a continuing objective of program implemented by one or a group of department/s or agency/ies, supportive of the five (5) Key Result Areas where resources shall be allocated. It focuses on the impact to the people of expected results of services and activities, rather than inputs, e.g., personnel, commodities, etc. In the Philippine context, program budgeting means a group of agencies coordinating/ collaborating in planning, budgeting and executing priority programs/projects to be able to deliver convergent services to the poor communities.

A budgeting approach wherein agency key programs are coordinated and converged to facilitate program

execution by focusing efforts on identified priority areas aimed at poverty reduction and employment generation. In FY 2014, the convergence of programs is directed at three focus geographical sites with significant economic growth potential but with many poor unemployed/underemployed residents.

Program Loan. A multi-purpose foreign loan not used to finance a specific project but is conditioned on basic changes in economic, monetary or fiscal policies, among others.

Program/Project Assessment. A review of accomplishments against target objectives.

Project Cost. The total amount necessary to implement and complete a project over a given period of time.

Project Loan. A foreign loan obtained to finance a specific project.

Projection. Data which approximates future event, derived from statistics/econometric tool.

Projects. Special agency undertakings which are to be carried out within a definite time frame and which are intended to result some pre-determined measure of goods and services.

Property Taxes or Taxes on Property. Taxes on the ownership of wealth or immovable properties levied at a regular intervals and on transfer of real or personal properties.

Public Debt. Includes the total indebtedness of the National Government, local government and government corporations or financial institutions from industries, corporations or financial institutions, whether private or government, foreign or domestic,

which are fully supported and guaranteed by NG.

Public Expenditure Management (PEM). A budgeting approach oriented towards achieving socially desired outcomes. It focuses on outcomes and sees expenditures as a means to produce outputs which are needed to achieve desired outcomes, highlights the importance of having the right processes, i.e., those that lead to desired outcomes; and balances *autonomy/flexibility* that must necessarily be given to line agencies for them to produce the outputs needed to achieve the desired outcomes and the corresponding *accountability* of the agencies for producing those outputs. Its three objectives are: aggregate fiscal discipline (spending within sustainable limits), allocative efficiency (spending on the right things) and operational efficiency (value for money).

Public Financial Management (PFM). Deals with all aspects of resource mobilization and expenditure management in government. It is about the way government raises its income (in the form of taxes, customs duties and other revenues) and manages its expenditures to deliver essential services to its citizens, i.e., education, health care and other social programs, roads and infrastructure, the rule of law and security, and those areas which generally make the lives of citizens better off.

Public-Private Partnership (PPP). A financing strategy, broadly defined as a contractual agreement between government and the private sector (a firm) for the latter to finance, design, implement and operate infrastructure facilities traditionally provided by the public sector. Among the elements of PPPs are: a) shared risks and resources; b) value for money; c) outcome orientation; and d) acceleration of

infrastructure provision and faster implementation. Such agreement aims for mutual benefits for both the public and the private sector, by initially tapping available private sector funds and expertise, for a faster and more efficient achievement of national developmental objectives, and with the private sector assured of reasonable returns from its investments.

Public Sector. Composed of the national government (NG), the government-owned and controlled corporations (GOCCs), the social security institutions (GSIS/SSS/PHIC), the local government units (LGUs) and the Bangko Sentral ng Pilipinas (BSP). All the financial transactions of these entities are summed up to generate consolidated public sector resources, for consideration in the preparation of the fiscal program.

Public Sector Borrowing Requirement (PSBR). Refers to the deficit of the national government and the 14 monitored government corporations less the budgetary assistance to the monitored corporations in the form of equity contributions and net lending.

Receipts. The sum of revenues and gross borrowings for a given period.

Receipts Automatically Appropriated. Receipts from grants, donations, insurance proceeds, and other sources which by law may be immediately used by the agency without undergoing the usual legislative process.

Regional Development Council (RDC). Refers to the primary institution which coordinates and sets the direction of all development efforts in the region. It also serves as a forum where local efforts can be related and integrated with national development activities.

