

The DBM Bulletin®

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FY 2014 budget
prep in full swing 4 ▶

Decision Science:
A (New) Way of
Seeing and Leading 5 ▶

WOW in DBM! 5 ▶

Project to promote sound PFM systems in LGUs launched



MOA Signing. A Memorandum of Agreement (MOA) among the DBM, DOF, DILG, NEDA, and COA has been signed to ensure the implementation of the LGU PFM 2 project.

In support of more effective and accountable public financial management in the local government units (LGUs), a four-year European Union (EU) funded project dubbed as the “LGU PFM 2 Project” was formally launched at the Boncodin Hall of the Department of Budget and Management (DBM) in Manila on 14 February 2013.

The Project aims to enhance the capacity of local governments to generate revenue and to allocate and spend public funds more effectively and efficiently. This will be done by: (1) building the capacity of oversight national government agencies and their regional offices to support and provide technical assistance to LGUs on public financial management (PFM); (2) integrating and synchronizing LGU PFM systems and processes, as well as developing electronic tools for

budgeting and financial transactions; and (3) strengthening accountability and transparency through enhanced budget performance monitoring systems and tools.

To facilitate project implementation, a Project Steering Committee (PSC), chaired by the Honorable DBM Secretary Florencio B. Abad, with Undersecretary Mario L. Relampagos as alternate, was set up. The PSC is composed of representatives from the Department of the Interior and Local Government (DILG), Department of Finance (DOF), National Economic and Development Authority (NEDA), Commission on Audit (COA), and the EU.

The PSC shall be supported by a Project Task Force (PTF) headed by the designated Project Imprest

Administrator, Director Julian Ll. Pacificador, Jr., and Imprest Accounting Officer, Assistant Secretary Janet B. Abuel. The PTF is composed of a Technical Assistance Team (TAT), an inter-agency Project Technical Working Group (PTWG) and PTF Support Staff.

Project activities at the DBM level, on the other hand, will be implemented through a Project Team headed by Undersecretary Relampagos, assisted by the DBM PTWG representatives, Directors Ruby R. Esteban and Carmencita N. Delantar.

As a show of commitment, a Memorandum of Agreement (MOA) delineating the roles of the agencies participating in the project was signed during the project launch. ■

DBM awards gov't agencies with best, most improved financial performance

Government departments and entities are responsible not only for delivering timely and quality public service, but also for spending their budget on time and in accordance with the cash program set by the Development Budget Coordination Committee (DBCC).

In the assessment of disbursement performance during the first quarter of 2012, data show that actual disbursements were only P394.88 billion, P45.71 billion below the DBCC Program of P440.60 billion. Eight departments were detected to have low disbursements.

Low disbursements impact considerably on the delivery of public service and on the country's economic growth. It likewise entails additional cost of borrowing by the Bureau of the Treasury (BTr). Since we operate on a deficit spending, the BTr has to borrow funds from local and foreign lending institutions to release programmed funds for which it has to pay interests. When agencies fail to use funds received on time, government money is just left idle in the banks.

To assist spending agencies to be on track with the DBCC Disbursement Program, inter-agency Account Management Teams (AMTs) were created in 2012 composed of selected DBM Directors and staff from the Operations Group and members of the financial management service and planning offices from selected departments.

These AMTs held regular meetings with spending agencies particularly those with low disbursement levels to help them improve their financial performance.

After months of working with these departments, improvements were noted and acknowledged. On January 23 of this year, the DBM held an awarding ceremony to recognize the feat of those agencies who have shown tremendous effort to enhance their capacity to efficiently and



The Department of Health (left photo) bags the Best Performer in terms of financial performance while the Department of Social Welfare and Development (right photo) gets the Most Improved AMT-Guided Department award during the recognition rites for the AMT-guided agencies/departments held at the DBM Multi-Purpose Hall. DBM Undersecretary Mario L. Relampagos (extreme left) and Assistant Secretary Luz M. Cantor (extreme right) led the awarding.



DBM officials headed by Undersecretary Richard Moya answer questions from the participants, composed of representatives from government agencies and civil society organizations, during the Forum on the Performance-Informed Budget Structure held on March 5, 2013.



effectively spend their budgeted funds within the program level.

Among the AMT-guided departments, the Department of Health (DOH) was recognized as the best performer in terms of financial performance, registering the least deviation between the DBCC Program as against actual disbursement; and between its Monthly Cash Program vis-à-vis its actual disbursement.

The Department of Social Welfare and Development (DSWD), on the other hand, was awarded as the most improved AMT-guided department. ■

Performance-Informed Budget Structure: A New Era in Philippine Budgeting

The DBM marks another milestone in budgeting with the adoption of a performance-informed budget structure in the 2014 National Expenditure Program (NEP) which will eventually become the General Appropriations Act (GAA).

