

INSIGHT FROM A DBM JUNIOR LEADER

ZBB: The Art of Letting Go

“We will stop the wasteful use of government funds. We will eradicate projects that are wrong.” President Benigno Aquino III could not have said it more clearly, when he introduced Zero-Based Budgeting (ZBB) in his first State of the Nation Address in 2010.

ZBB is not the “business-as-usual” or traditional incremental budgeting. Incremental budgeting is based on the agency’s historical budget, adjusted for non-recurring and terminated projects and for certain parameter changes (e.g., foreign exchange rates and inflation). Through ZBB, every expenditure and program/activity/project (P/A/P) should be justified before it is funded, which is how we should be spending taxpayers’ hard-earned money. ZBB does not include by default the budgetary items in the prior or current year’s budget. With ZBB, government programs are revisited to check their relevance to national priorities and strategic plan, as well as to the agency’s mandate. In ZBB, the funds are allocated based on the need and performance, as well as on the relevance, impact, and sustainability of a P/A/P.

However, as with all things new and unfamiliar, reforms can lead to resistance on the part of the agency, since these will mean drastic changes in the budget. No one wants to be shaken out of one’s comfort zone without justifiable reason and sufficient basis. Hence, we employed the services of the Philippine Institute for Development Studies to obtain an objective, scientific, and apolitical perspective in assessing issues in funding and implementing the existing P/A/Ps, with a stronger focus on evaluating the more “problematic” ones.

For example, in the case of the Agricultural Competitiveness Enhancement Fund (ACEF), we were prompted to come up with our own findings and evaluation based on the results of the study. This effort led us to suggest necessary changes in the budget levels (up to the extent of proposing a zero budget for loans) and in implementation mechanisms, to be embedded in the special provisions.

By Maria Cecilia Socorro M. Abogado¹

What made ZBB distinctively challenging was that it resulted in a kind of “role reversal” between DBM and the implementing agencies. Untowardly, DBM was put on the defensive. The assumption was that the implementing agencies knew more than we did about the operational or technical aspect of their own programs, as well as their own organizational mandate and how the two (programs and mandate) correlate. Hence, our decisions, including our technical know-how and credibility, were sometimes questioned.

The agencies and the program beneficiaries had also become accustomed, if not dependent, on how things were being done. The use of the ZBB then led to frustration in both parties, especially when this resulted in the suspension of certain programs or fund releases. Sometimes we also had to face irate agency officials and emotional program beneficiaries during meetings or their unannounced visits to our office to question what they would claim as “budget cuts.” Moreover, some of the issues raised in ZBB studies, specifically those of the ACEF, were legal in nature. Hence, at times, we had to ask our Legal Service to accompany us in meetings where discussions could easily turn into “heated” debates on how the laws and the corresponding implementing rules and regulations should be interpreted.

Amidst these and other challenges, however, ZBB was worth all that I had experienced. At the end of the day, I believe that in mustering enough courage to stand up for what is right, I have influenced others to think out of the box and beyond practices they have been so used to which were no longer effective and relevant. I guess, in my own way, I have shared with them some lessons on the art of letting go, in the name of efficiency, transparency, and accountability.

¹ As of this publication, Abogado is a Supervising Budget and Management Specialist of the Budget Management Bureau for Food Security, Ecological Protection, and Climate Change Management Sector.