REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

REQUEST FOR QUOTATION

The Department of Budget and Management (DBM), through its Administrative Service (AS), will undertake a Small Value Procurement for the "Printing of 500 Copies of Secretary Benjamin Diokno's Compilation of Speeches for January to June 2017" in accordance with Section 53.9 of the Implementing Rules and Regulations of Republic Act No. 9184.

Name of Project	:	"Printing of 500 Copies of Secretary Benjamin Diokno's Compilation of Speeches for January to June 2017"
Approved Budget for	:	"Two Hundred Eighty Eight Thousand Pesos" (Php288,000)
Specifications	:	See the attached Annex "A" for specifications
Location	:	G/F DBM Building III, Gen. Solano St., San Miguel, Manila
Delivery Term	:	Within Sixty (60) calendar days from receipt of the Notice to Proceed

Interested suppliers are required to submit their valid and current Mayor's Permit, 2016 Income/Business Tax Return, PhilGEPS Registration Number, Omnibus Sworn Statement, and price quotation form (Annex "A") during submission of offer/quotation.

Award of contract shall be made to the lowest quotation, which complies with the minimum description as stated above and other terms and conditions stated in the price quotation form.

Any interlineations, erasures or overwriting shall be valid only if they are signed or initialed by the bidder or his/her duly authorized representative/s.

Submission of quotation and eligibility documents is on or before 3:00 p.m. of **July 06, 2018** at the Administrative Service, Ground Floor, DBM Bldg. III, Gen. Solano St., San Miguel, Manila. Open submission may be submitted, manually or through facsimile at fax no. 735-1957.

For inquiry, you may contact us at tel. nos. 657-3300 local 3115 / 3117.

Very truly yours,

RYAN S. LITA
Director IV, Administrative Service MAD

Annex "A"

PRICE QUOTATION FORM

Date: ______________________

The Administrative Service
Department of Budget and Management
Ground Floor, DBM Bldg. III, Gen. Solano Street,
San Miguel, Manila

Sir/Madam:

After having carefully read and accepted the terms and conditions in the Request for Quotation, hereunder is our quotation/s for the item/s as follows:

Description	Specification	Quantity	Unit Price	Total Price
Printing of 500 Copies of Secretary Benjamin Diokno's Compilation of Speeches for January to June 2017	➢ Quantity: 500 pieces ➢ Maximum of 261 pages ➢ Stock and color ➢ Cover - Size: 6X9 inches - Color: 4 color CMYK - Cover: (Front and Back) - kromekote 189 lbs. - 4 x 10 + UV Coating ➢ Inside - 6x9 inches - 4 x CMYK (39 colored pages; the rest black & white) - book paper 80 or 90 gms			
* Inclusive of Delivery and Installation				
Total (inclusive of VAT)				

(Amount in Words) ____
____

The above-quoted prices are inclusive of all costs and applicable taxes.

Very truly yours,

____
Name/Signature of Representative

____
Name of Company

____
Contact No.

TECHNICAL SPECIFICATIONS

Item	Technical Specifications	STATEMENT OF COMPLIANCE
	Printing of 500 Copies of Secretary Benjamin Diokno's Compilation of Speeches for January to June 2017	
	➢ Quantity: 500 pieces ➢ Maximum of 261 pages ➢ Stock and color ➢ Cover - Size: 6X9 inches - Color: 4 color CMYK - Cover: (Front and Back) - kromekote 189 lbs. - 4 x 10 + UV Coating ➢ Inside - 6x9 inches - 4 x CMYK (39 colored pages; the rest black & white) - book paper 80 or 90 gms	
* Inclusive of Delivery and Installation		

I hereby certify to comply with all the above Technical Specifications.

Name of Company/Bidder	Signature over Printed Name of Representative	Date

SCHEDULE OF REQUIREMENTS

Item	SCHEDULE OF REQUIREMENTS	Quantity	Contract Duration
	The Bidder/Supplier shall provide the following needed for the project:		
A	Printing of 500 Copies of Secretary Benjamin Diokno's Compilation of Speeches for January to June 2017	500 copies	Within sixty (60) calendar days upon receipt of the Notice to Proceed and Approval of Sample.

I hereby certify to comply and deliver all the above requirements.

____________________ ________________________________ __________

Name of Company/Bidder Signature over Printed Name of Representative Date

Omnibus Sworn Statement

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF ______) S.S.

AFFIDAVIT

I, *[Name of Affiant]*, of legal age, *[Civil Status]*, *[Nationality]*, and residing at *[Address of Affiant]*, after having been duly sworn in accordance with law, do hereby depose and state that:

1. ***Select one, delete the other:***

   If a sole proprietorship: I am the sole proprietor of *[Name of Bidder]* with office address at *[address of Bidder]*;

   If a partnership, corporation, cooperative, or joint venture: I am the duly authorized and designated representative of *[Name of Bidder]* with office address at *[address of Bidder]*;

2. ***Select one, delete the other:***

   If a sole proprietorship: As the owner and sole proprietor of *[Name of Bidder]*, I have full power and authority to do, execute and perform any and all acts necessary to represent it in the bidding for *[Name of the Project]* of the *[Name of the Procuring Entity]*;

   If a partnership, corporation, cooperative, or joint venture: I am granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the *[Name of Bidder]* in the bidding as shown in the attached *[state title of attached document showing proof of authorization (e.g., duly notarized Secretary's Certificate issued by the corporation or the members of the joint venture)]*;

3. *[Name of Bidder]* is not "blacklisted" or barred from bidding by the Government of the Philippines or any of its agencies, offices, corporations, or Local Government Units, foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the Government Procurement Policy Board;

4. Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;

5. *[Name of Bidder]*is authorizing the Head of the Procuring Entity or its duly authorized representative(s) to verify all the documents submitted;

6. ***Select one, delete the rest:***

If a sole proprietorship: I am not related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

If a partnership or cooperative: None of the officers and members of *[Name of Bidder]* is related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;
If a corporation or joint venture: None of the officers, directors, and controlling stockholders of *[Name of Bidder]* is related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

7. *[Name of Bidder]* complies with existing labor laws and standards; and

8. *[Name of Bidder]* is aware of and has undertaken the following responsibilities as a Bidder:

   a) Carefully examine all of the Bidding Documents;

   b) Acknowledge all conditions, local or otherwise, affecting the implementation of the Contract;

   c) Made an estimate of the facilities available and needed for the contract to be bid, if any; and

   d) Inquire or secure Supplemental/Bid Bulletin(s) issued for the *[Name of the Project]*.

9. *[Name of Bidder]* did not give or pay directly or indirectly, any commission, amount, fee, or any form of consideration, pecuniary or otherwise, to any person or official, personnel or representative of the government in relation to any procurement project or activity.

IN WITNESS WHEREOF, I have hereunto set my hand this __ day of ___, 20__ at ____________, Philippines.

____
Bidder's Representative/Authorized Signatory

SUBSCRIBED AND SWORN to before me this __ day of *[month] [year]* at *[place of execution]*, Philippines. Affiant/s is/are personally known to me and was/were identified by me through competent evidence of identity as defined in the 2004 Rules on Notarial Practice

(A.M. No.02-8-13-SC). Affiant/s exhibited to me his/her *[insert type of government identification card used]*, with his/her photograph and signature appearing thereon, with no. ______ and his/her __________________ No. _______ issued on ______ at ______.

Witness my hand and seal this ___ day of *[month] [year].*

NAME OF NOTARY PUBLIC
Serial No. of Commission ___________
Notary Public for ______ until _______
Roll of Attorneys No. _____
PTR No. __, *[date issued], [place issued]*
IBP No. __, *[date issued], [place issued]*

Doc. No. ___
Page No. ___
Book No. ___
Series of ___

General Solano Street, San Miguel, Manila
www.dbm.gov.ph

The Speeches of
Benjamin E. Diokno, Ph.D.,
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Volume 1
January - June 2017

THE SPEECHES OF BENJAMIN E. DIOKNO, PH.D.,

SECRETARY OF BUDGET AND MANAGEMENT
REPUBLIC OF THE PHILIPPINES

Volume I
January - June 2017

SPEECHES

January-June 2017

Secretary Benjamin E. Diokno

Department of Budget and Management

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Opening Remarks at the DBM FY 2018 Budget Forum

Budget Forum for FY 2018
January 17-20, 2017
Philippine International Convention Center

Co-workers in government, ladies and gentlemen: Good morning. Welcome and thank you for being here.

This is a crucial moment for all of us in government. Today we start the process of preparing the 2018 national budget. This meeting signals the start of the many tasks ahead of us in the coming months, with the agencies submitting their budget proposals to our Department. And with the collective efforts and attention to detail, I expect the President's Budget to be completed, published and embargoed two weeks before the President delivers his Second State of the Nation Address on July 24th.

So our task is to put together the national budget for 2018, the first real budget to be crafted under the Duterte administration. Moving forward, we envision the 2018 budget to sustain the President's 0+10-Point Socioeconomic Agenda – 0 there means peace and order. While the Agenda is the blueprint in achieving the promise of change and prosperity, the 2018 and future budgets until 2022 are expected to put flesh and blood to this skeletal Agenda.
We plan to invest boldly in infrastructure development to raise productivity, create a lot of decent jobs, and attract investors.

We plan to provide full support to all regions in the country, rich and poor, but most especially to the poorest, lagging, and climate-vulnerable areas, to help them catch up with the other leading regions.

We will continue efforts to strengthen the link between planning and budgeting, and streamline the implementation of projects so that our people realize results immediately.

At this point, I ask everyone to never lose sight of what should matter most to us: the appropriate role of government, the agency's mandate, the readiness to execute the listed programs and projects, and the capability of agency officials and staff to implement their budget and achieve their objectives.

Our end goal of this exercise is not just a jumble of meaningless numbers, put together aimlessly, just to have a large budget. Rather, it is to fulfill the appropriate role of government: to establishing a strong, not a failed, state; reliable national defense; meaningful law and order; efficient and unbiased justice system: superior public infrastructure; excellent and accessible public education; universal health care; significant job creation and poverty reduction; and empowered, responsible and responsive local governments.

As we prepare the 2018 budget, we should all do a lot of soul-searching. The agency head and senior officials should ask, among others, the following questions:

What is the appropriate role of my agency in the overall scheme of having a strong, responsive, and responsible government? For example, if my agency is advisory in nature, why should I propose to implement projects or generate my own statistics or train people? If the mandate of my line agency is to do Task A, why should I seek to do another task that rightfully belongs to another line agency? So you have to scrutinize the mandate – the mandate dictates the budget, so we should avoid overlapping budgets.

The next question I should ask is: why do I propose programs and projects for 2018 when I know that these programs have not been carefully studied or have been poorly rated or these projects are not shovel ready?

Is the proposed budget higher, equal, or less than the corresponding expected output? For example, is the budget for school building appropriate to the proposed number of school buildings to be built, or the budget for new roads appropriate to the number of kilometers of roads to be constructed?

Now the next question, which is of course our favorite question is: What is my agency's absorptive capacity? Am I proposing a budget that I cannot possibly implement, given the size and quality of the agency staff, within the fiscal year? Am I biting more than what I can chew? There is an economic cost to over budgeting. It denies other agencies who are more capable and able the opportunity to deliver essential public services at an earlier time.

Finally, the national budget is not about us – it's about the people we serve. Hence, the 2018 national budget should contain the narrative of our citizens. It should be the story of public school students, of farmers in Mindanao, of brave soldiers and policemen, of young professionals, of overseas workers and their families, of indigenous people and the elderly. It should be the story of the ordinary man in the street. Let us make their story a story of success and positive change.

Thank you and mabuhay!

Message at the PhilamLife Asset Management, Inc. Forum

January 18, 2017
Blue Leaf Events Pavilion, Taguig City

Good evening, ladies and gentlemen. Thank you for inviting me here. Thank you also for giving me the opportunity to talk about what the government has been doing and will be doing in the next few years to achieve its economic and political goals.

One of the priority agenda of the government is to aggressively bridge the country's infrastructure gap in the next six years. Poor infrastructure has been a major constraint to growth. Hence, infrastructure development is given P850 billion for FY 2017 – or about 5.3 percent of GDP.

This year, the government has a lined up infrastructure projects to address our traffic crisis which is costing

us 2.4 billion pesos daily according to a JICA study, to link the major cities to the lagging regions, and increase the mobility of people, goods, and services while creating 700,000 jobs to Filipino workers annually in the medium term.

New road networks will be built across the archipelago. A total of P349 billion is earmarked for road networks. A noteworthy project is the Mindanao Logistics Infrastructure Network (MLIN), which will connect the cities and provinces of Mindanao to ports and production areas.

For mass transport, a number of railway projects will be implemented this year. Bus transport systems and terminals will also be constructed to provide efficient, comfortable, and inexpensive transportation to commuters in Metro Manila and Cebu.

Examples of these projects include the extension projects for LRT Lines 1 and 2, and our funding for the North-South Commuter Rail Project. This brand new railway system, which will be completed in the term of President Duterte, will link Tutuban to Malolos, Bulacan; and Malolos all the way to Matnog, Sorsogon.

The P850 billion funding for this year is just a down payment. We estimate that between 8 to 9 trillion pesos (or $163 to $183 billion) will be spent on public infrastructure for 2017 to 2022.

Besides infrastructure, social services will be prioritized to mold our young population into an agile and competent workforce. P1.35 trillion, or 40 percent of the P3.35 trillion budget, is allocated to social services. This will fund education, healthcare, social protection among other program for social services.

Our plans are bold and our goals are lofty, thus we must secure the sources of funding for our programs. This is where the Comprehensive Tax Reform comes into play. It will hit two birds with one stone: it will fund our expenditure priorities, and it will also make our tax regime more competitive in the region.

Our tax regime is out of sync compared to our ASEAN neighbors, costing us precious investments. This is why we intend to cut personal income tax rates and corporate income tax rates from 32 percent and 30 percent, respectively, down to 25 percent.

To offset losses, we will then broaden the Value-added tax base; increase excise taxes on petroleum products and automobiles; rationalize fiscal incentives, and improve tax administration.

For entrepreneurs and investors, government is undertaking initiatives to lower the cost of doing business in the country as well as encourage and assist micro, small and medium enterprises (MSMEs).

Processing business permits and licenses will be streamlined and facilitated in local government units. We will emulate the Davao model where government offices are able to issue permits and licenses within three days.

The Department of Trade and Industry (DTI) is also firming up its support to MSMEs. Negosyo Centers have tripled in number from 144 in 2015 to 447 in 2016, most being created under our term. Sources of credit will also be made available to aspiring entrepreneurs so they may start their own businesses.

Project Repeal, a whole-of-government initiative, is in full swing. It aims to repeal and/or amend outdated, unnecessary laws and regulations. This will reduce the cost of compliance for firms, as well as the cost of administration for regulators.