The new budget structure puts '*kwento*' (story) to the '*kwenta*' (computation) by providing a strategic perspective for budget

COMELEC to get P4.14-B fund boost

The Department of Budget and Management announced the release of P4.14 billion to the Commission on Elections (COMELEC) to support preparatory activities for the Synchronized National, Local, and ARMM Elections this year. The release was charged against savings from unutilized appropriations under the 2012 General Appropriations Act.

"We augmented the COMELEC's budget to enable them to make the necessary preparations for this year's elections. The additional fund support will ensure that pre-election activities are accomplished according to schedule and with the utmost efficiency," Budget and Management Secretary Florencio B. Abad said.

Of the release, P1.54 billion will be used to cover expenses for Synchronized National and Local Elections, while P755.08 million will support activities related to the purchase of PCOS Machines, such as the development of collateral, software support and maintenance, and training and seminar expenses.

Other items under the release include P100.9 million, which will be set aside for Overseas Absentee Voting requirements.

Abad also confirmed that the P4.14 billion will be used only for activities related to the 2013 elections, and that all unused funds under the release will not be available for obligation at the end of the year. (PIU) ■

Performance . . . from p. 2

analysis, with focus on what budget allocations will achieve instead of on how much is being allocated.

It also simplifies the budget structure to make it more comprehensible and reader-friendly by presenting the budget by major final output (program level) instead of by detailed line-item accounts.

National Budget Memorandum No. 117, issued on 1 March 2013, prescribes the guidelines and template on the new budget structure. As stated in the NBM, government departments, agencies, and operating units are required to submit the accomplished template on the new budget structure not later than April 15, 2013. ■

ASec. Amador joins the ranks of world's top development leaders under 40

DBM Assistant Secretary Clare Cattleya G. Amador is cited as one of the "40 Under 40" Filipino leaders awarded by Devex, a US-based Development Group, last 19 February 2013 at Zuellig Bldg., Sky Garden in Makati. She is chosen from 250 nominations composed of young professionals, under the age of 40, from the public and private sectors including the media, civil society, and international aid agencies. ASec. Amador has been recognized for her remarkable contributions in public service and development work. Prior to her employment in DBM, she was "founder of YTRIP, a nonprofit [organization] advocating for responsible and sustainable tourism in the Philippines. She was also founding chair of the Development Society of the Ateneo de Manila University, a student organization that harnesses the youth's passion and skill to help shape and effect national development."*

Also among the '40 under 40' awardees are Presidential Management Staff (PMS) Secretary Julia Andrea Abad, Technical Education and Skills Development Authority (TESDA) Executive Director Emmanuel Joel Villanueva, Co-founder of Microventures, Inc. Paolo Benigno Aquino



In the photo: ASec. Amador together with Devex President and Founder Raj Kumar and DSWD Secretary Corazon 'Dinky' Soliman.

IV, Pia Bernadette Tayag of the Inclusive Finance Advocacy Staff-Bangko Sentral ng Pilipinas, and journalist Kara David of GMA7. ASec. Amador, together with the other 39 awardees, joins the ranks of past Devex awardees such as Jared Cohen, founder and Director of Google Ideas; and Rajiv Shah, USAID Administrator, among others.

(*Meet the 40 Under 40, 2013. Available from: <manila40.devex.com>.[18 February 2013].) ■



In the photo: Assistant Secretary Clare Amador (second row, 4th from left) together with her fellow '40 Under 40' awardees, guests, and organizers.

2014 budget prep in full swing



Budget Secretary Florencio B. Abad opens the Budget Forum on the 2014 Budget Preparation and 2013 Budget Execution at Camp Aguinaldo in Quezon City.



BTS Assistant Director Amanella D. Arevalo discusses the FY 2013 Budget Execution (Fund Release) during the Budget Forum held on January 10 and 11, 2013.

With the release of the Budget Call for FY 2014 and the conduct of the annual budget fora, government agencies and instrumentalities particularly planning and budget offices are as busy as the Grand Central Station to prep for the initial phase of the budget process.

Among the new and vital initiatives being introduced in the 2014 budget prep are the treatment of the **General Appropriations Act (GAA) as a budgetary release document** and the **one-year validity of appropriations**. These will be implemented to enhance predictability and

certainly in the flow of public funds as well as enable faster execution of the legislated budget.

"From an expenditure perspective, the one-year lapse period will help institutionalize pre-procurement activities the year before the budget is implemented, enabling faster budget execution among agencies. With all departments making the most of their yearly allocations, we can expect our spending performance to exceed its current trajectory, and consequently, reinforce our economic growth," Budget Secretary Florencio B. Abad said in an earlier statement.

The one-year validity of appropriations will hold for Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE), and Capital Outlays (CO).