Regional Development Plans. Refer to the Medium-Term Regional Development Plan covering a six-year period, the formulation of which was coordinated by the NEDA Regional Offices and approved by the Regional Development Councils.

Relent Loans. Loans directly contracted by the NG, the proceeds of which are relent to GOCCs, GFIs, LGUs, or the private sector.

Resources. In budgeting, a term frequently used to refer to revenues, gross borrowings, and free or unencumbered cash balances.

Retained Income/Funds. Collections which are authorized by law to be used directly by agencies concerned for their operation or specific purposes.

Retirement and Life Insurance Premiums. The share of the national government in the premium payments to Government Service Insurance System (GSIS), for the life insurance and retirement benefit fund of government employees.

Revenue. Refer to projected cash inflows like collections from taxes by BIR/BOC and other tax agencies and fees and charges imposed by the government agencies as well as proceeds from grants.

Revenue Program. Target collection by tax and non-tax accounts of collecting agencies.

Revolving Funds. Receipts derived from business-type activities of departments/agencies which are authorized by law to be constituted as such and deposited in an authorized government depository bank. These funds shall be self-liquidating and all

obligations and expenditures incurred by virtue of said business-type activity shall be charged against said fund.

Sector. An agency or cluster of agencies whose expenditures are directed towards a common purpose. In this document, government expenditures are classified according to the following sectors: economic services, social services, defense, general public services.

Selective Taxes on Services. Taxes imposed on persons and entities engage in providing services to the customers such as miller's tax imposed on proprietors or operators of rope factories, coconut oil mills and desiccated coconut factories; the contractor's tax imposed on contractors, proprietors of dockyards, general construction and the like; the percentage tax on hotels, motels, restaurants, caterer's and others; percentage tax on common carriers whether by air, land or water services and keepers of garages; taxes on stock, real state commercial, customs and immigration brokers or cinematographic film owners, lessors or distributors; and taxes on dealers of securities and lending investors. Also includes taxes imposed on gross receipts by all banks and financial institutions; taxes imposed on premiums received by insurance companies; and amusement taxes.

Sinking Fund. A fund that is established for the purpose of repaying a debt with a lumpy maturity schedule. Payment to a sinking fund are generally invested in safe securities until the debt reaches maturity, when the cumulative payments to the sinking fund and its interest earnings should match the amount of principal to be paid.

Social Services. Pertain to education, manpower development, health, housing and social security and welfare services.

Special Accounts in the General Fund (SAGF). A fund whereby proceeds of specific revenue measures and grants earmarked by law for specific priority projects are recorded.

Special Allotment Release Order (SARO). A specific authority issued to identified agencies to incur obligations not exceeding a given amount during a specified period for the purpose indicated. It shall cover expenditures the release of which is subject to compliance with specific laws or regulations, or is subject to separate approval or clearance by competent authority.

Special Drawing Rights (SDR). Unconditional reserve assets that are created by the International Monetary Fund to supplement existing reserve assets SDRs represent asset that have no corresponding liability.

Special Purpose Fund (SPF). Appropriations in the (GAA) provided to cover expenditures for specific purposes for which recipient agencies/departments have not yet been identified during budget preparation. These shall be available for allocation to agencies/departments in addition to built-in appropriations, during budget execution, pursuant to special conditions per SPF. These SPFs are Contingent Fund, Miscellaneous Personnel Benefits Fund, National Disaster Risk Reduction and Management Fund, Pension and Gratuity Fund.

Unprogrammed SPFs, e.g., BSGC, FAPS, are provided to cover deficiencies, i.e., requirements cannot be fully accommodated, vis-à-vis provisions in the agency specific budgets, subject to

availability of excess/unexpected inflow of revenues / financing sources.

Subsidy. A grant or financial aid, usually by a government body, to some other persons or institution for general purposes. When applied to GOCCs, it may also refer to amounts used to cover operational expenses not supported by corporate revenues or to cover corporate deficits and losses.