We have much to look forward to this year and in the years ahead. Allow me to assure you that this government is bent on delivering a positive change that can be felt by businesses, entrepreneurs, investors, and ordinary workers. Let us then support this government, so that we can reach our common goal of peace, safety, comfort, a vibrant economy, and prosperity at the soonest possible time.

Thank you and mabuhay!

Keynote Address at the Philippine Competition Commission (PCC) 1st Anniversary
February 1, 2017
Chardonnay by Astoria, Pasig City

Fellow workers in the government, friends, ladies and gentlemen, good evening.
It is my honor to be in the midst of advocates for public sector reforms.

Today marks a triumph in public policy that took 30 years in the making. Do you know that the first comprehensive competition bill was filed in the 8th Congress during the time of the late President Corazon Aquino? Yet, despite the obvious benefits of free competition, the Philippine Competition Law was passed only in July of 2015.

Being a student of governance and active participant in the public sector for about half a century, I understand the difficulties and frustrations of institutionalizing reforms in government, and for hurdling such obstacles, the founding anniversary of the PCC is indeed worth celebrating.

We all know that competition triggers efficiency and innovation. By fostering market competition, the government helps ordinary people afford necessities like rice, electricity, and medicine. It helps consumers to enjoy goods and services with lower prices and better quality.

At the same time, entrepreneurs are more capable of starting up their own firms. With a more level playing field, as a result of competition, economic opportunities are made more accessible to all.
In effect, we hit two birds with one stone: competition policy doubles as a poverty-reduction tool that improves the ease of doing business.

The PCC is the main instrumentality of the government that promotes competition. It curbs anti-competitive practices like price fixing, bid rigging, unfair mergers and acquisitions. The PCC is vital in realizing the 0+10 Point Socio-economic Agenda of the Duterte administration and is essential in reaching our goals of strong and sustained growth, less poverty, and reduced income inequality.

Now, I would like to think that I've been invited here today to give the keynote address with a purpose. In other words, I was not a random choice. So, let me

affirm my commitment to PCC.
As head of the Department of Budget and Management, I would like to state that the DBM fully supports the Philippine Competition Commission. We consider the PCC an integral partner for real change. The efforts of our respective agencies in making the Philippines a more competitive and prosperous economy are intertwined, both being concerned with the efficient allocation of resources for the good of the nation.

Hence, let me assure you that DBM is with the men and women of PCC every step of the way. We promise to provide you with adequate resources for capacity-building and technical support services, and assist your agency as it grows and matures into the formidable organization it was envisioned to be.

Our country is one of the fastest growing economies in Asia. In an aging world, we have a young population which we can develop into an agile and competent workforce.
Hence, we are headed for a bright future. I'm sure there are well-known and unforeseen challenges along the way. But with the help of everyone especially valuable instrumentalities like the PCC, we shall overcome these challenges.

Finally, let me congratulate all of you on your founding anniversary. May the PCC have more productive years of service to the Filipino people.

Thank you everyone and mabuhay!

Opening Remarks at the DBM Fora on Guidelines on Release of Funds for FY 2017

February 2, 2017
Philippine International Convention Center

Co-workers in the Department, ladies and gentlemen: Good morning. Welcome and thank you for being here.

We are here today because we have successfully passed the budget for 2017.

But passing the budget is only half the battle. Now, we move on to the next phase – execution. The true success of the General Appropriations Act of 2017 depends on our capability as a government to translate the figures into concrete results for the people. And this year poses a big challenge: the P3.35 trillion budget for 2017, the first budget crafted under the Duterte administration, is huge. It is an amount none of us has seen before.

The 2017 budget places in its core the people's clamor for real change. It responds to the country's urgent need to bridge the gap in infrastructure, which will in turn raise productivity, create many decent jobs, and attract investors. It demonstrates our endeavor to provide full support to all regions in the country, but most especially to the poor and climate-vulnerable regions left behind in our journey. And it powers the government's thrust to develop our most important resource – our young population – into an educated, healthy, and agile workforce capable of driving innovation and growth in our society.

This budget indeed gives flesh to President Duterte's 0+10 Point Socio-economic Agenda to achieve our ultimate goals of generating prosperity while reducing poverty and income inequality.

But these plans, no matter how bold or complex, will be unmet if budget execution is not done correctly. As the Department of Budget and Management, we take the lead in the efficient and effective use of public resources. I can assure you that we will not carelessly spend this Budget; rather, we will spend within our means, on the right priorities, to produce measurable results.

Our mandate is clear, so we must always observe efficient, transparent and accountable budget and management practices.

I've told you before and I will tell you again: this budget is not about us; it is about the people we serve. Spend your budget well, but always for the intended purposes. Do not skimp, if by doing so, you will fail to achieve your intended outputs. For example, if you promise to build and repair 47,000 classrooms, then do so; if you promise to build so many kilometers of new farm-to-market roads, then use your budget to deliver as you promise.

Use your budget wisely or lose it. If you fail, you disappoint the potential beneficiaries, and you would probably lose your job.

Remember, you have one year to obligate (not spend) your budget. If you fail to obligate your budget, you will lose it. So don't take your easy time. We need to develop and pursue a culture of speed and excellent performance - Mabilis at maayos na serbisyo.

Finally, let us bear in mind that this budget, the biggest budget so far at P3.35 trillion, has raised the hopes and dreams of millions of our countrymen in our leaders and in our government. This budget gives hope to farmers that they can rise from poverty and provide for their families. It promises workers and ordinary citizens a more comfortable day to day life. It encourages millions of students to obtain a college degree and help their parents. It gives hope to the sick, the poor, and the elderly, that they will be cared for and not neglected by the government.

So let us not fail these people who trust us and whose dreams and aspirations rest on our shoulders. Let us give them nothing less than the best.

Thank you and mabuhay!

Welcome Remarks at the Government Fares Agreement Event Re-Orientation and Walk-through on PAL and CEB Booking Portals
February 10, 2017
Philippine International Convention Center

Fellow workers from national government agencies, representatives from our partner airlines Philippine Airlines and Cebu Pacific, ladies and gentlemen, good morning and thank you all for being here.

Today, our agenda is to engage government agencies in learning more about the Government Fares Agreement and the process for booking the special discounted fares for government flights.

The organizer of this event, the PS-PhilGEPS, has prepared a lineup of discussions and activities that will provide an in-depth and practical understanding of the GFA, so that government agencies can utilize extensively this special agreement.

Airline tickets are one of the most commonly-requested items in the procurement activities of government agencies. These are not cheap, costing the government billions every year. The PS-PhilGEPS in response has adopted a “whole-of-government” approach in procuring airline tickets and initiated a partnership agreement, first with the Philippine Airlines, and then with Cebu Pacific last year, in a move that will greatly and positively impact government transactions for airline travel.

Again, let me thank PAL and Cebu Pacific for partnering with us.

With the GFA, government agencies can purchase domestic airline tickets in an easier, faster, and more cost-efficient manner. Procurement of travel tickets will be easier as it will be coursed through a central web-based portal similar to a virtual store that is accessible 24/7. There will be no more bidding or shopping for the lowest fares. This will significantly quicken the procurement process. Lastly, through this special agreement, bookings by registered government agencies will be discounted.

As stewards of public resources, we are expected to use wisely every peso we are entrusted, and with the GFA, we not only cut down on administrative inefficiencies, but also secure savings which can be channeled to more productive uses such as our national infrastructure projects and social services.

With an 8 percent fare discount, and waived ticketing and processing fees, the national government is bound to benefit greatly from this agreement.

So let us take this opportunity to learn more about the GFA and hopefully, we will all make use of this special agreement in our future official travels.

Maraming salamat at mabuhay!

Keynote Address at the Mindanao League of Local Budget Officers (MLLBO) 22nd Annual Convention and General Assembly

February 13-16, 2017
Convention Center, KCC Mall, J. Catolico Avenue, Gen. Santos City

The officers and members of the Mindanao League of Local Budget Officers (MLLBO), my co-workers in the Department of Budget and Management, local government officials, ladies and gentlemen, good morning. It is my honor to be invited to your event today.

The theme of your event, “Lokal na Budget: Tulay sa Minimithing Magandang Buhay” is a reminder of the significance and weight of your role as a partner in achieving the better life - the real change - that we are aspiring for.

Indeed, as the people who are most in touch with the communities, and most knowledgeable of the capabilities and priorities of your respective regions, provinces, and municipalities, the MLLBO and each of its members shoulder the responsibility of linking the National Government and the Department of Budget and Management with the Local Government Units of Mindanao and ensuring that the plans of the National Government are implemented down to the local level.

Thus, I would like to congratulate the MLLBO for creating and organizing this annual convention and general assembly, which serves as a platform for discussing pressing issues and solving dilemmas, enhancing competency on financial management and leadership, as well as strengthening the unity and collaboration among members of the organization.

“Real change…begins with us and in us. The first that we must change is the mindset that the power and resources of the offices we occupy are ours to enjoy. We must remind ourselves of this basic principle: our people, through their taxes, provide the lifeblood of the government. They are the reason for government’s very existence. Our people expect no less from us.”

These were the words the President said when the DBM submitted the proposed P3.35 trillion budget to Congress last year.

Guided by this, I would like to share with you the direction we are espousing to achieve our goal of real change.

We will adopt a “just and disciplined fiscal policy” that will guarantee that public services are delivered swiftly to the marginalized sectors of the society, to reach those who truly need them.

The government will invest more heavily in infrastructure development and in basic social services. These will be made possible by widening our deficit spending to three percent (3%) of GDP over the medium-term, while borrowings will be complemented by the upsurge in revenue collections as a result of improved tax administration and new revenue measures.

In terms of expenditure, we will ensure that funds are spent on time and properly through the What-You-See-Is-What-You-Get (WYSIWYG) policy, which means that funds are considered released upon the effectivity of the General Appropriations Act (GAA). Agency heads are thus able to immediately implement their programs and projects without waiting for the issuance of allotments.

The quick utilization of funds will definitely be our priority. In Mindanao, for example, the construction of the Mindanao Logistics Infrastructure Network (MLIN) and other major infrastructure projects will be non-stop, 24 hours a day, 7 days a week, to fast-track the completion of programs and projects. Furthermore, projects such as these will be monitored through modern technology, specifically geo-tagging, to allow us to check their progress and eliminate "ghost projects".

We will also revise the Implementing Rules and Regulations of the Government Procurement Reform Act, to make it more pragmatic and avoid issues and difficulties that cause delay in program and project implementation.

We will enhance budget planning and preparation, as well as initiate capacity building programs of agencies to guide them in achieving efficiently and cost-effectively their organizational goals.

With regard to governance and budget reforms, we will formulate and advance the enactment of a

Budget Reform Act that will rectify the issues in our Public Financial Management (PFM) at the same time securing and modernizing beneficial reforms. Furthermore, the Budget Reform Act will also define the boundaries of the Executive's budgetary powers and strengthen the Congress' power of the purse.

At the local level, we recognize that those at the Local Government Units (LGUs) are the best people to pinpoint the problems and immediately deliver the urgent and appropriate services at the grassroots. Thus, additional support is given to the LGUs to expand their capacity in meeting the needs of the people.

The National Government, through the Financial Assistance to LGUs amounting to P2.3 billion, will enable LGUs with insufficient resources to forward their priority programs and projects. A total amount of P19.4 billion is also allocated for Disadvantaged Municipalities.

These reforms will be pursued and implemented within an environment that promotes complete accountability and transparency, complemented by the citizens' participation and engagement.

As we seek these reforms at the national level, the same efforts should also be taken at the local level. This is where the role of the local budget officer and your organization ,MLLBO, come in.

The importance of a sound Public Financial Management system cannot be underestimated as it ensures that funds are allocated to provide the best service to the greatest number. We want to steer away from the misuse of funds, to ensure that our agencies and offices are effective and efficient, that we are doing our jobs properly, competently, with integrity and zero tolerance for corruption. Let me mention in this regard three important factors necessary for a successful PFM reform.

One is adaptive, iterative, and inclusive processes where monitoring, learning, and adaptation are key. Next is policy space for developing the right reforms. This requires us a deep understanding of the current situation, a focus on the functionality of the system and not only on the form, and groups that probe and analyze both the problems and the proposed solutions.

Last but not least is leadership. This is your role, as budget officers and PFM practitioners. The national government and the local government units need leaders with strong political and technical commitment, who are able to communicate clearly and coordinate reform, leaders of sound and efficient PFM, so as to effectively introduce and institutionalize our PFM reforms.

As a crucial link between the National Government, the Department of Budget and Management, and the Local Government Units, you as leaders in local budgeting, in PFM, are entrusted with a crucial task that is key to improving the welfare of your community.

I encourage you to continue your endeavors and strengthen your unity as an organization, and together, with DBM as your partner, we can achieve the better life - the real change - that we are aspiring for.

Maraming salamat at mabuhay.

Keynote Address at the 2nd General Membership Meeting of FINEX Governance and Reforms in Public Finance
February 15, 2017
New World Makati Hotel

Ladies and gentlemen, guests, members and officials of FINEX, fellow workers in government: Gtood afternoon.

In May 2016, President Duterte won the hearts of the electorate with the campaign for real change. True to his word, the National Budget for 2017 gives flesh to the pro-poor, pro-growth, and pro-development agenda of the Duterte Administration.

In a nutshell, the Budget addresses the most compelling needs of the nation by upgrading our public infrastructure while investing in our greatest resource – our young people.

Having said this, the crafting and passage of the National Budget is only half the battle in fulfilling the reform agenda of the government. Reforms must be instituted in the entire budget cycle – from preparation, legislation, and execution, up to monitoring, evaluation and accountability. It is only then that we can deliver the best results that concretely benefit our citizens.

In this context, I wish to discuss with you several of the game-changing budget reforms that we have introduced to enhance the efficiency, transparency, and public participation in the budget process.

Policy Environment for Effective and Efficient Spending

Now that we're implementing the FY 2017 budget, the President's marching order to all Cabinet Members is plain and simple: use it or lose it. Meaning, use your budget or lose your job. The President does not, and will not tolerate incompetence.

The Department of Budget and Management (DBM) already laid down the necessary policy framework and continues to provide the supporting environment needed by national government agencies for more effective and efficient spending.

In line with our What-You-See-is-What-You-Get (WYSIWYG) philosophy, we have streamlined the release and management of funds – the General Appropriations Act serves as the official fund release document. Therefore, the 2017 National Budget has been ready for implementation since January 1st of this year.

Budget tracking has also been upgraded with the use of modern technology. We will geo-tag major projects to curb "ghost projects" and ensure the timely delivery of outputs.

Geo-tagging projects will complement our plans of pursuing construction work 24 hours a day, and 7 days a week for major infrastructure projects in large urban areas like Cebu, Davao, and Metro Manila. These reforms will allow us to usher in the Golden Age of Infrastructure.