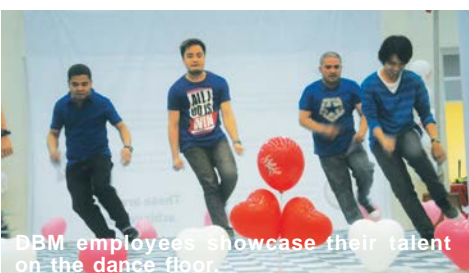
see page **11** ►

DBM celebrates the love month with a night of singing and dancing

A glimpse of the Valentine festivity held a day after the Heart's Day:



The DBM Chorus serenades the crowd with memorable Filipino and English love songs.



DBM employees showcase their talent on the dance floor.



UGNAY: Connecting with the People. Secretary Sonny Coloma of the Presidential Communications Operations Office (PCOO) leads the UGNAY book launching and opening of the photo/book exhibit at the National Library which features various

publications from government agencies. UGNAY, developed and published by the Bureau of Communications Services (BCS), is intended to help the public get easy access to government publications. As BCS Director John S. Manalili puts it, UGNAY "will be the ultimate reference and indispensable material in response to the needs of the people for vital government information." It is "an efficient locator aid for students, researchers, and the people themselves in their search for [crucial] government information to address their various needs," Director Manalili adds.

The Exhibit



Photos show some of the featured government publications such as the *DBM Bulletin* and the *Government Directory* (photo below) in the Ugnay Book Launch and Photo/Book Exhibit.



DECISION SCIENCE: A (New) Way of Seeing and Leading

By Assistant Secretary Clare Cattleya G. Amador, Chief of Staff

Decisions and decision-making, being in the domains of leadership and politics, have a huge impact on people, organizations, and society. Rising with the demands of complex social problems and issues, a new way of seeing decision-making and leadership has emerged from recent developments in the social sciences and in neuroscience aimed at helping leaders and – everyone, really - lead and decide responsively.

The Science of Decision Making

Decision Science draws its discipline from two streams of the social sciences: economics (how people should make decisions) and psychology (how people actually make decisions). It is a new lens on leadership and provides science-based insights on decision-making – where old models of thinking and even economic theories are being tested, disproved, and/or are rendered irrelevant. Taking off from the MAN as RATIONAL economic school of thought – Decision Science studies human behavior, emotions, and brain and choice processes through behavioral economics and social psychology, neuroscience, and bio-behavioral science.

Values such as trust and integrity, and emotions such as anger and sadness, and even professional/business ethics have been studied to assess their impact on decision-making, behavior, and leadership.

On the side of government - **Decision Science is able to help solve public policy problems through a better understanding of human behavior** – not only of citizens but also of leaders and employees. There are many existing examples which prove how this new science has helped build better public service delivery mechanisms and has helped improve policies in different parts of the world. The program's lead, Dr. Jennifer Lerner who studies the impact of emotion and accountability in decision-making said it better herself, "Emotion is a huge driver of human behavior, and a lot of the problems that we have in the world today come from non-rational human behavior. We have technological solutions that aren't working – because of human behavior. We have technologies that we need to improve national security – but

not the human performance to carry them out. We have energy solutions but not the political will to enact them."¹

Key findings in research have been within the following areas: psychology of risk perception, psychology of emotions and decision-making, and the psychology of accountability. As an example, Dr. Lerner's research on accountability studies the impact and effect of authority relationships in influencing decisions and outcomes. She and her colleagues developed a model that predicts when accountability will improve judgment, when it will have no effect on judgment, and when it will make matters only worse. This work has implications for the design of both public and private institutions."² In the Philippine setting, this may be a useful approach when designing organizational structures, processes, and systems in government – a job which falls under the mandate of the

DBM. This would also be a useful reference for performance management design and performance contract systems.

Interestingly enough, the United Kingdom has activated a Behavioral Insights Team (aka The Nudge Unit) under the Cabinet Office to "find innovative ways of encouraging, enabling, and supporting people to make better choices for themselves." It has reportedly saved the UK government about £300 million since its establishment in 2010 from its work on various services and streams in the UK government, including tax payments, fraud and debt, and health services.

It does not end in public policy or even in service design either. The Obama 2012 campaign team, reportedly, also had its pool of experts from the social sciences (particularly behavioral economists and social psychologists) that helped design their campaign strategy and platform.³

The Decision Architect

A decision/choice architect, according to the book, "Nudge" by Richard H. Thaler and Cass R. Sunstein, "has the responsibility for organizing the context in which people make decisions."⁴ It is the ability to structure the process of decision making so that it is counter-intuitive and allows the decision maker to veer from cognitive biases/default tendencies and

see page **9** ►

WOW in DBM!

Undersecretary Evelyn V. Guerrero is truly a WOW – as in Woman of Wonder!

In her almost 44 years of dedicated service in government, 40 years of which spent entirely in the Department of Budget and Management, she has been a recipient of various awards for her exemplary performance, some of which include *Achiever in the Field of Government-Budget and Management* given by the PSBA Alumni Association in 2010; Outstanding Division Chief (1991); Outstanding Assistant Division Chief for three (3) years given in 1980, 1982, and 1983; and Outstanding Technical Employee (1979).