Support to Operations. Cost structure which consists of programs and corresponding expenditures which provide staff, technical and/or substantial support to operations, but do not produce goods or deliver services or directly engage in regulation.

Surplus. Excess of revenues over expenditures.

Target. Goal or specific objective of a program.

Taxes on Income and Profits. Taxes imposed on all taxable income earned or received by a taxpayer, whether individual, partnership, or corporation, during a particular period of time, usually lasting one year.

Tax on Property. Tax imposed on the ownership of wealth or immovable properties and on the transfer of real or personal properties, both tangible and intangible.

Taxes on the Use of Goods or Property or Permission to Perform Activities. Taxes paid for the privilege of engaging in business or pursuing an occupation, calling, or profession. Includes franchise taxes, fixed annual business taxes, fixed taxes payable by manufacturers,

producers or importers engaged in business subject to percentage taxes, and miscellaneous fixed taxes payable by brewers, distillers of spirits, manufacturers, importers, and exporters of cigars and cigarettes.

Tax Expenditure Subsidy. Subsidy given to national government agencies, government corporations and local government units in lieu of payment of taxes and custom duties.

Tax Revenues. Compulsory charges or levies imposed by government on goods, services, transactions, individuals, entities, and others, arising from the sovereign power of state.

Tax on Domestic Goods and Services. Tax levied on the domestic production, sale or transfer, leasing, use or delivery of goods, and rendering of services.

Tax on Income and Profits. Tax imposed on all taxable income earned/received by a taxpayer whether an individual, partnership, or corporation during a particular period of time, usually one year.

T.O.P. Special Accounts. Deposit of the Treasurer of the Philippines (T.O.P.) with Authorized Government Depository Banks (AGDBs) accruing from proceeds of foreign loans or grants earmarked for special projects.

Trade Balance. The difference between the values of export shipments and import arrivals. There is a trade surplus if export shipments exceeded import arrivals and a trade deficit if the latter exceeded the former.

Transfer Taxes. Taxes imposed on property transfers through sale, donation or inheritance.

Transparency Seal. A legal requirement for all government agencies including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs and LGUs to disclose relevant budget information—from approved budgets and targets, to procurement plans and contracts awarded, among others—through their respective websites.

Treasury Bills. Short-term debt instruments issued by the NG.

Treasury Bonds/Notes. Certificates of indebtedness issued by the National Government, the maturity of which extends beyond one year.

Treasury Single Account (TSA). A single account or a set of linked accounts, thereby centralizing government cash balances, established to improve the financial management of government funds, resulting to minimized borrowing and transaction costs.

Trust Fund. Fund which accounts for the receipts by any agency of government or by a public officer acting as trustee, agent, or administrator for the fulfillment of some obligations.

Trust Liabilities. An account used to record collections, income, or receipts of agencies held in trust or guarantee for another agency and for a specific purpose.

Two-Tier Budgeting Approach (2TBA). An approach to strengthen the strategic decision making process by separating the evaluation of agency proposals, i.e., the first tier covering review of Forward Estimates for on-going/existing programs/projects and the second tier covering review of new spending proposals and the expansion of on-going/existing programs/projects.

Unified Accounts Code Structure (UACS). A harmonized coding structure jointly developed by the DBM, COA, DOF and BTr which aims to facilitate financial reporting and consolidation of actual revenue collection and expenditures, enable the assessment of outturns against transparency / accountability and improve efficiency in terms of utilization of government funds.

Working Fund. An advance funding or seed money from loan/grant proceeds established to accelerate disbursements of funds and ensure efficient projects implementation, subject to replenishment when necessary.

Zero-Based Budgeting (ZBB). A budgeting approach through which major agency programs and projects are evaluated to: (a) determine the continued relevance of program objectives vis-à-vis current developments/directions; (b) assess whether program objectives/outcomes are being achieved; (c) ascertain alternative or more viable ways of achieving the objectives, and ultimately; (d) guide decision makers on whether the program/project should continue to be funded at its present level, or if funding should be increased, reduced or discontinued.