Our Budget and Treasury Management System, an integrated, web-based financial management information system, is also in full swing. It collects and organizes financial information in a central database to support the Budget Execution and Budget Accountability phases of the budget cycle.

Looking ahead, we expect the further utilization of technology to improve the budget process. Managing large swathes of data is only possible with an automated and integrated information system specifically designed to analyze the Budget.

Improved Budget Preparation and Capacity Building

With unprecedented amounts being featured in the 2017 Budget and the Budgets for the coming years,

underspending is a cause of concern for many. Rightfully so, underspending had been an issue that plagued our fiscal policy in the past.

However, let me assure all of you that we will exert all efforts to prevent this from happening again. Underspending is unacceptable. Funds delayed are services denied, and our people definitely deserve the speedy delivery of public services.

So besides the reforms I have mentioned earlier, we are currently implementing the Two-Tier Budgeting Approach (2TBA). With this strategy, we conduct separate reviews for on-going/approved programs vis-à-vis new or expanded ones to give better focus on each type of program. This allows for the thorough scrutiny of projects, such that poorly planned projects will have a hard time of getting into the Budget.

In terms of capacity-building, we are also conducting measures to ensure that the people who prepare the Budget are equipped with the technical skills to identify implementation-ready programs. This is why we have the Public Financial Management Certificate Program and the DBM Young Professionals Program for the PFM practitioners of the national government.

As underspending is also due to the inexperience of some government leaders, the DBM also gives executive briefings on the budget process for Cabinet members and senior officials in charge of their respective agencies' finances to ensure timely and efficient utilization of funds.

Moving forward, planning and preparation will only be enhanced. A reform that the public can look forward to is the Program Expenditure Classification (PREXC). To be implemented in 2018, this reform restructures an agency's budget to group all recurring activities and projects under appropriate programs or key strategies.

Likewise, performance targets will be set at the level of programs. This will be a departure from the status quo where funds are assigned at the level of agencies or major final outputs. With this impending budget structure, we will be able to clearly see and monitor where our public funds are going, and how it contributes to national development.

Promoting Accountability through Fiscal Openness

As one of the current global leaders in fiscal transparency, we are continuing to implement innovations that make our budget more transparent and accountable. As a testament to this, we have reaffirmed our commitment to the Open Government Partnership and the Global Initiative for Fiscal Transparency.

In line with the President's issuance of Executive Order No. 2, s. 2016, implementing the proposed Freedom of Information (FOI) bill in the Executive branch, we have also taken steps to facilitate the public's clamor for information with regards to our Department.

In fact, the DBM is one of the pilot agencies from which the public can request information through the electronic FOI portal. More so, we have crafted a People's Manual to guide the public of the procedures to be observed in requesting information, documents, or records from the DBM.

We, of course, are pursuing greater fiscal transparency not for the mere sake of dumping data to the public, but ultimately to enable greater citizens' participation in the budget process.

Looking ahead, we are pushing to pass a Budget Reform Bill which will institutionalize budget data disclosure, civil society participation in budgeting, and all of the necessary ingredients of a modern budget system.

This proposed measure also seeks to clarify the limits of the Executive's budgetary powers and strengthen the Congress' power of the purse.

We believe that this bill will embody and consolidate most of the public financial reforms we have in mind, and we are confident of its passage.

Conclusion: Realizing Change

Public sector reform is no easy task – that is one thing I have learned in my service spanning half a century. But with intelligent preparation, due diligence, and the political will of the President, these reforms are closer to reality.

We will not waver in our pursuit for change. With the private sector as able partners for development, we envision the Philippines to become a high-middle income country by 2022.

So please support us in this challenging but highly rewarding journey of reforming public financial management for rapid growth and equitable development.

Thank you and mabuhay!

Keynote Address at the Philippine Franchise Association Membership Meeting: Ensuring and Sustaining Inclusive Economic Growth
February 15, 2017
Marco Polo, Ortigas

Ladies and gentlemen, guests, fellow workers in government, officials of the Philippine Franchise Association: Good afternoon.

It is my honor to be in the presence of esteemed entrepreneurs. Thank you for having me in your general membership meeting.

As a pioneer association in Philippine franchising, I'm sure you're excited to hear about the growth prospects of the Philippine economy and the overall business climate for the medium-term.

Today, let me share with you the ambitious plans of the Duterte Administration in promoting a wealth-generating and wealth-distributing national economy.

Expansionary Fiscal Policy

As the Secretary of Budget and Management, I am primarily concerned with our fiscal policy. Government spending and taxation inherently influence investment incentives and the achievement of national development goals.

On this note, we have decided to pursue an expansionary fiscal policy raising the deficit from 2 to 3 percent of GDP. This implies a deficit target of P478 billion in 2017, rising to P777 billion in 2022.

Our borrowings, with an 80-20 mix in favor of domestic borrowing, will be complemented by increased revenue collection. Revenue effort as percent of GDP is projected to increase from 15.3 percent this year to 17.7 percent in 2022, including the revenue measures being proposed by the Department of Finance.

So it's easy to decipher our fiscal policy – more borrowings, more revenues, more spending, and ultimately, higher growth trajectory.

Yet, some investors may be spooked by our tax-spending strategy, particularly the higher deficit. But let me assure you that it is manageable, appropriate and sustainable.

First, we intend to outgrow our debt burden. The debt-to-GDP ratio is expected to decline from 45 percent in 2015 to 35 percent in 2022.

Second, the expansionary fiscal policy is needed to finance our development needs. If we are to unlock the full growth potential of the Philippine economy, then we must invest heavily in public infrastructure and human resource development.

Fiscal Priorities: Infrastructure

The poor state of infrastructure has long constrained our growth potential. It stifles productivity, hampers mobility, and makes the Philippine economy less attractive to foreign direct investments. Traffic congestion alone costs us P2.4 billion daily, or P876 billion annually, according to a JICA study 3 years ago. It's time for us to reverse this pitiful state of affairs.

This is exactly what our expansionary fiscal policy will allow us to do. P847.2 billion is allotted for

infrastructure development in the National Budget this year, equivalent to 5.3 percent of GDP. This is only a down payment as we plan to spend P8 to P9 trillion for public infrastructure in the next six years. In fact, infrastructure spending is projected to reach 7.4 percent of GDP come 2022.

The Golden Age of Infrastructure will be supported by initiatives from the private sector and our development partners. The Public-Private Partnership program of the government is being revitalized. We now welcome unsolicited proposals, subject to Swiss challenge.

We are also maximizing our access to Official Development Assistance (ODA) to fund our infrastructure program. Just last month, I accompanied Finance Secretary Carlos Dominguez, alongside Transportation Secretary Arthur Tugade, Public Works Secretary Mark Villar, and NEDA Director-General Ernesto Pernia, to China to discuss 40 infrastructure projects for loan financing and assistance in conducting feasibility studies.

To date, we estimate that the Duterte Administration has already raised close to P1 trillion in ODA, primarily from China and Japan, over the last seven months. This monumental amount will only serve to benefit our economy.

Fiscal Priorities: Human Capital Development

Aside from infrastructure, we will prioritize developing our young population into an agile, competent and productive workforce. The median age of Filipinos is

23 years old. We recognize that this can be an asset or liability. If we want our youth to be future drivers of growth and innovation, then we must educate them, take care of their health, and provide them with proper nutrition.

This explains why 40 percent of the 2017 Budget is allocated to social services – education, healthcare, social protection, socialized housing and so on.

Noteworthy items include the P544.1 billion allocation for the Department of Education (DepEd) which will support our pursuit for universal basic education. State Universities and Colleges (SUCs) will also have an increased allocation of P58.7 billion for quality and accessible public tertiary education.

The Department of Health (DOH), including the National Health Insurance Program, is given P151.3 billion. We intend to achieve 100 percent coverage in health insurance through PhilHealth.

Lastly, the Department of Social Welfare and Development (DSWD) has an allocation of P128.3 billion. This will sustain our social protection programs, particularly our Conditional Cash Transfer (CCT) Program, which is given P78.2 billion this fiscal year.

Moving forward, the social services sector will receive increased funding from 8.5 percent of GDP in 2017 up to 9.2 percent of GDP in 2022. Education, in particular, will receive funding equivalent to 5 percent of GDP by 2022.

Clearly, our greatest resource is our people and we must equip them as early as now to be positive contributors to Philippine society.

Tax Reform: Key to Growth

Tax reform is another crucial feature of our fiscal policy. The Comprehensive Tax Reform Package aims to implement a simpler, fairer, and more efficient tax system for the country. This will enable us to fund our ambitious infrastructure and human capital build up, while fostering a tax regime that is comparable with the rest of the region.

Our tax regime is out of sync compared to our ASEAN neighbors, costing us precious investments. This is why we intend to cut personal income tax rates and corporate income tax rates. This will put more money in the pockets of our citizens and attract investors.

To offset losses, we will then broaden the Value-added Tax (VAT) base; increase excise taxes on petroleum products and automobiles; rationalize fiscal incentives, and improve tax administration.

The first tax reform package is now being deliberated in the Lower House, and we are confident of its passage. No less than the Legislative Executive Development Advisory Council (LEDAC) marked the tax reform bill on top of its agenda.

We estimate that the Tax Reform Package will yield the government an additional P162.5 billion, equivalent to 0.9 percent of GDP, in 2018 alone. Nevertheless, this is not the government simply taking away money from the pockets of citizens.

This is a win-win proposition as the tax burden of 99 percent of the population is bound to decline resulting in higher disposable income for almost all Filipinos. Besides, the revenues from the tax reform package will also be reinvested to worthwhile projects, especially infrastructureand human capital development projects.This is why we must support the administration’s tax reform program.

Lowering the Cost of Doing Business

For entrepreneurs and investors, government is undertaking initiatives to lower the cost of doing business in the country as well as encourage and assist micro, small and medium enterprises (MSMEs). I’m sure this is music to the ears of those involved in the franchising sector.

Processing business permits and licenses will be streamlined and facilitated in local government units. We will emulate the Davao model where government offices are able to issue permits and licenses within three days.

The Department of Trade and Industry (DTI) is also firming up its support to MSMEs. Negosyo Centers have tripled in number from 144 in 2015 to 447 in 2016, most being created under our term. Sources of credit will also be made available to aspiring entrepreneurs so they may start their own businesses.

For instance, the DTI has already launched its P3 Program, or the “Pondo sa Pagbabago at Pag-Asenso”. This lending system will provide affordable micro-financing for the country’s MSMEs. The program is set to be implemented in Mindoro, Sarangani, and Leyte, among the top 30 poorest provinces, to represent Luzon, Visayas and Mindanao.

As we all know, the opportunities for financing are few and far in between for micro enterprises. These firms usually have to rely on
“5-6” lenders which impose unfair and astronomic interest rates. Hence, this program can be a crucial initiative in spurring business activity while widening the economic opportunities for the poor and the marginalized.

Project Repeal, a whole-of-government initiative, is also in full swing. It aims to repeal and/or amend outdated, unnecessary laws and regulations. This will reduce the cost of compliance for firms, as well as the cost of administration for regulators.
Red tape has long burdened our entrepreneurs while driving away investors. This reform is another game-changer in striving for a more competitive and investor-friendly economy.
Conclusion

Having grown 6.8 percent in 2016, the Philippines remains to be one of the fastest growing emerging economies in Asia and the entire world. Anchored on the 0+10 Point Socio-economic Agenda, our fiscal and economic policies will usher in a robust economy that benefits all Filipinos, especially the poorest of the poor.

Change has come. Change is here. With our well-crafted and vigorously-implemented policies, our goal of becoming a high-middle income country by 2022 is attainable as ever.

We invite you to be a part of our efforts for a more prosperous and vibrant economy.

Thank you and mabuhay!

Welcome Remarks at the Study Tour of Delegates from Vietnam and the World Bank

February 16, 2017
DBM Executive Lounge

To the delegates from Vietnam and the World Bank, my DBM colleagues, ladies and gentlemen: Good morning and welcome to the Department of Budget and Management.

This is the second time this year that our agency welcomes delegates from our neighbor countries. The first time was last month when we received the Mongolian delegation. And we are honored that you chose our agency to be your learning resource for government procurement processes.

These activities were spurred during the ASEAN Countries Procurement Knowledge Exchange Forum held in Myanmar in November last year. Our Procurement Service Executive Director, Ms. Bingle Gutierrez, who was an attendee of the said forum, was approached by Mr. Abunyewa of the World Bank Group in Vietnam to ask whether the Philippines was open to accommodating delegates interested in learning about the Philippine system of public procurement and the reforms that we are pushing.

Thus, through the collaboration among the Procurement Service – Philippine Government Electronic Procurement Office or PhilGEPS, the Government Procurement Policy Board – Technical Services Office or GPPB-TSO, and the World Bank Groups in Vietnam and the Philippines, the Vietnam delegation has now visited the Philippines to take a closer look at the Philippine Procurement Service and the Government Electronic Procurement System.

This two-day study tour that the collaborating agencies have prepared intends to impart an understanding of how procurement data are used by stakeholders including the civil society to monitor and examine the performance of contractors and service providers. It intends to present how open contracting requirements have been integrated into the public procurement system, specifically through the e-procurement system to produce valuable information.

The National Government holds that, with an excellent procurement service and process, we achieve greater transparency, channel our expenses to more productive programs and projects, and speed up the delivery of public service. It is thus with great effort that we pursue initiatives that will modernize and standardize government procurement. And it is our privilege to be able to share with others our knowledge and practices.

We hope that you will find these activities prepared for you to be informative and useful, as well as interesting and encouraging.

Again, welcome to our agency and may we all have a wonderful and productive day.

Introductory Address at the Joint Congressional Oversight Committee on Public Expenditures (JCOCPE)

February 20, 2017
Senate

Fellow workers in government, guests, members of the Joint Congressional Oversight Committee on Public Expenditures: good morning.

2016 Appropriations and Releases

Let me go direct to the point. Of the P3.001 trillion budget for FY 2016, P2.807 trillion has been released or equivalent to 93.5 percent of the appropriations.

If other releases are included, such as fund releases for continuing appropriations, unprogrammed appropriations, and other automatic appropriations, releases will total P2.877 trillion or 95.9 percent of the 2016 appropriations.

Release of DPWH Appropriations

Moving on, allow me to report on the release of the 2016 appropriations for the DSWD and DPWH.
The FY 2016 appropriations of DPWH are at P482.03 billion, with an agency specific-budget of P384.29 billion, transfers from other agencies of P84.82 billion, and automatic appropriations of P12.82 billion.

Meanwhile, allotment releases totaled P464.33 billion, with P371.99 billion from the agency-specific budget, P84.51 billion from the transfers of other agencies, and P7.83 billion from automatic appropriations.

This leaves the DPWH with unreleased appropriations of P17.7 billion for FY 2016.