A career executive, a Certified Public Accountant (CPA), and a civil service professional eligible, Undersecretary

see page **10** ►



DBM Secretary Florencio 'Butch' Abad awards Undersecretary Evelyn V. Guerrero with a plaque of appreciation for her almost 44 years of dedicated service in DBM.

From the Regions

DBM RO 8 spearheads FY 2014 budget prep in Eastern Visayas

By: Juvy A. Lobedica, BMSI/PIO Designate

The Department of Budget and Management Regional Office VIII (DBM RO VIII), headed by its Regional Director Imelda C. Laceras, takes pride in the performance of its roles in one of the Department's mandated functions - the formulation of the national budget. Budget preparation for 2014 is anchored on the policy guidelines and procedures stipulated under National Budget Memorandum (NBM) No. 115.

Consistent with the said guidelines, the DBM RO VIII has undertaken the following crucial activities:

Regional Budget Forum. Within the schedule set in NBM No. 115, DBM RO VIII conducted the annual Regional Budget Forum for heads, budget officers and accountants of the regional offices of national government agencies (NGAs), state universities and colleges (SUCs), engineering districts, schools' division offices and attached hospitals of the DOH in the region. The forum specifically tackled the guidelines and procedures in the preparation of the 2014 budget as well as the latest innovations in budgeting that the Department is introducing such as the Online Submission of Budget Proposals (OSBP), Medium-Term Information and Communication Technology Harmonization Initiative (MITHI), and Unified Account Code Structure (UACS). Guidelines on the execution of the FY 2013 budget were likewise discussed.

DBM-REALBO Meeting (January 16, 2013). The officials of the Region Eight Association of Local Budget Officers (REALBO) composed of seven (7) City Budget Officers, six (6) Provincial Budget Officers, and seven (7) Municipal Budget Officers were briefed by Director Laceras, the organization's adviser, on the need to harmonize the national and local budget preparation processes.



DBM RO 8 Director Imelda C. Laceras discusses the FY 2014 Budget Framework during the Budget Forum held on January 15, 2013.

RDC-DAC Advocacy (January 17, 2013). DBM Director Imelda C. Laceras, chairperson of the Development Administration Committee (DAC) of the Regional Development Council (RDC), presented before the Committee Meeting last January 17, 2013 at the NEDA Regional Office VIII the salient features of

the National Budget Call, stressing on the various reforms that will be undertaken to further strengthen the link between planning and budgeting. Representatives from the private sector in the RDC-DAC openly committed to support the advocacy

see page **8** ►



Photo shows the complete staff of DBM RO IX. Four of whom, namely Director Nilda J. Cemine (seated, 3rd from left), Chief Budget and Management Specialist Mary Rosslyn M. Cabañero (seated, 4th from left), Supervising Budget and Management Specialist Lilia M. Ledesma (2nd row, 5th from right), and Administrative Assistant III Carmelita P. Bicaldo (4th row, extreme left), were given loyalty awards during the Office's 35th anniversary.

DBM-NCR Celebrates its 16th Founding Anniversary

The Department of Budget and Management-National Capital Region (DBM-NCR) celebrated its 16th Founding Anniversary last February 1 to 4, 2013. The event was highlighted by a thanksgiving mass officiated by Rev. Father Edric Bedural at the DBM Chapel and a simple but memorable anniversary program the following day at the Quezon City Memorial Circle.

The program had a “wellness” theme since it started with a complete Aerobics Exercise which tested the stamina and dancing prowess of the employees. Some mental and physical games followed centering on “DBM-NCR” as subject and which further revealed the strengths and sharpness of minds of the participants. A video presentation was shown which captured the many achievements of the office in 2012. A fitting message from the present head - Director Ruby R. Esteban - and a good lunch capped the celebration.

Director Esteban thanked the staff for their continuous support, commitment and dedication to work which have contributed to the total positive developments happening in the Department. She also impressed upon them the need to internalize the many reforms being undertaken particularly the focus on performance-based results. At the end of the day, however, it is all a matter of “loving and enjoying your work,” she said.

Prior to the establishment of the DBM-NCR, there was a Department of Budget and Management-Regional Coordination Service (RCS) which catered to the needs of DBM-Regional Offices throughout the country.

Former Undersecretary who was then Assistant Secretary Cynthia G. Castel headed the RCS. She was succeeded by Roger Manuel as Officer-in-Charge and subsequently by Mario P. Bravo who was designated as RCS Director.

The move for government reforms gave birth to the decentralization of national government agencies (NGAs) and the devolution of their functions to local government units (LGUs). The creation



The Pioneers

of DBM-NCR, with the RCS as its core, was the brainchild of ASec. Castel who was head of the decentralization program.

Department Order No. 97-2 abolished the RCS and established the DBM-NCR with Director Bravo at the helm. DBM-NCR commenced its operations in February, 1997 under the administration of the DBM Central Office. It began performing as an independent regional office with its own finance and administrative unit in April 1998.

In September 1998, Director Loida S. Abellera, then Director of the Financial and Administrative Service (FAS) became the Director of DBM-NCR replacing Director Bravo who transferred to and became Assistant Secretary of another government agency.

Director Abellera retired on July 21, 2001. Director Ruby R. Esteban was designated as Officer-in-Charge of the regional office and subsequently was appointed as a full-fledged Director on July 14, 2002 which position she holds up to now. As of today, the DBM-NCR has a 20-strong manpower complement.

Throughout its sixteen years of existence, DBM-NCR can cite many outstanding accomplishments among which are the successful pilot implementation and roll-out of the Electronic Budget System; electronic updating of the Personnel Services Itemization-Plantilla of Personnel

see page 8 ►



The Present Staff



Study Tours: It's More Fun in DBM. BS Business Administration students of Abada College (Oriental Mindoro) seem to have enjoyed their educational tour in DBM as shown in the photo. They have been briefed by TIS Training Chief Zenaida 'Sunny' Rico on the DBM's history and functions. From January to March of this year alone, more than 200 visitors composed of college students from various schools in Luzon and foreign visitors from the Royal Kingdom of Bhutan's Ministry of Finance have been informed on budget-related topics such as budgeting concepts, budget process, and current public expenditure reforms, among others.

DBM-RO 8 ... from p. 6

by ensuring active participation of other CSOs in the region which are affiliated with their organizations.

Participation in Bottom-Up Budgeting (January 28-February 4, 2013). As the Vice-Chair to the Regional Poverty Reduction Action Team (RPRAT), DBM RO 8 has actively participated in a series of orientations and fora conducted on the FY 2014 Bottom-Up Budgeting (BUB). The BUB orientations were conducted per province with the presence of the Local Poverty Reduction Action Team (LPRAT) members, basic sector representatives, civil society organizations, and representatives from the national government agencies who presented their respective project menu for the guidance of the LPRAT. The orientations commenced on January 28, 2012 at Ormoc City covering the provinces of Leyte and Biliran; and concluded on February 4, 2013 for the Province of Samar. Some 115 LGUs were covered in the BUB exercise in Eastern Visayas. Designated as Technical Point Persons on technical and CSO concerns for the BUB were Ms. Aleli N. Hernandez and Mrs. Josefina P. Escoto, both Chief Budget and Management Specialists.

Orientations on the Online Updating of PSPOP (November 26, 2012-January 2013). As part of the digitization initiatives of the Department, the FY 2012 Personnel Services Itemization and Plantilla of Personnel (PSPOP), which contains a rich source of information on government personnel data such as profiles, total number of employees, organizational units, and PS budget requirement of employees, shall be updated online, using the web, instead of the previous years' practice of manual updating. In line with this, DBM RO 8 conducted several orientations on the online updating of PSPOP to ensure the accuracy of the FY 2014 PS budget of agencies under the Region's jurisdiction.

To optimize use of resources, orientations for DepEd were done alongside with the reorientation on the preparation and appreciation of budgeting reports and during the DepEd's year-end assessment and reconciliation seminar-workshops conducted during the months of November and December in 2012 and in January 2013. With the region's guidance and constant monitoring, the Office is optimistic that its clients will be able to update their PSPOPs promptly and accurately. Being a tool used to determine the PS requirement of the government and basis for various management decisions, constant and accurate updating of the PSPOP is crucial. ■

DBM-NCR ... from p. 7

(PSI-POP); Direct Release System of Payment of Accounts Payable to DPWH, DepEd, DOH, IUs and SUCs; roll-out of the use of the Public Financial Management Assessment Tool (PFMAT), the Performance-Based Incentive System and the concept of the Organizational Performance Indicator Framework (OPIF); and institutionalization of the Central Processing and Releasing Unit (CPRU) which greatly facilitated releasing, monitoring and management reporting services. The personnel have been sent to several training programs both here and abroad which enhanced their professional growth and development.

The strength of DBM-NCR undoubtedly comes from the Divine Providence and the steadfastness and hard work of its people. Traditionally therefore, each of its anniversaries always began with a Thanksgiving Mass. This year, it was another occasion to give glory back to God for His many blessings and to ask for constant grace, guidance and fortitude as the Regional Office continues to assume its role in the pursuit of public expenditure and governance reforms. (DBM-NCR) ■



Current staff of the DBM-NCR pose for a photo during the FY 2014 Budget Forum for NCR (above photo) and during their 16th Founding Anniversary after the Thanksgiving Mass.

Decision Science ... from p. 5

create structures for follow-through. It is as much about physical set-ups and spaces as it is psychological. "Decision makers do not make choices in a vacuum," according to The Nudge blog, "They make them in an environment where many features – noticed and unnoticed – can influence their decisions."