Bulk of the unreleased appropriations of DPWH's agency-specific budget involve Routine Maintenance For Newly-Converted National Roads under MOOE. For Capital Outlays, unreleased appropriations stem from: ROW Payments, Payments of Contractual Obligations, PPP Strategic Support Fund, and Various Infra Projects (including local projects). This totals to P12.016 billion.

For automatic appropriations, P4.987 billion was also unreleased coming from SAGF-MVUC (Motor Vehicle User Charge).
These items are presented under the For Later Relase (FLR) portion of NBC 561, which were not released due to non-submission of Special Budget Request (SBR) and details of claimants/nature of claims in the case of ROW and contractual obligations.

Release of DSWD Appropriations

Next, for DSWD, the FY 2016 Budget totaled P110.412 billion. Its agency-specific budget is at P109.977 billion while automatic appropriations totaled P435 million.

All of these appropriations were released to DSWD. Hence, there are no unreleased appropriations as total appropriations matched total releases.

QRF for FY 2016 and FY 2017

I will move on to the Quick Response Fund releases.

In prior years, there was no distinction on which agencies are considered as first responders. Thus, there were departments/agencies which were provided QRF when, in fact, they should not be entitled to receive QRF but instead should charge their requirements under the NDRRMF.

In 2017, we defined the actual departments which should be entitled to the QRF. Also, we integrated all the agency requirements of QRF under the NDRRMF so that there can be faster and automatic augmentation of the agency QRF allocation.

In 2016, QRF allocations to Departments totaled P6.215 billion with varying amounts for 8 agencies.

For 2017, QRF allocations are at P4.0 billion, with DOH having P500 million, DND receiving P1.25 billion (P500 million to OCD and P750 million to AFP), P1.0 billion to DPWH, and P1.25 billion to DSWD.

QRF Releases to DPWH in FY 2016 and FY 2017

For FY 2016, the built-in appropriations of P1.3 billion for Quick Response Fund (QRF) were fully released to DPWH. Meanwhile, P8.182 billion in releases were made to DPWH sourced from the NDRRMF. Of this amount, P2.051 billion came from continuing appropriations in the FY 2015 Budget while P6.131 billion came from the FY 2016 Budget. In total, P9.482 billion was released to DPWH in FY 2016.

Meanwhile, for the 2017 Budget, P1.0 billion in QRF appropriations has already been released to DPWH.
QRF Releases to DSWD in FY 2016 and FY 2017.

For DSWD in FY 2016, the built-in appropriations of P1.325 billion in the QRF were fully released. At the same time, P4.9975 billion was released to DSWD from the 2016 NDRRMF. In total, P6.3225 billion was released to DSWD in FY 2016.

As for this year's budget, the P1.25 billion QRF appropriations to DSWD have already been released.

NDRRMF Releases for FY 2016 and FY 2017
Lastly, let me proceed to the entire NDRRM releases for FY 2016, and the releases so far this year.

FY 2016 NDRRMF Releases

For 2016, the releases for the agency-specific or built-in appropriations reached P5.84 billion. This can be broken down as follows: DA (P500 million), DepEd (P1.5 billion), DOH (P510.5 million), DND (P530 million), DPWH (P1.3 billion), DSWD (P1.325 billion), DOTC (P175 million).

Another P5.96 billion was released from Special Purpose Funds. This is broken down as follows: NIA (P500 million), DA (P465 million), DSWD (P4.9975 billion).

The grand total in NDRRMF releases for 2016 is P11.8 billion.

As compared to the programmed funds of FY2016 NDRRMF releases, only P375 million remained unreleased. Of this amount, P200 million is for DND, P25 million is for DOTC, while P150 million is for DILG.

2017 NDRRMF Releases

For the 2017 Budget, P3.35 billion has already been released from the NDRRMF. The releases are as follows: P1.25 billion to DSWD-OSEC, P500 million to DND-OCD, P500 million to DOH-OSEC, P1.0 billion to DPWH-OSEC, and P100 million to NEA.

For the releases to DND-OCD and NEA, the respective SAROs have already been released and are ready for pick-up by the agencies.

In total, there is a balance of P750 million in the Quick Response Fund. Meanwhile, the NDRRMF has a remaining balance of P12.405 billion.

Thank you.

Keynote Address at the PHALTRA, Inc. 84th Annual National Convention and Seminar Workshop "Towards An Innovative and Dynamic Revenue Growth Integrated With the Global Economy"

February 20, 2017 | 1:00 - 1:30
Philippine International Convention Center

Ladies and gentlemen, guests, officials of the Department of Finance, members of the Philippine Association of Local Treasurers and Assessors (PHALTRA, Inc.): good afternoon.

I am honored to speak to you today on behalf of President Rodrigo Duterte. He sends his warm regards and well wishes on your important gathering. Local treasurers and assessors are integral partners for change, given their crucial role in managing and utilizing local resources for effective public service, and I cannot emphasize enough the significance of your contribution to this country.

Hence, I would like to congratulate PHALTRA for successfully organizing its 84th Annual National Convention and Seminar Workshop. Aside from being a venue to reunite with old friends, this event serves as a platform to share best practices, solve common problems, and enhance competencies in public finance.

The Duterte Administration has pledged to engage local government units (LGUs) as able partners in development. We are thankful to organizations such as PHALTRA for taking the time to conduct these workshops as they will only strengthen our capacity to serve our people.

The theme of your annual convention is “Towards an Innovative and Dynamic Revenue Growth, Integrated With the Global Economy”. Your theme captures the unique challenges that come with being local treasurers and assessors. Being involved in the public sector for half a century, whether as an economist or a public administrator, I can perhaps share with you some of my findings and experiences.

Local Government Finance: 1991 Local Government Code

During the time of President Corazon Aquino, when I was still Undersecretary of the DBM, she promised a wide-ranging package of public sector reforms that will devolve functions and empower local governments. The policy of promoting local autonomy was enshrined in no less than the 1987 Constitution.

This led to the passage of the Local Government Code (LGC) of 1991, a game-changing law that altered the government structure and fiscal rules of the country. Numerous functions and expenditure responsibilities were delegated to LGUs: health services, social welfare services, agriculture extension and research, protection of the environment, among other things.

To finance these expenditures, the LGC provided financial resources to LGUs through a higher Internal Revenue Allotment (IRA), and the delegation of the power to tax and levy fees and charges.

These had powerful effects. Prior to the LGC, local governments received a maximum of 20 percent of the national internal revenue. With the LGC, this doubled to 40 percent.

The power of LGUs to generate local revenue was also widened. LGUs were given the capacity to levy real property and local business taxes, among other collections.

In an ideal world, this would have resulted to better public service delivery and increased local government administrative capacities. This reform, in effect, would bring government closer to the people. Because LGUs know best the needs of their communities, and are most knowledgeable of how to respond to these needs, then they should be in the frontlines of service delivery.

More than 25 years have passed, and we have experienced mixed results.

Era of IRA-dependence

The higher, predictable, formula-based, and mandatory grant system for the IRA has resulted in heavy reliance of LGUs on the IRA. A pattern of dependency can be drawn from the figures. For many LGUs, the IRA has accounted for more than 90 percent of their financial resources.

From 2009 to 2014, 66 percent of the income of LGUs was sourced externally, which includes transfers from the national government such as the IRA. Data in recent years indicate that, on average, 80 percent of the operating income of Municipalities and Provinces is sourced from the IRA and shares in other national taxes.

On the other hand, there are only slight increases in the local sources of income from 2009 to 2014. During this period, income from local sources increased by an average of only 9 percent. In fact, if we compare the local sources of income to GDP, it has even fallen from 1.21 percent of GDP in 2009 to 1.19 percent of GDP in 2014.

The Increased Need for Social Services Spending

The IRA is an unconditional block grant which allows LGUs full discretion in its utilization, except for the LGC requirement that 20 percent is allocated for local development projects. The intention of the law is to direct expenses towards productive uses that increase the growth potential of provinces, cities, municipalities, and barangays.

Unfortunately, the review of the pattern of LGU expenditures from 2009 to 2014 reveals that bulk of the LGU expenses has been on general public services. Expenses for general public services at 55 percent dwarfed that of social services at 25 percent. In effect, majority of funds are spent on local administration functions instead of education, health and nutrition, population control, labor and employment, housing and community development, social welfare, and so forth.

This is an unfavorable balance given spending on social services are expected to grow with a growing population, which is true for the Philippines. This is bolstered by the need to set aside funds for impending natural calamities and disasters. Simply put: local governments are not spending enough on things that matter the most to the people they serve.

Room for Improvement

These numbers are not new. Numerous studies are available for reference, including some of my published papers that evaluate our decentralization policy and its implications on public finance. The harsh reality is that despite the increased IRA shares of local governments, their funds remain inadequate to support their expenditures (ideally, social services).

So if we are to reverse this state of affairs and promote the full development of local autonomy, then two action steps come into mind: (1) the revenue-generating powers of local governments, as provided in the LGC, must be tapped into and fully utilized, and (2) strong performance evaluation mechanisms must be developed to extract accountability from local executives.

I am sure that, as an association composed of local treasurers and assessors, PHALTRA is aware of these ills. Generating revenue growth, in particular, is featured in your theme. This is one of the challenges that you will encounter and discuss in this workshop. I wish you the best of luck in brainstorming and tackling this complex issue.

LGU PFM Reform in Recent Years

Allow me to share also some reforms that have been put in place to enhance PFM at the local level. As I mentioned, there is a need for performance evaluation mechanisms so we can hold elected local authorities accountable for their local financial management. This requires better - meaningful, synchronized, consistent, and timely - information to be gathered by designated government agencies.

With support from the European Union, we have undertaken the LGU PFM 2 Project. One of the centerpiece of this project is the Public Financial Management Assessment Tool (PFMAT). In essence, it is a self-assessment instrument that gauges the fiscal performance of LGUs. This is achieved by providing guidance on what comprises a sound and credible LGU PFM system by identifying performance indicators to measure the performance/compliance of LGUs.

The PFMAT identifies seven key elements in securing an open and orderly PFM System. It is as follows:

1.Policy Based Budgeting - the LGUs must prepare their respective budgets with due regard to government policy;

2.Comprehensiveness and Transparency - fiscal and budget information (i.e., revenue forecasts, prior, current and budget years' expenditures, and the expected outputs) must be available and accessible to the public;

3.Credibility to the Budget - the PFM system must contain indicators that measure whether or not the budget is realistic and is implemented as intended;

4.Predictability and Control in Budget Execution - the local budget must be implemented smoothly and effectively;

5.Accounting, Recording and Reporting - adequate records and information must be produced for purposes of decision-making, control, management and reporting on operations;

6.Internal and External Audit - public finances must be subject to scrutiny by the Local Chief Executive and/or the Local Sanggunian; and,

7.Citizens' Participation - LGUs must encourage concerned citizens to become partners in the formulation, monitoring, evaluation and improvement of the local budget.

Taking advantage of the developments in information and communication, we developed the electronic version of the PFMAT called ePFMAT, as well as the electronic Budget System or eBudget for the LGUs. During your workshops, I hope you can discuss the use of these e-PFM tools and make suggestions for improvement. We will appreciate receiving feedback from those who actually use these tools.

Complementing the PFMAT in improving LGUs' PFM systems, we have enhanced the capacities of agencies to provide technical support and assistance to LGUs

through the formation of Regional Inter-Agency Teams. We have also streamlined and synchronized LGU PFM systems and tools, which includes:

1.Internal Audit Manual (IAM) for Local Government Units

2.Manual on the Setting Up and Operation of Local Economic Enterprises (LEE)

3.Budget Operations Manual (BOM) for Local Government Units, 2016 Edition

4.Handbook on the Participation of Civil Society Organizations in the Local Budget Process.

DBM is conducting roll-out training for LGUs officials and personnel on the use of these various PFM tools. By the time we complete the trainings, we expect to see improvements in the LGUs's PFM systems.

Notably, all of these projects and activities are part of the LGU PFM Reform Roadmap and Implementation Strategy which we adopted in 2015. Affirming our commitment to the reforms we envisioned in the Roadmap, the LGU fiscal oversight agencies (which includes the NEDA, DILG, DOF, and DBM) have recently signed Joint Memorandum Circular No. 1 in November 18, 2016. This issuance updated the guidelines on harmonization of local planning, investment programming, resource mobilization, budgeting, expenditure management, and performance monitoring and coordination in overseeing the LGUs's PFM.

Apart from these tools, the DOF-BLGF also has Iskor ng 'yong Bayan, a system put in place to assess the fiscal performance of LGUs through the LGU Fiscal Sustainability Scoreboard. Based on the reports submitted by local treasures and assessors to the DOF and the BLGF from 2009 to 2012, LGUs were evaluated in the areas of revenue generation capacity, local collection growth, expenditure management, and reportorial compliance.

I will not go in further detail as DOF and BLGF officials are more knowledgeable of this fiscal performance index. I'm sure that the very capable speakers from their Department will share a thing or two about Iskor.

The point is that the bureaucracy is slowly introducing performance evaluation mechanisms that make local fiscal statistics more available to the public. These efforts are ultimately geared to make local executives accountable for their performance, and ultimately, to enhance the delivery of public services.

Conclusion: Sound and Efficient LGU PFM

For all the reforms that have been undertaken, we have a long way to go in fostering effective and efficient Public Financial Management at the local level.

If we are to achieve our lofty goals of ramping up growth to 7 to 8 percent annually in the medium-term, and lowering poverty to 14 percent from 22 percent, then we must improve the state of LGU-PFM.

For a country of more than 100 million, the national government will be hard-pressed to respond to the needs of each citizen. Clearly, the direction we're headed is to empower local governments in the way they manage their finances. After all, they are more attuned and more capable of responding to their local constituents.

We have made some strides but a lot of work remains. With the collective efforts of the national government, local government units, and organizations like PHALTRA, formulating and implementing policies that foster sound LGU-PFM becomes more possible. The Department of Budget and Management promises to play an active role in this endeavor.

Thank you and mabuhay!

Presentation on the Budget Process and the Priorities of the Duterte Administration at the US-Philippines Society Board of Directors Meeting

February 21, 2017
The Peninsula Manila Hotel

To the board of directors and members of the US-Philippines Society, business leaders, friends, ladies and gentlemen, good morning.

It is my honor to be invited to your meeting and I thank you for this opportunity to share with you some of the efforts and the successful endeavors of the Philippine Government that would influence the country's economy and investment climate in the medium term.

FISCAL PRIORITIES OF THE DUTERTE ADMINISTRATION

A. Increased, Accelerated, and Monitored Construction of Infrastructure Projects to Spur Economic Growth and Improve the Standards of Living in the Country

Our plans for this year and the next few years are bold and promising, and I am excited to be discussing these with you.

Currently, we are focusing on the increased and accelerated nationwide construction of infrastructure projects that will spur economic growth and alleviate the traffic congestion in our major cities.

In fact, an amount of P847.2 billion has been allotted this year for the construction of road networks, bridges, mass transport systems, airports, seaports, bus systems, railroad networks, and many others facilities that would allow the fast and convenient

transport of people as well as goods and services, not only in the urban areas of the country, but most especially in the rural provinces.

The P847.2 billion budget for infrastructure, let me point out, is an increase of 13.8 percent from the 2016 budget for infrastructure. It represents a quarter of the P3.35-trillion national budget for 2017 and is equivalent to 5.3 percent of GDP.

Furthermore, the government plans to spend P8 to 9 trillion in infrastructure from 2017 to 2022. By 2022, expenditure in infrastructure will reach 7% of GDP. The poor state of infrastructure has long constrained our growth potential.

The current administration recognizes the seriousness and urgency of this problem and is resolved to remedy this immediately and swiftly. It is time for us to reverse this pitiful state of affairs.

Therefore, major construction projects have already started last year and will continue and intensify in the next six years, to realize the President's goal of a Golden Age of Infrastructure.

These construction projects across the country will be on 24/7, and will be monitored using geo-tagging so that the public can track their progress as well as eliminate "ghost projects".

The Government is also strengthening ties with our neighbors and raising more funds to support our big-ticket projects.

We are indeed maximizing our access to Official Development Assistance, or ODA. To date, we estimate that the Duterte Administration has already raised close to P1 trillion in ODA, primarily from China and Japan, over the last seven months. This monumental amount will be used wisely to benefit the Philippine economy.

Partnership with the private sector and foreign investors will be continued through the revitalized Public-Private Partnership (PPP) program. This will help speed up the country's recovery from its infrastructure gap.

The Philippines can therefore look forward to enjoying a more convenient and comfortable travel and transport system, and an even more dynamic and robust economy in the next few years, as a result of these infrastructure projects we are implementing now.

B. Continuous and Improved Programs for Human Capital Development to Create and Inspire a Young Workforce who are Healthy, Competent, Agile, and Innovative

The Duterte Administration recognizes the potential in our youth and has thus placed them at the top of our priority list.

While other parts of the world are getting older, the Philippines remains young, energetic, and promising. The median age of Filipinos now is 23 years old and we are determined to groom them into a powerful driver of growth and innovation. We will take care of their health, educate and train them, give them hope and inspire them, so that they become productive members of society in the future.

Thus, 40 percent of the 2017 national budget has been allocated to social services – healthcare, education, social protection, socialized housing and so on. And we plan to increase this funding in the next few years. Currently, it is 8.5 percent of GDP. This will rise yearly up to 9.2 percent in 2022.

Let me mention some noteworthy items. One is the increased funding that will bolster our pursuit for universal education. Specifically, an amount of P544.1 billion is allocated for the Department of Education, the biggest allocation among all the executive departments. The budget for this sector in 2016 was P433.4 billion; for 2017, the DepEd budget is P110.7 billion higher. This will benefit 21.2 million students all across the country.

State universities and colleges on the other hand will be given P58.7 billion to provide students with quality and accessible public tertiary education.

Our huge investment of resources will provide the Filipino youth with wider access to quality basic education, and ultimately prepare them adequately for a productive and vibrant future in diverse industries.

C. Expansionary Fiscal Policy

To fund our fiscal priorities, we will pursue an expansionary fiscal policy, raising the deficit from 2 percent to 3 percent of GDP.

Our borrowings, with an 80-20 mix in favor of domestic borrowing, will be complemented by increased revenue collection. Revenue effort as percent of GDP is projected to increase from 15.3 percent this year to 17.7 percent in 2022, including revenue measures being proposed by the Department of Finance.

Although the government's tax spending strategy can seem risky, particularly the higher deficit, the Philippines can rest assured that we will keep it manageable, appropriate, and sustainable.

BUDGET PROCESS AND REFORMS

A. The President's Command: "Use it or lose it"; Policy Environment for Effective and Efficient Spending

Now that we are implementing the first budget crafted under the Duterte Administration, the President's marching orders to all Cabinet Members is clear: "Use it or lose it." Use your budget, or lose your job. The Duterte Administration does not, and will not tolerate incompetence, especially underspending, as it means failure of public service delivery.

The DBM has thus laid down the necessary policy framework and continues to provide the supporting environment needed by National Government Agencies for effective and efficient spending.

B. Budget and Treasury Management System

Our Budget and Treasury Management System, an integrated, web-based financial management information system, is also in full swing. It collects and organizes financial information in a central database to support the Budget Execution and Budget Accountability phases of the budget cycle.

Looking ahead, we expect the further utilization of technology to improve the budget process. Managing large swathes of data is only possible with an automated and integrated information system specifically designed to analyze the Budget.

i.Streamlining of the IRR

We have streamlined the Implementing Rules and Regulations (IRRs) of the Government Procurement Reform Act, which has been wrongly blamed for delays in project implementation.

In addition, we have institutionalized "Procurement Short of Award". National government agencies can already proceed with early procurement activities short of awarding contracts once the National Budget has been submitted to Congress. This will avoid unnecessary delays to project implementation.

ii.2TBA or Two-Tier Budgeting Approach

We are currently implementing the Two-Tier Budgeting Approach, or 2TBA. With this strategy, we conduct separate reviews for on-going or approved programs vis-à-vis new or expanded ones to give better focus on each type of program.

The 2TBA allows for the thorough scrutiny of projects such that poorly planned projects will have a hard time of getting into the Budget.

iii.Budget Reform Bill

The Department of Budget and Management will push for the passage of the Budget Reform Bill.

This will institutionalize budget disclosure, civil society participation in budgeting, and all the necessary ingredients of a modern budget system.

This proposed measure also seeks to clarify the limits of the Executive's budgetary powers and strengthen the Congress' power of the purse.

More important, the Budget Reform Bill will mandate a budget system that is cash-based rather than obligation-based. Obligations are intentions, not expenditures. The current system of obligation-based appropriation does not promote disciplined execution of the annual budget.

The DBM will fight tooth and nail for the passage of the Budget Reform Bill, so that it will be passed into law as soon as possible.

It helps that the passage of this bill is one of the priorities of the Legislative Executive Development Advisory Council or LEDAC when it met last month.

We believe that the Budget Reform Bill embodies and consolidates most of the public financial reform we have in mind. It is crucial to an efficient, disciplined, and transparent budgetary framework.
Capacity Building

We are conducting various measures to empower and capacitate individuals who are part of the government instrumentalities involved in crafting the national budget.

1.Public Financial Management Certificate Program and DBM Young Professionals Program

The Public Financial Management Certificate Program and the DBM Young Professionals Program ensure that the people who prepare the national budget are equipped with the technical expertise to identify implementation-ready programs.

2.Executive Briefings on the Budget Process for Cabinet Members and Senior Officials

As underspending is also due to the inexperience of some government leaders, the DBM also gives executive briefings on the budget process for Cabinet members and senior officials in charge of their respective agencies' finances to ensure timely and efficient utilization of funds.

3.UP-GPPB MOA Signing – Certification of Public Procurement Specialist

Government underspending and widespread corruption in procurement practices and processes are partly blamed on the low levels of capacity among public procurement practitioners.
Thus, the Government Procurement Policy Board, or GPPB, and the University of the
Philippines signed an agreement last month to train public procurement specialists.

The Certified Public Procurement Specialist Course will train public procurement practitioners to correctly determine the requirements of their respective agencies or institutions, as well as improve their efficiency and capacity, to avoid wasting resources and ensure the proper utilization of government funds.

Indeed, through a streamlined procurement process and competent procurement officers, government underspending can be avoided.

Accountability and Fiscal Openness

1.Open Government Partnership and the Global Initiative for Fiscal Transparency

We are continuing to implement innovations that make our budget more transparent and accountable. We have thus reaffirmed our commitment to the Open Government Partnership and the Global Initiative for Fiscal Transparency.

The Open Government Partnership or OGP, of which the Philippines is one of the founding members, is a unique international initiative aimed at securing concrete commitments from governments to promote transparency, increase civic participation, fight corruption, and harness new technologies that strengthen governance. OGP is in the frontline of the revolution to change the culture of government.

The Duterte Administration is committed to continue, expand, and institutionalize participative governance reform initiatives. Part of this commitment is the development and implementation of the 3rd Philippine OGP National Action Plan.

The Freedom of Information (FOI) Executive Order, which was signed by the President on July 24, 2016, just within a month after the official assumption into office of President Duterte, operationalizes in the executive branch along with the agencies below it the people's constitutional right to information and state policies to full public disclosure and transparency in public service. It strengthens the right to information as enshrined in our constitution and makes the government as transparent as ever.

I hope this presentation provided you with a clear view of the plans and the efforts of the Duterte Administration, as well as the current and future trade and investment landscape of the Philippines.

I also hope that this has encouraged you to further your ties with the Philippines.

Thank you for your support.

"Spend and Deliver", Presentation at the Maybank ATR Kim Eng Investment Forum

February 2017
Makati City

Ladies and gentlemen, guests, members of the investment community, fellow workers in government: good morning!

I would like to thank Mr. Lorenzo Lichauco, Mr. Godofredo Aquino, and the Maybank ATR Kim Eng group for inviting me to this Forum. It is my pleasure to share with you the bold and ambitious plans that our administration has in mind to drive our economy to new heights.

Roadmap to Growth and Development

As you know, all our programs, activities, and projects are articulations of the 0+10 Point Socioeconomic Agenda of the Duterte Administration, with "0" being peace and order. This developmental blueprint aims to preserve our strong macroeconomic fundamentals, while addressing bottlenecks that hinder more rapid and more equitable growth.

The 0+10 Point Socioeconomic Agenda will also serve as our compass in navigating our way to high-middle income status by 2022, with the Filipino population enjoying per-capita income of at least $4,100. More importantly, it will guide our progress in combatting poverty.

Despite strong and sustained growth in recent years, poverty reduction has progressed at a stubborn rate. Over the past decade, poverty rate has gone down by only 5 percentage points – from 26.6 percent in 2006 to 21.6 percent in 2015. This rate is simply unacceptable.

So besides attaining robust growth, this government will focus on bringing down the benefits of growth to majority of the population. We intend to reduce poverty to 14% by 2022.

Indeed, we will provide a holistic approach – we will be pro-investment, pro-growth, and pro-development. Without further ado, let me share with you what we have achieved so far and what we intend to achieve in the next six years.

Expansionary Fiscal Policy

As Secretary of Budget and Management, I am primarily concerned with our fiscal policy, especially the spending side.

On this note, we have decided to pursue an expansionary fiscal policy raising the deficit from 2 to 3 percent of GDP for the next six years. This implies a deficit target of P478 billion in 2017, rising to P777 billion in 2022.

Of course, we will be fiscally responsible. Our borrowings, with an 80-20 mix in favor of domestic borrowing, will be complemented by revenue augmenting measures. Revenue effort as percent of GDP is projected to increase from 15.3 percent this year to 17.7 percent in 2022, including the revenue measures being proposed by the Department of Finance.

So it's easy to decipher our fiscal policy – more borrowings, more revenues, more spending, and ultimately, higher growth trajectory.

Some investors may feel uneasy by our tax-spending strategy, particularly the higher deficit. But let me assure you that it is manageable, appropriate, and sustainable.

First, we intend to outgrow our debt burden. The debt-to-GDP ratio is projected to decline from 45 percent in 2015 to 35 percent in 2022. Hence, our rate of economic expansion will outpace our deficit spending. And as you all know, the rule of thumb is that a country with a debt-to-GDP ratio of less than 60 percent is fiscally sound; we are comfortably below that.

Second, the expansionary fiscal policy will be necessary to finance our development needs. If we are to unlock the full growth potential of the Philippine economy, then we must invest heavily in public infrastructure and human resource development.

Fiscal Priorities: Infrastructure

This brings me to the National Budget, the spending plan that gives flesh to President Duterte's Socioeconomic Agenda. It allocates resources into the most promising and most pressing sectors of the Philippine economy. At P3.35 trillion, it is the largest National Budget to date.

First, it will focus on infrastructure development. For FY 2017, the National Budget allocates P847.2 billion for public infrastructure – roads, bridges, school

buildings, airports, seaports, flood control systems, and so on. This is equivalent to 5.3 percent of GDP.

This is only a down payment as we will ramp up infrastructure spending to as much as 7.4 percent of GDP come 2022. I estimate that in aggregate, we will spend P8 to P9 trillion for public infrastructure in the next six years.

Like the P3.35 trillion budget, such amounts for infrastructure investments are unprecedented. For the past 3 decades, infrastructure spending has averaged between 2 to 3 percent of GDP.

As a result, our underinvestment in public infrastructure has led to an infrastructure gap that is too large to ignore. Our public infrastructure facilities are crumbling. This is most evident with the poor state of public transport and in the traffic congestion that we experience daily.

In fact, a JICA estimate three years ago puts the productivity losses due to traffic congestion at P2.4 billion daily. These massive leakages of resources must be plugged sooner rather than later. We definitely don't want to spend 3 to 4 hours a day, stuck in traffic. More so, improving infrastructure will only boost trade, attract investments, and create economic opportunities for all Filipinos.

However, the government acting alone cannot realize the "Golden Age of Infrastructure". This is why we have been reaching out, and will continue to reach out to our development partners and the private sector in making this vision a reality.

The Public-Private-Partnership (PPP) Program is being revitalized. We now accept unsolicited proposals, subject to Swiss challenge.

More so, we will not use PPP as a revenue-raising scheme by awarding projects to companies that offer the highest premium. We feel that this is taxation without representation, rendering public services least affordable to the paying public.

At the same time, we are tapping all possible sources of Official Development Assistance (ODA). To date, we have raised some P18 billion from China and Japan. Most recently, numerous members of the Duterte Cabinet visited China to pitch 40 infrastructure projects. The three big-ticket projects worth a cumulative $3.4 billion include the Chico River Pump Irrigation Project, the New Centennial Water Source-Kaliwa Dam Project in Quezon, and the South Line of the North-South Railway Project.

This North-South Railway Project will be one of the iconic infrastructure projects of the Duterte Administration. Spanning 653 km, this brand new railway system will stretch across Tutuban to Legazpi, Albay and then continuing all the way to Matnog, Sorsogon.

Other projects that are worth keeping an eye on include the Mindanao Logistics Infrastructure Network. For 2017 alone, this project has an allocation of P31.4

billion through the DPWH. It will rehabilitate, improve, and construct roads and bridges all over Mindanao to drive economic activity.

Closer to home, we have the UP-Ateneo-Miriam viaduct to ease traffic in Katipunan Avenue and the Metro Manila Bus Rapid Transit project of the DOTr.

Fiscal Priorities: Human Capital Development

Besides public infrastructure, we intend to develop our young population into an agile, competent, and productive workforce. The median age of our population is 23 years old. In an aging world, this may prove to be an asset provided that we prepare our youth by educating them, taking care of their health, and affording them sufficient social safety nets.