To illustrate, Cognitive Biases which are default thinking frames and patterns we use when processing information, come into play when we make decisions. It is caused and/or influenced by memories, available information, and individual likes and dislikes. It influences and may skew perspectives and decisions regardless of facts. The more aware you are of your biases, the higher the chances that you would recognize and avoid them to come up with sound, responsive, and accurate decisions.

Examples of Cognitive Biases:

- Confirmation Bias** – when we only focus on or look for confirming evidence i.e. we already have, in our mind, the desire to believe that X is true.
- Dilution Bias** – the tendency for people to underutilize diagnostic information when it appears in the presence of non-diagnostic information.
- Sunk-Cost Bias** – the tendency to not give up a decision (a resource, an investment) even when the cost of pushing through with it is higher than the cost of letting it go.

This perspective allows us to become more aware of our tendencies and inclinations; it looks at leadership as a function of behavior, which would also influence how team building, goal setting, and problem solving would be done. It makes us recognize that there are unobservable factors that influence decisions: (a) your emotional and cultural make-up shape the way you see the world, (b) we have mental defaults when it comes to decision making, and (c) our emotional responses are made outside of conscious awareness.



Fashion StyleStarter. Some 60 men and women of the DBM are treated to a Fashion Style Makeover Session to help contribute to their personality development and personal growth by inducing self-confidence through a positive physical self-image. This half-day Fashion StyleStarter activity, held on the first day of the love month, is the first installment of the Department's Alternative Learning Sessions. Ms. Joy Cortez-Dauz, an alumna of the School of Fashion and Arts Design Institute (SOFA) served as the resource speaker.

The goal of "Nudge" is to show how decision/choice architecture "can be used to help prod people to make better choices (as judged by themselves) without forcing certain outcomes upon anyone, a philosophy we call libertarian paternalism. The tools highlighted are: defaults, expecting error, understanding mappings, giving feedback, structuring complex choices, and creating incentives."

One of the survival skills needed in today's organization is the capacity to learn, unlearn, and relearn. Heightened self-awareness and decision making skills would greatly support this skill. Being a Decision Architect can help us think of smarter ways to frame and design responsive policy, programs, and public services. Consciously building a decision infrastructure that takes various aspects of human nature into consideration will provide options for people to make better-informed decisions and actions.

Application in the Philippine Government Setting

In as much as leadership, culture, and behavior have been frequently cited as major influencers on how politicians and bureaucrats (and even citizens) act in this country, there is very little consideration

of these factors in the spheres of policy making and program/service design.

The Philippines being the most emotional society⁵ in the world counts for how we behave, relate, and live. These factors deemed soft (albeit scientific), have not been taken seriously by policy makers despite their impact on the general direction of public leadership and management. (Admittedly, these are taken into account during electoral campaigns.)

The Leadership Decision Making (LDM) program showed that globally, science-based approaches on decision-making and leadership focusing on behavior and psychology are now accepted and included as major considerations in public management. It has reinforced my own advocacy that these factors would help create innovative development interventions in public service and sustain the reforms that the Aquino administration has begun instituting. It affirmed a personal belief that at the end of the day, the real root of structural change is people: their decisions about their own work, their own



The honoree and her well-wishers. Undersecretary Guerrero is joined by her well-wishers led by DBM Secretary Butch Abad during her despedida party held on 6 February 2013.

W O W . . . from p. 5

Guerrero, or “EVG” as she is fondly addressed to by colleagues and friends, served as the longest serving female national president of the Association of Government Accountants of the Philippines (AGAP) starting 2006 until her retirement in government service this year. Among the highlights of her tenure as AGAP president were: “presiding over the association’s 60th Anniversary in 2010; guiding it through its steady growth; steering AGAP to the IT age; seeing it through a period of many changes and yet maintaining the traditions and stability that AGAP is all about.”¹

EVG finished her Masters in Business Administration from the Polytechnic University of the Philippines and her BS in Business Administration from the Philippine School of Business Administration (PSBA). Before she joined the DBM, she worked as Clerk 1 in the Department of Labor and Employment, Office of the Secretary from October 1, 1969 to April 17, 1972.

EVG’s extensive exposure to budget operations is backed by her track record starting as Accounting Clerk I on April 18, 1972. She rose from the ranks to become a Chief Accounting Specialist from 1991 to 1996; Director II from 1996-1997; Director IV from 1997-2000; and Assistant Secretary for Operations from 2000-2009. ■

(Endnote)

¹ Taken from the Message from the President, Association of Government Accountants of the Philippines (AGAP), http://www.agap.org.ph/msg_pres.htm

Decision Science . . . from p. 9

lives, and their own relationships and their values, motivations, and commitments.