This is why 40 percent of the 2017 Budget is allocated to social services – education, healthcare, social protection, socialized housing, and so forth. Like infrastructure, we will only ramp up our level of investments on social services.

Moving forward, the social services sector will receive increased funding from 8.5 percent of GDP in 2017 up to 9.2 percent of GDP in 2022. Education, in particular, will receive funding equivalent to 5 percent of GDP by 2022.

Clearly, our greatest resource is our young population. So let me share with you some of our staple social services programs.

Obviously, universal basic education is a priority especially with the full implementation of the K-12 Program. Among all agencies, the Department of Education has the biggest budget with P544.1 billion. State Universities and Colleges will also have an increased allocation, totaling P58.7 billion. These amounts do not yet even include the allocations for TESDA and CHED.

For healthcare, the DOH is given P151.3 billion, inclusive of the funds for the Philippine Health Insurance Corporation. We intend to achieve 100 percent coverage for our National Health Insurance Program, such that healthcare providers will not need to ask for a PhilHealth ID because the assumption is that everyone is covered.

Lastly, the Conditional Cash Transfer (CCT) Program of the DSWD is given P78.2 billion for FY 2017. This program provides incentives for poor families so they will invest in the education and healthcare of their children.

Fiscal Reforms

Very briefly, allow me to share some budget reforms that we have implemented to ensure the efficient and effective utilization of public resources. The biggest allocations for programs will prove to be useless if funds are spent irresponsibly, or not spent at all as in the case of the previous administration.

In terms of capacity-building, we are conducting measures to ensure that the people who prepare the Budget are equipped with the technical skills to identify implementation-ready programs. This is why we have the Public Financial Management Certificate Program and the DBM Young Professionals Program for the PFM practitioners of the national government. Looking ahead, we are energetically pushing for the passage of the Budget Reform Bill, which will institutionalize budget data disclosure, civil society participation in budgeting, and all of the necessary ingredients of a modern budget system.

This proposed measure also seeks to clarify the limits of the Executive's budgetary powers and strengthen the Congress' power of the purse. This is a game-changing reform given the PDAF and DAP debacle that hounded the whole bureaucracy in previous years.

More importantly, the Budget Reform Bill will mandate a budget system that is cash-based, instead of obligation-based. Obligations are intentions, not expenditures. The current system of obligation-based appropriation does not promote disciplined execution of the annual budget.

We need this bill passed into law as soon as possible. We believe it embodies and consolidates most of the public financial reforms we have in mind, and is crucial to an efficient, disciplined, and transparent budgetary framework.

Conclusion

The Philippines has much to look forward to, with the bold plans, the aggressive leadership, and the tirelessness of the current administration.

I hope that with this presentation, I am able to impart with you the vision of the government, as well as encourage you to support our efforts and join as we transform the Philippines into a more prosperous, more beautiful, vibrant, and peaceful country for all.

Thank you and mabuhay!

Message of the Secretary at the Philippines Australia Human Resource and Organisational Development Facility (PAHRODF)
"Building a High Performance Culture: Enhancing and Strengthening the Strategic Performance Management System and the Learning & Development Systems of the Department of Budget and Management"
February 23, 2017
Crowne Plaza, Ortigas, Mandaluyong City

To the officials of the Australian Department of Foreign Affairs and Trade, the Philippines Australia Human Resource and Organisational Development Facility (PAHRODF), scholars, my co-workers at the Department of Budget and Management, guests, ladies and gentlemen, good afternoon.

Given that the Philippines has been lagging behind its Asian peers, the medium-term goal of DBM is to be one of the top three (3) government budget organizations in the ASEAN. During the DBM Strategic Planning Conference held last October 2016, we set the various strategic priorities of the Department to achieve this goal, under the following five (5) themes:

1. Timeliness and Efficiency

2. Excellent Workforce

3. Leader in Reforms

4. Inclusive partnership, and

5. Stability and Reliability

The second theme, "Excellent Workforce", recognizes the importance of developing highly competent and motivated public servants who observe the highest standards of professionalism and integrity if we want to achieve our goal.

So the challenge on us will be- how do we achieve that?

That is where the two (2) interventions come in.

First is the Strategic Performance Management System (SPMS), introduced under Civil Service Commission (CSC) Memorandum Circular No. 6, series of 2012. It sets a mechanism for aligning organization, office and individual commitments to better harmonize,

clarify and define targets and performance measures at all levels. With targets and performance measures defined, the SPMS provides a scientific and verifiable basis in assessing and improving the performance of employees and offices.

Consonant to this, the SPMS puts premium on the establishment of systems for continuous employee development, which will enhance overall performance delivery of the organization.

SPMS was implemented since 2014 in DBM. It was far different from the previous way how public servants were held accountable. There were no success indicators or performance measures or rating matrices to gauge one's performance. As we face this change in implementing the performance management system, we felt the need for enhancing the SPMS including the development of the Subject Matter Experts (SMEs), who would help us in the journey.

Second is the development and provision of responsive programs that will address the specific needs of the DBM employees.

To facilitate this objective, another intervention is on the Learning and Development System which encompasses mechanisms for Training Needs Assessment, Curriculum Design, Delivery and Evaluation.

To aid its effective implementation is the development of competent trainers from the DBM who will lead the Learning and Development programs in the Department to help address competency gaps through determination of the right HR intervention.

Fortunately the DFAT, through its Human Resource Organizational Development Facility (HRODF) was able to extend assistance in these interventions.

Let me take this opportunity to thank everyone who helped organize this event, the dignitaries and officials of the Australian Department of Foreign Affairs and Trade, the Philippines Australia Human Resource and Organisational Development Facility (PAHRODF), and the trainers who share their expertise and inspire the participants.

It is my hope that through these programs that we put together, in cooperation with our helpful friends from international organizations, we achieve our goal of transforming our agency, DBM, into one of the best government budget organizations in ASEAN and perhaps, ultimately, in the world.

Thank you and mabuhay!

Message of the Secretary at the Official Opening Ceremony of the Certificate Course on Monitoring & Evaluation for Results

February 27, 2017
Asian Institute of Management, Paseo de Roxas, Makati City

To the senior officials of the Asian Institute of Management, my colleagues in government, esteemed guests, and the participants of the Certificate Course on Monitoring & Evaluation for Results (CCMEfR): good afternoon.

Today, 50 capable and promising government officers from 8 different agencies will officially begin training under this certificate course. As a results-oriented government, we believe that developing a pool of competent Monitoring and Evaluation (M&E) practitioners is crucial in the achievement of our national development goals. M&E will push our drive towards evidence-based decision-making, while securing effective implementation of our programs, activities, and projects (PAPs).

The Need for M&E

With sound M&E fundamentals, the government will be better able to translate inputs into its desired outputs, outcomes, and impacts. M&E promotes the efficient allocation and use of public resources, while upholding transparent and accountable practices.

As the government is in the process of implementing the FY 2017 Budget while simultaneously crafting the FY 2018 Budget, the importance of M&E becomes all the more highlighted. The National Budget is no ordinary budget. It is not only “from the people”, but also “for the people”.

It is funded by the taxes collected from our constituents while embodying the development priorities of our country. Therefore, we need to make sure that every peso collected and spent goes to worthwhile programs and projects that benefit our people.

Unprecedented amounts are featured in our Budget. For this year, the budget is at P3.35 Trillion. For perspective, it was only P1.1 trillion ten years ago. We have to make sure that our M&E capacities are able to keep pace with the increases in our budget so we can fulfill our fiscal priorities.

M&E and our Fiscal Priorities

We plan to invest heavily in public infrastructure and human resource development.
For the next six years, we will spend to the tune of P8 to P9 trillion for public infrastructure. Infrastructure spending will be ramped up to at least 5.3 percent of GDP, rising up to 7.4 percent of GDP come 2022. We will build roads, bridges, airports, seaports, school buildings, hospitals, among other infrastructure facilities. This is to take advantage of the obvious benefits of good infrastructure – enhanced economic efficiency, better accessibility of services, and increased mobility of trade and people.

Likewise, we will develop our young population, with a median age of 23 years old, into an agile, mobile, and competitive workforce. For 2017 alone, more than P1.3 trillion or 40 percent of the P3.35 trillion budget is allocated to social services – education, healthcare, social protection, socialized housing, etc. This amount is bound to increase as the Budget is also projected to increase in the coming years.

However, the huge additions in our funding capacity will be put to waste if we are not able to translate them into concrete results. We do not want to repeat history and grossly underspend the funds entrusted to us. Doing so will seriously damage our pursuit of our development objectives.

Clearly, if we are to achieve upper-middle income status come 2022, while reducing poverty incidence to 14%, then we must give M&E the emphasis that it deserves. In this regard, we have already established the policy framework conducive to achieving these objectives. The policy framework provides guidance to the public sector, ensuring that we do not go about our pursuits blindly.

Policy Framework

Specifically, NEDA and DBM issued a Joint Memorandum Circular that establishes the National Evaluation Policy Framework back in 2015. It mandates the scrutiny of government programs, activities, and projects to ensure their relevance, effectiveness, efficiency, and sustainability. Such a framework was geared to support evidence-based decision-making, realize performance improvement, and instill accountability in the conduct of evaluations in the public sector.

Following up these efforts, the DBM issued National Budget Circular No. 565 in December 2, 2016 that implements a Results-Based Monitoring, Evaluation and Reporting (RbMER) Policy. It harmonizes all MER objectives, integrates evaluation activities and M&E approaches across agencies, and establishes a strong linkage in planning, budgeting, and implementation for meaningful monitoring, evaluation and reporting.

Granted that our policy framework is in place, we also recognize the need to conduct capacity-building efforts to enable our government personnel to implement our policies. Our ambitious goals will be for naught if we do not have a competent pool of M&E

practitioners that will oversee the implementation of government programs and provide inputs to decision-makers.

This is why we have partnered up with the Asian Institute of Management (AIM) and UNICEF to come up with this Certificate Course. Composed of three modules spread across 5 months, this course will acquaint participants with the praxis of Monitoring and Evaluation, merging theory with relatable real-life applications. This group is the first of its kind, but I am confident that successive cohorts will follow given our pressing need for M&E professionals.

Conclusion

In closing, I'd like to extend my best wishes to the 50 participants. I wish you all the best of luck and the government looks forward to your development as knowledgeable M&E practitioners.

Thank you and mabuhay!

Welcome Address at the PEFA at Work for Asia and the Pacific Practitioners Forum and Training

February 28, 2017
Asian Development Bank, Pasig City

To the members of the different governments from Asia and the Pacific, especially from the respective Ministries of Finance and the different Supreme Audit Institutions here present,

Representatives from the members of the World Bank Group, the Governance Thematic Group of the Asian Development Bank, the International Monetary Fund, the Japan International Cooperation Agency, the Australian Department of Foreign Affairs and Trade, the Agence Francaise de Development, and all other development partners in attendance,

All public financial management researchers and practitioners here present, ladies and gentlemen, good morning.

As we welcome you to this forum, PEFA at Work for Asia and the Pacific, allow me to share with you the good things we benefitted from the Public Expenditures and Financial Accountability assessments, and how we are supporting it.

As you all know, the PEFA is a great methodology for gauging Public Financial Management (PFM) performance. Using quantitative indicators to measure performance, the PEFA provides us a framework to see the strengths and weaknesses of PFM. PEFA is designed to provide a snapshot of PFM performance at specific points in time using a methodology that can be replicated in successive assessments, giving a summary of changes over time.

In the Philippines, we underwent two (2) full PEFA assessments, one in 2007, which was published in 2010; the second one was in 2015 and was published in 2016. A rapid assessment was also done in 2014. The results of these assessments were outstanding.

The PEFA assessment result published in 2010 was one of the major factors that motivated the PFM reforms. The Philippine PFM Committee was established, a PFM Reform Roadmap was formulated, and the Executive Order No. 55, “Directing the Integration and Automation of Government Financial Management Systems,” was issued.

Since then, significant progress has been achieved in the implementation of PFM reforms. The Philippine budget management has taken huge strides, with an impressive list of milestones achieved. Much effort was put into improving transparency, and now the Philippines rank as the third Southeast Asian country in the Open Budget Index. Additionally, the Philippines almost doubled its budget since 2010, and the budget was passed on time for a record seven straight years. Among others, we saved as much as almost 10 million USD by closing at least 381 dormant and sweeping 538 active bank accounts of several National Government Agencies to the newly established Treasury Single Account, and by shifting from float to fee-based cash and payment management.

We established a Unified Account Code Structure which enabled the development of interoperable systems across all government financial transactions. We adopted twenty five (25) International Public Sector Accounting Standards as part of the Accounting and Auditing Reforms. We already started the stocktaking of Contingent Liabilities. We also developed a PFM Competency Framework which is aimed at professionalizing the practice of PFM in the Philippines and in Asia and the Pacific.

Consistent with the PEFA Assessment, we focused the PFM Reforms in developing an integrated Financial Management Information Systems or IFMIS, which we are approaching in a phased manner. We are first developing a scaled-down system called the Budget and Treasury Management Information System or BTMS, which will evolve into a full-blown Government Integrated Financial Management Information System or GIFMIS. With the aim of improving resource allocation, allowing the tracking of transaction, reconciliation of individual payments, and comprehensive and automated accounting systems, BTMS or GIFMIS will help improve Fiscal Discipline by the providing automatic reconciliation of bank accounts, including TSA, Modified Disbursement Scheme and regular bank accounts. We aim to have a full implementation of the GIFMIS by 2020.

All of these reforms will be strengthened with the passage of the PFM legal framework, the Budget Reform Bill, and with the improvement of the legislative scrutiny and external audit. In fact, the Budget Reform Bill has been included as one of the priority bills of the current administration.

In a nutshell, PEFA has been instrumental in identifying the weaknesses in the Budget Outcomes and the Public Financial Management of the Philippines as a whole. It is also an assessment framework which drives Fiscal Discipline, Transparency, Accountability of Public Finances, and Improving Service Delivery. We capitalize on the lessons learned through the PEFA Assessments and continue to move forward in the PFM Reforms, as the PEFA continues to evolve.

With this, we would like to thank the World Bank, the PEFA Secretariat, the seven development partners who initiated and manages the PEFA, the European Commission, the International Monetary Fund, the French Ministry of Foreign Affairs, Norwegian Ministry of Foreign Affairs, the Swiss State Secretariat for Economic Affairs, and the United Kingdom Department for International Development. We would also like to thank the Asian Development Bank for co-hosting this PFM Practitioners Forum and Training towards making PEFA at Work for Asia and the Pacific.

Let us all learn from one another in this three (3) day event, and on behalf of the Philippine Government, please accept our warmest welcome to everyone.