This, however, is a brave new field that is yet to be introduced to Philippine public managers and decision makers. There are many areas in public management where this approach may be applied such as: (a) in policy making - the influence of behavior, cognitive biases, and culture as inputs to management and organizational policies may be considered, (b) in disaster risk management – an awareness of the cognitive biases and cultural/physical/emotional responses of people during hours of calamities may inform and capacitate decision makers to create better evacuation procedures and disaster mitigation platforms, (c) improve decision making processes and systems/ environments so as to filter cognitive biases to get to the core/most responsive solution, and (d) install awareness and accountability mechanisms and tools within processes resulting from relevant studies in international and Philippine contexts (evidence-based behavior research).

The way we live would also be the best platform for applying these lessons, this level of awareness. This poses a bigger challenge because in the real world, we often forget to stop, reflect, assess, and catch ourselves whenever we are becoming biased, irrational, or unfair, especially when emotions are involved. We also often forget about the weight of each decision and the weight of the responsibility in making them. What more

when you have to confront realities and issues at a fast pace? There lies the truer, bigger test of leadership and decision making—at the level of the self, the team (or family), and the organization (or community).

The article is composed of sections lifted from the Back-to-Office Report of ASec. Amador (with modifications) from her participation in Leadership Decision Making: Optimizing Organizational Performance Program at the Harvard Kennedy School of Government last October 28 to November 2, 2012.

For DBM employees interested in reading the full copy of the report (which includes program materials i.e. “The Science of Decisions” and “How Anger Poisons Decision Making,” etc.), kindly email the author. She is very willing to share the materials with anyone interested. File copies have also been submitted to the TIS and AS-HRDD.

(Endnotes)

- ¹ Drexler, Madeline. “Science of Decisions at the Kennedy School, art of decision making.” Kennedy School Bulletin, Winter 2009.
- ² <http://www.jenniferlerner.com> accessed December 12, 2012.
- ³ Carey, Benedict. “Academic ‘Dream Team’ Helped Obama’s Effort.” The New York Times, electronic edition, November 12, 2012.
- ⁴ “Nudge” was presented as a reference material during the lecture of Prof. Iris Bohnet on Decision Making in Groups, October 30, 2012.
- ⁵ 2012 survey results of US-based research group Gallup.

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INBOX



Compensation Compendium

From a compilation prepared by the Organization, Position Classification, and Compensation Bureau (OPCCB)

2014 budget prep . . . from p. 4

Issue: What is the Performance-Based Incentive System (PBIS)?

DBM Response:

The PBIS is a new system of incentives for government employees being introduced per Executive Order No. 80¹ beginning CY 2012. Under the PBIS, government employees may receive these two (2) incentives: (1) the Productivity Enhancement Incentive (PEI), and (2) the Performance-Based Bonus.

The PEI is the traditional annual incentive given across-the-board in recognition of the fiscal and operational accomplishments achieved through the collaborative efforts of all government employees across all sectors and levels of the Philippine bureaucracy.

The PBB is a new incentive introduced through the PBIS to reward and encourage exemplary performance. It is a top-up bonus given to employees based on their level of contribution to the accomplishment of their department's overall targets and commitments. Departments who achieve at least 90 percent of their set targets (priority program targets and Major Final

Outputs); meet all four (4) Good Governance requirements (namely, the mandatory disclosure of budget information on the agency website, posting of all invitations to bid and awarded contracts in the Philippine Government Electronic System, liquidation of all cash advances for the year within the reglementary period, and establishment of a Citizen's Charter or its equivalent); and submit compliance reports on or before the deadline shall be qualified for the PBB.

The delivery units of qualifying departments shall be ranked according to their performance and the personnel within these units shall also be ranked. The ranking of delivery units and personnel shall be based on their actual performance at the end of the year, as measured by verifiable, observable, credible, and sustainable indicators of performance. ■

(Endnote)

¹ Directing the Adoption of a Performance-Based Incentive System for Government Employees

Another new undertaking that is being introduced in the 2014 budget prep exercise is the **Medium-Term Information and Communication Harmonization Initiative (MITHI)** which aims to ensure the coherence of ICT programs and projects of the Government and their consistency with the Philippine Development Plan 2011-2016 and the five (5) Key Result Areas (KRAs) as identified in President Aquino's Social Contract with the Filipino people. The first plenary conference on the Government-Wide ICT Pre-Budget Strategic Planning Workshop under the MITHI was conducted last January 15 to 18 to help roll out this initiative.

The government will also start adopting the **Unified Account Code Structure (UACS)** in all phases of the national budget cycle starting with the 2014 budget formulation to harmonize the classification of accounts for budgeting, accounting, and cash management.

Other budget reforms such as the Zero-Based Budgeting (ZBB), Bottom-Up Budgeting (BuB), Program Budgeting (PB), and the Organizational Performance Indicator Framework (OPIF) will still be pursued in the 2014 budget preparation to ensure the efficient and effective allocation of funds.