Keynote Speech at the UBS Macro and Banking Roundtable
Policies and Platforms, Mapping our Inclusive Growth
March 3, 2017
The Manila Peninsula

To the officials of UBS, esteemed members of the business and finance community, guests, ladies and gentlemen: good afternoon. It is with great pride that I will be sharing with you today the plans of the Department of Budget and Management (DBM). We treat very seriously our mandate of driving fiscal policy, promoting prudent spending, and managing risks to promote inclusive growth.

These plans are all anchored under the 0+10 Point Socioeconomic Agenda of the Duterte Administration. This development blueprint aims to preserve our sound macroeconomic fundamentals while boosting economic growth. Concretely speaking, we intend to sustain growth of 7 to 8 percent annually. This will push the Philippine economy to high-middle income status by the time we finish our term in 2022.

More importantly, we plan to combat poverty aggressively. Our poverty rate has stagnated at about 25 percent for the last 15 years. Despite decent and sustained growth, a quarter of our population has been mired in poverty for more than a decade.

True, poverty statistics yielded a slight improvement in 2015 at 21.6 percent. But we believe that we can do so much better. This is one aspect of the Philippine economy that we plan to overturn - by 2022, we

envision the poverty rate to decline to 14 percent.
It is in this context that I wish to discuss with you what the DBM has been doing, and what we intend to do for the next six years.

Medium-Term Fiscal Policy

As the Secretary of Budget and Management, I am primarily concerned with our fiscal policy. Government spending and taxation influence the business climate and the achievement of national development goals. Our stance on the economy has always been pro-investment and pro-growth.

On this note, we have decided to pursue an expansionary fiscal policy raising the deficit from 2 to 3 percent of GDP. This implies a deficit target of P478 billion in 2017, rising to P777 billion in 2022.

Our borrowings will have an 80-20 mix, in favor of domestic borrowing. This will allow us to raise the necessary capital, while minimizing our exposure to external risks such as exchange rate fluctuations.

In line with fiscal discipline, we will also strengthen our efforts in collecting revenues. Revenue effort as percent of GDP is projected to increase from 15.3 percent this year to 17.7 percent in 2022, taking into account the proposed revenue measures of the Department of Finance.

Hiking the deficit and increasing revenue effort will make possible our resource-mobilization strategy

of investing heavily in infrastructure and human resource development. This is why the 2017 National Budget, and our future budgets, feature unprecedented amounts.

This year's budget is set at P3.35 Trillion. For perspective, that is three times the National Budget 10 years ago which was only at P1.13 Trillion. We expect this trend to go up in the medium-term given our development objectives and expansionary fiscal policy.

To some, this strategy may reek of fiscal irresponsibility, particularly the deficit. Rest assured, this is manageable, sustainable, and appropriate.
Besides providing resources for our fiscal priorities, the debt-to-GDP ratio is also projected to decline from 45 percent in 2015 to 35 percent in 2022. This means we will outgrow our debt burden as economic growth will outpace our debt and borrowings.

Fiscal Policy: Golden Age of Infrastructure

In terms of spending, infrastructure development will be given much weight. Our infrastructure gap has constrained the growth potential of the Philippine economy. The traffic congestion alone costs us P2.4 billion daily, or P876 billion annually, according to a JICA study 3 years ago.

There really is a pressing need to rehabilitate, improve, and construct our crumbling infrastructure. The last time we hit the benchmark of 5 percent of GDP for infrastructure spending was more than 3 decades ago. We must depart from this status quo, or risk losing out on investment and growth opportunities

For 2017, P847.2 billion is allotted for infrastructure development in the National Budget, equivalent to 5.3 percent of GDP. This is only a downpayment as we plan to spend P8 to P9 trillion for public infrastructure in the next six years.

In fact, infrastructure spending is projected to reach 7.4 percent of GDP come 2022. This will usher in what we call the "Golden Age of Infrastructure".

This Golden Age will be supported by initiatives from the private sector and our development partners. The Public-Private Partnership program of the government is being revitalized. We now welcome unsolicited proposals, subject to Swiss challenge. This will maximize private sector participation given that the private sector has many innovative ideas in infrastructure projects.

We have already received at least 4 unsolicited proposals. One of these is the upgrading of the Clark Airport. We will definitely look into these as they support our development prospects.

Just recently, the Philippine Stock Exchange (PSE) and the PPP Center also signed a Memorandum of Agreement (MOA) for information-sharing to facilitate the processing of listing applications. The government hopes that this will encourage PPP companies to tap the stock market in order to raise capital, and ultimately, promote infrastructure development.

We are also maximizing our access to Official Development Assistance (ODA) to fund our infrastructure program. As you know, the Duterte Administration has forged strong ties with development partners, particularly China and Japan.

To date, we estimate that the Duterte Administration has already raised close to P1 trillion in ODA, primarily from China and Japan, over the last eight months. In fact, we will soon be meeting with Chinese representatives to finalize our partnerships for various infrastructure projects. This is a follow-up to our visit to the Chinese Commerce Ministry last January in which we discussed 40 infrastructure projects for loan financing and technical assistance.

A project to keep an eye on is the North-South Railway Project, a railway system spanning 653 kilometers. It will run from Tutuban, to Legazpi, Albay all the way to Matnog, Sorsogon. This will be one of the iconic projects of the Duterte Administration.

You see, we are very serious in our pursuit for infrastructure modernization. And for obvious reasons - we want to link lagging regions to leading regions, spur economic productivity, improve trade mobility, and attract foreign direct investments.

Fiscal Priorities: Human Capital Development and Employment

Aside from infrastructure, we will prioritize developing our young population into an agile, competent and productive workforce. The median age of Filipinos is 23 years old. We recognize that this can be an asset or liability.

This explains why 40 percent of the 2017 Budget is allocated to social services – education, healthcare, social protection, socialized housing and so on. We must maximize the potential of our young population, which is a comparative advantage in an aging world.

A sector to keep an eye on is the business process outsourcing (BPO sector). If we maintain comparative advantage in this sector, especially with our English-speaking population, then this can provide job opportunities to countless Filipinos.

The BPO sector has been expanding its operations beyond Metro Manila. In fact, economists forecast that BPO revenues are poised to overtake OFW remittances in one to three years. That's a lot of money, considering OFW remittances stood at $29.7 billion, or almost P1.5 trillion, in 2016.

Nevertheless, we will give strong support and consideration to the manufacturing and agricultural sectors. Our infrastructure push alone will generate 700,000 jobs annually over the medium-term. We are also funneling resources to technical skills training of individuals for emerging sectors (e.g. blue-collar jobs, micro-entrepreneurship), particularly through TESDA and DTI.

The agricultural sector will also enjoy increased support. The President's move of subsidizing irrigation fees is a testament to this. With better infrastructure, such as farm-to-market roads, and access to irrigation, we plan to finally develop the rural sector and improve farm productivity.

Reform Agenda: Public Financial Management Reforms

Given the large amounts in the Budget, we will see to it that funding will be translated to concrete goods and services that will benefit the population. The biggest allocations for programs will prove to be useless if funds are spent irresponsibly, or not spent at all as in the case of the previous administration. Underspending is the biggest risk we have to guard ourselves against. We will see to it that this will not happen under our administration.

Very briefly, allow me to share some budget reforms that we have implemented to ensure the efficient and effective utilization of public resources.

In terms of capacity-building, we are conducting measures to ensure that the people who prepare the Budget are equipped with the technical skills to identify implementation-ready or "shovel-ready" programs. This is why we have the Public Financial

Management Certificate Program and the DBM Young Professionals Program for the PFM practitioners of the national government.

Looking ahead, we are energetically pushing for the passage of the Budget Reform Bill, which will institutionalize budget data disclosure, civil society participation in budgeting, and all of the necessary ingredients of a modern budget system. It will also strengthen the Congress' power of the purse, and resolve previous Constitutional issues regarding PDAF and DAP.

More importantly, the Budget Reform Bill will mandate a budget system that is cash-based, instead of obligation-based. Obligations are intentions, not expenditures. The current system of obligation-based appropriation does not promote disciplined execution of the annual budget.

We need this bill passed into law as soon as possible. We believe it embodies and consolidates most of the public financial reforms we have in mind, and is crucial to an efficient, disciplined, and transparent budgetary framework.

Reform Agenda: Comprehensive Tax Reform Package

Tax reform is another crucial feature of our reform agenda. Raising the deficit and relying on development partners (whether G-to-G or PPP) will not be sufficient if we are really hell-bent on achieving our goals. I'm

sure Usec. Karl Chua of the Department of Finance (DOF) discussed this thoroughly so I will spare everyone the details.

To cut the long story short, the Tax Reform Program of the Duterte Administration will implement a tax regime that is comparable to that of our neighbors, raise the revenues to finance our fiscal priorities, and attract more investments.

The first tax reform package is now being deliberated in the Lower House, and we are confident of its passage. No less than the Legislative Executive Development Advisory Council (LEDAC) marked the tax reform bill on top of its agenda.

Conclusion

The Philippines' strong and resilient macroeconomic fundamentals will remain as the main draw for investments for both foreign and domestic enterprises. Our upward growth trajectory and advantageous location only boosts our prospects - we are one of the fastest growing economies in the fastest growing region in the world.

Over the medium term, the strong domestic economy, driven mainly by private consumption in the past few years, will be fortified with the promotion of investments and improved government spending.

With strong support and participation from the private sector, we are confident that we will realize our lofty goals of an investor-friendly, wealth-generating, and wealth-distributing economy.

Thank you and mabuhay!

Presentation on the Role of DBM in Enhancing National Security at the Distinguished Speaker Lecture Series of the National Defense College of the Philippines (NDCP)
March 15, 2017
Camp Aguinaldo, Quezon City

To my co-workers in the government, guests, ladies and gentlemen, good afternoon to all of you.

0+10 Point Socioeconomic Agenda: Peace as a pre-condition to growth

As Secretary of the Department of Budget and Management, it is my honor and pleasure to share with you on this lecture serieswhat our agency has been doing in the last eight months, what we have accomplished, and what we plan to do in the next six years to achieve the Duterte Administration's goals in terms of national security and peace and order in our country.

The Department of Budget and Management, or DBM, is responsible for formulating the resource-mobilization strategy to match the Duterte Administration's development objectives. Specifically, our agency crafts the annual national budget keeping in mind the appropriate prioritization and allocation of funds to support the annual program of the government.[1]

Thus, the 2017 National Budget, passed into law as the General Appropriations Act, was crafted by the DBM to reflect the Duterte Administration's national development blueprint – the 0+10 Point Socioeconomic Agenda.

As you know, "0" here refers to peace and order and national security – a pre-condition to the holistic development of a country, and a priority of the Duterte Administration. The President has expressed this in numerous occasions, even before he assumed office. In his inaugural address, he reiterated his intent to wipe out corruption, illegal drugs, and criminality, and emphasized that our fight against these will be "relentless and sustained."

Indeed, the safety and security of our people is more than necessary to our ultimate objective of transforming the Philippines into a prosperous country.The P3.35 trillion National Budget for 2017 prioritizes the Duterte Administration's thrust to satisfy this need.

Hence, let me take this opportunity to illustrate how the 2017 National Budget allocates for the various departments, projects, and programs that are relevant to our goal of achieving sustained national security, respect for the rule of law, and peace and order.

2017 National Budget: Rule of Law, Peace and Order, and National Security

For FY 2017, at least P406 billion of the National Budget is allocated for Rule of Law efforts.

This represents a 10.5 percent increase from the 2016 levels of P367 billion. This number does not even include other sources of funds that contribute to national security, such as the confidential and intelligence funds.

As you see in the chart (shown in the powerpoint slide), the departments involved have received increased financial support. The Armed Forces of the Philippines has a budget of P177.2 billion, 10 percent higher than its 2016 budget. The Philippine

National Police has also been given a budget hike of 21.6 percent, for a budget of P137.8 billion this year. Likewise, the Department of Justice has P16.6 billion or 20.2 percent higher, while the Judiciary has a budget of P32.8 billion which is a 22.3 percent increase.

The increased financial support for the Armed Forces will sustain the 190 tactical battalions of the Army, maintain 154 aircraft units for the Air Force, and support 179 mission-ready fleet marine units for the Navy.

Our crime prevention and suppression activities has already started and these will be heightened in the following years. Police visibility is strengthened as the number of patrols conducted by the police is increased by 5 percent. In the same vein, this is projected to decrease the crime rate by 5 percent.

Crime Investigation Services will be improved as we increase the number of investigations and arrests undertaken, especially the high-value targets.

The increased funding will also allow for the construction of additional halls of justice. A noteworthy item in the Judiciary budget is the P1.38 billion allocation for the construction of a new Supreme Court complex at Fort Bonifacio. We expect that our efforts on the ground will be complemented by efficient justice dispensation.

Aside from crafting the national budget, the DBM also prepares the country's medium-term expenditure plan, and determines the programming, prioritization, and financing of sectoral development plans.

By the GAA 2017, these specific appropriations have been provided to enhance national security:

The National Defense College of the Philippines (DND-NDCP) is given a combined P24 million for the conduct of national defense and strategic international studies, including graduate level courses of study such as the Masters in National Security Administration.

The National Security Council (NSC) is given a combined P21 million for various national security functions such as policy-formulation, conduct of strategic research, and coordination with the intelligence community, among others.

The National Intelligence Coordinating Agency (NICA) is given P285 million for intelligence gathering, coordination, and integration, including the formulation and implementation of Anti-Terrorism measures.

The Philippine Army, Air Force, and Navy are provided with P12 billion, P8.6 billion, and P6.8 billion respectively for force development and sustainment, and to finance locally-funded projects.

The resources channeled to these offices will allow us to implement evidence-based and intelligence-informed policies with regards to national security. We cannot go about this blindly, which is why I have emphasized these allocations.

The government also keeps in mind the welfare of our troops. The force development and sustainment funds will be used to construct and maintainhabitable quarters, barracks, wellness centers, and other facilities. It will also ensure that our men in uniform go to the field prepared, whether in terms of combat ability through capacity-building or with the provision of their necessary equipment.

Beyond these appropriations, the government has increased the intelligence funds of the AFP General Headquarters, the Philippine Army, and NICA to P1.14 billion, P444 million, and P120 million, respectively. These funds are huge increases, representing a 600 to 800 percent increase compared to their respective allocations in 2016.We have also sustained the intelligence funds for DND-Office of the Secretary, the Philippine Air Force, and the Philippine Navy of P10 million, P17 million, and P34.75 million, respectively.

As you know, we are fighting formidable enemies with wide networks and access to financial resources. The war against drugs and criminality is no walk in the park. We are up against entrenched war lords, drug lords, crime syndicates, and insurgents.

And remember, we also have to consider our external defense. We are in the midst of a complex geopolitical landscape, especially over the West Philippine Sea. So this too will require more attention, and equivalently, more resources.

Lastly, I will also like to touch on the AFP Modernization

Program. If you recall, Republic Act No. 7898 provided for a fifteen-year modernization of the AFP, to effectively and fully perform its constitutional mandate of upholding the sovereignty and preserving the patrimony of our Republic.
P63.4 billion had already been released by the DBM for this purpose.