Government agencies and instrumentalities are expected to submit their 2014 budget proposals by mid-April. ■



A New Home for PS. Procurement Service (PS) Executive Director Estanislao C. Granados, Jr. and DBM Undersecretary Richard E. Moya cut the ribbon to officially open the new PS building in Paco, Manila. The inauguration ceremony, held on 14 February 2013, was attended by DBM CO and RO officials as well as the founding fathers of PS.

LS Nook



Prepared by the Legal
Service



Corner

Service Requirement for Entitlement to Retirement Gratuity under Republic Act (RA) No. 1616, as Amended

Issue:

Whether the contractual or provisional services of an employee are included in the computation of the twenty-year (20-year) government service requirement under RA No. 1616¹, as amended².

Facts:

The Claimant in this case started his government service in 1976 as a contractual employee. Later, in 1989, his appointment became permanent. In 1994, he resigned from government service, but six (6) months thereafter he was re-employed by the ARMM-Department of Education (DepEd). He retired on June 1, 2006 and opted to avail of the retirement package under RA No. 1616, as amended.

ARMM-DepEd approved his application for retirement under RA No. 1616, as amended with a total creditable service of 28.74064 years. However, the DBM denied funding on the ground that his government service is short of the required years since his services as contractual and provisional employee were not considered in computing his years in government service.

Ruling:

Section 1 of RA No. 1616, as amended³ simply requires that an official or employee be employed on or before May 31, 1977 and with at least twenty (20) years of government service, regardless of employment status, the last three (3) years of which should be continuous, in order to qualify for the retirement gratuity under RA No. 1616, as amended.

Thus, an official or employee's government service whether it be on a permanent, provisional or contractual status shall all be considered in the determination of the 20-year government service requirement under RA No. 1616, as amended. This is expressly provided under Section 4(a)⁴ of Executive Order No. 966 s. 1984⁵ and reiterated in Civil Service Commission Resolution No. 03-0102⁶ dated January 22, 2003. Moreover, the existence of a gap at any time before the last three (3) years of government service is not material

for purposes of retirement under RA No. 1616, as amended, subject only to the prohibition against double retirement⁷.

In fine, the 20-year service requirement to avail of the retirement gratuity under RA No. 1616, as amended refers to the totality of government service rendered regardless of employment status, with only the last three (3) years which is required to be continuously served.

(Endnotes)

- ¹ An Act Further Amending Section Twelve of Commonwealth Act Number One Hundred Eighty-Six, as Amended, By Prescribing Two Other Modes of Retirement and For Other Purposes.
- ² RA No. 4968 entitled, "An Act Amending Further Commonwealth Act Numbered One Hundred and Eighty-Six, as Amended."
- ³ By Section 6 of RA 4968 entitled, "An Act Amending Further Commonwealth Act Numbered One Hundred and Eighty-Six, as Amended."
- ⁴ **CREDITABLE SERVICE** - Subject to existing laws and these rules, the following shall be considered creditable services:
(a) All previous services rendered by an officer/employee pursuant to an appointment whether permanent, provisional or temporary.xxx
- ⁵ Adopting a Uniform Procedure in the Implementation of Laws for Optional Retirement of Officers and Employees of the National Government and Directing Expeditious Payment of Retirement Benefits
- ⁶ Calo, Edmundo R. Re: Accreditation of Services; Contract of Service; Appeal.
- ⁷ The Supreme Court in the case of *Tiburcio Chaves, Sr. vs. Auditor General Ismael Mathay* (37 SCRA 776, 1971) cited the rule enunciated in *Borromeo vs. GSIS* (L-11011, November 23, 1960) that, in the absence of an express legal exception, pension and gratuity laws should be so construed as to preclude any person from receiving double pension.

PCW clarifies issues on GAD Plan and Budget formulation

The Philippine Commission on Women (PCW) clarifies in a forum, attended by almost 300 participants from various government agencies and instrumentalities, some issues concerning the formulation of the Gender and Development (GAD) Plan and Budget. It cited in particular the GAD budget which "should be appropriated within the total budget of the agency" and not as "an additional or separate allocation."

In a statement, PCW Executive Director Emmeline L. Verzosa stressed that "agencies need to work on the budget given by DBM to fund their GAD-related programs, projects, and activities. We cannot go to DBM and ask for additional money. Spending at least five (5) percent of the agency budget for GAD is not supposed to diminish the budget intended for [the agency's] regular programs and projects, but rather influence the remaining 95 percent of the budget by infusing gender perspectives in the agency programs, projects, and activities."

(Philippine Commission on Women 2013, *PCW pushes correct use of budget to bridge gender gaps*. Available from: <<http://www.pcw.gov.ph>>. [20 February 2013].)

**"Kababaihan: Gabay sa
Pagtahak sa Tuwid na Daan"**

(Women's Month Theme in 2013)

ETB Day

DBM commemorates the **Emilia T. Boncodin Day** on March 15. The day also marks the 3rd death anniversary of the former DBM chief.