Furthermore, Republic Act 10349 extended the AFP Modernization Program for another 15 years, divided into five-year implementation phases. This will complete the shifting of capability of the AFP from internal to external defense.

Funds have been appropriated for the implementation of the extended AFP Modernization Program. For FY 2017, P25 billion has once again been appropriated. We will sustain this level of support to fully modernize our Armed Forces, and to uphold our sovereignty and territorial integrity.

Compensation Increase for Military and Uniformed Personnel

We have discussed our policies from a macro perspective, but let me now proceed to a smaller unit of analysis – individual uniformed personnel.

The President had pledged, even before he assumed office, to double the salaries of the military and uniformed personnel. He reiterated this promise as well in front of thousands of soldiers on the numerous occasions that he visited military camps across the country.

Being the agency responsible for conceptualizing and Administering the government's compensation plan, the DBM iscontinuously finding ways to increase the take-home pay of our military and uniformed personnel.

On September 26, 2016, less than three months after his inauguration, the President signed Executive Order No. 03, s. 2016 which increases the rates of Combat Duty Pay and Combat Incentive Pay.

The DBM immediately followed this with the issuance of Budget Circular No. 2016-6 on October 3, 2016. This Budget Circular provides the guidelines on the grant of the Combat Duty Pay and Combat Incentive Pay beginning on FY 2016 onwards.

Entitled to the Combat Duty Pay are officers and enlisted personnel of the AFP performing combat duties or activities, and uniformed personnel of the PNP engaged in actual police operations.

Meanwhile, those entitled to the Combat Incentive Pay are members of the AFP and the uniformed personnel of the PNP who figure directly in actual combat against members of various insurgent, terrorist, and lawless elements.

Thus, the AFP and the PNP now receive a higher take-home pay with the significant increase in Combat Duty Pay and Combat Incentive Pay.

Prior to this executive order, qualified members of the AFP received Combat Duty Pay of P500.00 per month. Meanwhile, the Combat Incentive Pay was P150.00 per day of actual combat, but not exceeding P1,500.00 per month.

With President Duterte's Executive Order No. 03, eligible soldiers now receive P3,000.00 as Combat Duty Pay, while the Combat Incentive Pay is doubled to P300.00 per day, reaching as much as P3,000.00 per month.

As for the PNP, before the signing of this executive order, qualified members of the PNP received Combat Duty Pay of P340.00 per month.

With Executive Order No. 03, eligible police officers now receive P3,000.00as Combat Duty Pay. Qualified members of the PNP may now also receive Combat Incentive Pay of P300.00 per day, reaching as much as P3,000.00 per month.

In effect, eligible members of the PNP and the AFP now receive Combat Pay totaling as much as P6,000.00 per month, with P3,000.00 for Combat Duty Pay and another P3,000.00 for Combat Incentive Pay.

For police officers, this is a seventeen-fold increase from what they used to receive of P340. For soldiers, this is thrice as much as what they got before EO3, which was only P2,000.

In addition to the increased Combat Duty Pay and Combat Incentive Pay, the military and uniformed personnel are also covered by the compensation adjustment for national government employees brought about by Executive Order No. 201, s. 2016.

We are currently in the second tranche of compensation adjustments to allow the bureaucracy to attract, retain, and motivate a corps of competent civil servants. The DBM has already issued National Budget Circular No. 568 to implement the second tranche.

Let me illustrate more specifically how much a soldier or a police officer receives through the compensation adjustment.

For example, the annual compensation (meaning including allowances, bonuses, etc.) for a military Private and a Police Officer is now P399,396. On a monthly average, this is P33,283. This represents a 19 percent pay hike for a Private and a 27 percent pay hike for a PO1 as compared to the pre-compensation adjustment levels in 2015.

We are determined to improve the living conditions of the soldiers and policemen who put their lives on the line to protect our country and our citizens, and all these measures – the Executive Order No. 03 and the compensation adjustment – have, in effect, put more money in the pockets of our soldiers and policemen.

We are proud and glad of what we have accomplished, but we are not stopping here. The DBM recognizes the urgent need to formulate more measures to adequately

compensate our men and women in uniform, as well as solve the difficulties and inefficiencies that hinder the government from sufficiently providing for its employees.

I refer to one current problem regarding the military pension system. As you know, the pension of the military and the police is indexed to the salaries of the incumbent. It has made the military pension system financially unsustainable. In fact, the pension of the military is much higher than the salaries of incumbents. This will prove to be a fiscal risk as pension payments balloon and even outpace the salaries of the incumbent.

However, let me assure you that in the meantime we will find ways to work around this problem while still accomplishing the President's wishes of increasing your take home pay. So stay tuned in for developments, especially in the FY 2018 Budget.

Conclusion

In closing, I wish to thank you again for inviting me at this special event and giving me the opportunity to share with you what our agency has been working on.

Before I leave the stage, I would like to urge everyone here, especially the members of the Master in National Security Administration (MNSA), to keep your faith and trust in our leaders,and support the government in its mission to deliver to the Filipino people the best kind of public service. Your contribution is priceless, and it is very much needed especially in these times when we face adversity and discord.

As the President himself expressed in his inaugural address, “No leader, however strong, can succeed at anything of national importance or significance unless he has the support and cooperation of the people he is tasked to lead and sworn to serve.”

So let us all work together and give our best to our fellow Filipinos and to our country.

Congratulations to all of you on this successful event.

Maramingsalamat at mabuhay!

Welcome Remarks & Keynote Address at the Open Government Dialogues: Co-Creating the 4th Philippine Open Government Partnership (PH-OGP) National Action Plan Mindanao Regional Consultation

March 22, 2017 / 9:00AM
Park Inn by Radison, Davao City

To the officials and resource speakers from the Open Government Partnership (OGP) Support Unit, Ms. Shreya Basu and Mr. Jack Mahoney;

The United States Agency for International Development (USAID), Mr. Bruce Hutchins and Mr. Randy Ali;

Our co-workers in government, from COA, DILG, DSWD, NEDA, and the Office of the Cabinet Secretary

(OCS); and co-workers from national agencies;

Members of civil society organizations - NGOs, POs, business groups, international development partners, the media, and the academe;
Ladies and gentlemen, good morning to all of you and welcome to the Open Government Dialogues.

Let me begin by thanking the United States Agency for International Development (USAID) - Facilitating Public Investment Project (FPI) and the Making All Voices Count (MAVC) for their continuing support of the OGP's projects and activities.

When President Duterte assumed office in June 2016, he promised the Filipino people that change is coming – change in the government and in the way its business is done. In clear and simple terms, the President stated what a real change should constitute: a government that listens to and serves the people, a government free from corruption, and a government that gets things done promptly and properly.

The simplicity and clarity of the President's terms, however, belie the difficulty of undertaking reforms in government. To achieve real change, we need a revolutionary change in the culture of governance. Part of this is realizing that the government alone cannot effect change. We need allies in and outside of the government who are willing to be at the forefront of this revolution.

Looking at past experiences in implementing governance reforms, we saw that it is essential to sustain our commitment to international initiatives that are aligned with the Administration's good governance goals, such as the Open Government Partnership or the OGP.

The Philippines is one of the founding members of the OGP, a unique international initiative aimed at securing concrete commitments from governments to promote transparency, increase civic participation, fight corruption, and harness new technologies that strengthen governance.

In October 2016, the Philippine OGP Steering Committee held its first assembly under the administration of President Duterte. From this meeting, the Steering Committee has set the direction of the Philippine OGP in the next few years. Moving forward, we shall be crafting and implementing new action plans and open government programs that have concrete and direct benefits to the Filipino people. And it is in this context that we, the members of the government and civil society, have come together today.

Anchored on the President's Partnership for Change agenda, the PH-OGP Steering Committee is holding this event as the first of a series of public consultation workshops for the development of the Fourth Co-Created Philippine OGP National Action Plan.
Today's event aims to contribute to the development of a new open government action plan that will be more responsive to the needs of the Filipino people. By providing a forum that allows dialogue between government agencies and the people it serves, the

OGP guides us in constructing an action plan that is attuned with the development and governance goals of the country and its people. A shared responsibility in crafting a national action plan also better ensures commitment by each participant to the achievement of the goals.

During the session, we invite you, the participants, especially the citizens and civil society organizations, to revisit proposed OGP commitments, which include:

1. The Assistance to Disadvantaged Municipalities (ADM) Program which aims to assist distressed municipalities in their mandate to deliver basic goods and services to their constituents by strengthening the Local Development Councils (LDCs) to become more able partners in national development;

2. The Mamamayang Ayaw Sa Anomalya, Mamamayang Ayaw Sa Iligal na Droga (MASA MASID), which is a community-based initiative to engage volunteers in the fight against criminality, corruption, and illegal drugs;

3. The Project Repeal which aims to address bureaucratic red tape by repealing or amending selected regulatory policies and administrative issuances that hamper the ease of doing business and official transactions with the government;

4. The 8888 Citizen's Complaint Center, the central hotline where citizens can report their complaints and grievances that will result to an immediate and appropriate government response; and

5. The Budget Reform Bill which aims to institutionalize budget data disclosure, civil society participation in budgeting, and all of the necessary ingredients of a modern budget system.

After our call for the submission of draft commitments in December 2016, we have received a number of proposals from different government agencies. But to truly gauge which among these programs are desired by the Filipino people, we are now asking citizens through you, the participants in this forum, to review this list and propose new initiatives that you want YOUR government to prioritize in the next two years.

As emphasized by President Duterte in his inauguration speech: "It is the people from whom democratic governments draw strength. That is why we have to listen to the murmurings of the people, feel their pulse, supply their needs and fortify their faith and trust in us who are in public office". This is what we aim to do today. Through OGP, we will continue to listen to and work hand-in-hand with the citizens in promoting a culture of governance that truly works for the interest of the Filipinos.

This series of regional consultations will lead to the submission of the final PH-OGP Action Plan to the OGP on or before June 30, 2017. By July 2017, we hope to launch and start the implementation of the New Action Plan.

Ladies and gentlemen: we have a formidable task ahead of us, so let's get started.

Maraming salamat at mabuhay!

Keynote Address at the 1st Chief Information Officers Forum (CIOF)
General Membership Meeting
Theme: eGMP 2.0: The New Perspective
March 23, 2017 / 9:00AM
Novotel Hotel, Araneta Center, Quezon City

Government chief information officers (CIOs), ICT experts, fellow public servants, ladies and gentlemen: good morning to all of you and congratulations to the organizers of this event.

It is my honor to be invited to your first meeting for 2017. Thank you very much for this opportunity to share with you some of the efforts of the Department of Budget and Management, and of our agency in collaboration with other government instrumentalities and non-government organizations, united in realizing the objectives of the e-Government Master Plan or eGMP.

As the agency responsible for upholding fiscal responsibility and good governance, the Department of Budget and Management is spearheading a number of ICT-related activities and programs that implement the Public Financial Management (PFM) Roadmap.

One of these is the establishment and the further development of the Integrated Financial Management Information Systems or IFMIS, which we are approaching in a phased manner.

We first developed a scaled-down system called the Budget and Treasury Management System or BTMS. The BTMS establishes a common and integrated system covering budget execution and reporting in the oversight agencies, the DBM and the Bureau of Treasury.

This, in short, makes fiscal management and reporting significantly more convenient, efficient, accurate, and timely. Public Financial Management processes and fiscal transparency are thus enhanced by the BTMS, and the public is now provided with online and ready access to various information such as government allocations and expenditure.

The BTMS will evolve into a full-blown Government Integrated Financial Management Information System or GIFMIS. We intend to fully implement this by year 2020.

You as chief information officers and ICT experts of your respective agencies will be tapped for the successful roll-out of the BTMS, and later the GIFMIS, to the entire government.

MITHI, or Medium-Term Information and Communications Technology Harmonization Initiative, is another one of our projects, convened together with other government agencies and organizations such as yours, the Chief Information Officers Forum, Inc.

The DBM fully supports this initiative, as it aims to transform our government into one that keeps up with the rapid development of technology and responds quickly to the needs of the people.

Upholding also our government's commitment to transparency, citizen empowerment, fight against corruption, and maximizing modern technology to strengthen governance, we continue to be an active member of the Open Government Partnership or OGP.

Yesterday, March 22, I, together with other public servants from the DBM and other government agencies, attended the first in the series of consultation workshops on the Philippine Open Government Partnership (PH-OGP) Dialogues. These dialogues aim to engage representatives from the government and the civil society, in crafting the Fourth Philippine Open Government Partnership National Action Plan.

The Open Government Partnership or OGP is a unique initiative aimed at securing concrete commitments from governments to promote transparency, increase civil participation, fight corruption, and maximize the power of technology to improve governance. As some of you know, the Philippines is one of the eight founding members of the OGP, and we remain committed to its ideals.

We also have the Freedom of Information Act or FOI. Our government believes that we can strengthen public institutions and curb corruption more successfully if we allow citizens greater access to official information. This is supported by the signing of the Freedom of Information Act (FOI Act) on July 2016 by President Duterte.

The FOI Act is a landmark order that would require all government offices under the executive branch to disclose details of their transactions. Such move promotes transparency and strengthens public participation in governance. Now, the public can submit their questions about the government through the official website, and receive prompt and useful answers from FOI officers.

These are just some of our endeavors as a government, and we are determined to increase our projects and intensify our delivery of public service to the people using information and communications technology.

We have still much to do in order to realize our E-Government Master Plan, so let me remind you, the government's chief information officers and ICT experts, of your important role in achieving our national goals

We need your expertise and creative flexibility in crafting innovative tools and initiating new programs that will streamline our bureaucratic processes, replace outdated systems, and keep our government at pace with the fast development of technology.

In other words, you are a key player in our aim of harnessing the full potential of information and communications technology to improve our systems and processes, and therefore benefit the Filipino people, especially those in the neglected and remotest areas of our country.

President Duterte has great dreams for the Philippines and the Filipino people. Much remains to be done. And he needs our help. Let's not get distracted by the political noises. Let us make every waking hour of our life count in our task of nation building.

It is in this spirit that I wish all of you a successful and productive event today.

Maraming salamat at mabuhay!

Keynote Address at the Filipino-Chinese Chambers of Commerce and Industry, Inc. (FFCCCII) 31st Biennial Convention
March 24, 2017
Century Park Hotel in Malate, Manila

To the officials of the Filipino-Chinese Chambers of Commerce and Industry (FFCCCII), your President Mr. Angel Ngu, business and industry leaders across 160 member organizations of the FFCCCII, guests, ladies and gentlemen: good evening.

It was not until the last few years of the previous administration that the Department of Budget and Management (DBM) was thrust into the spotlight. Throughout most of its 80 years, the DBM has been in the background of formulating and implementing fiscal policies and reforms. It was only recently, with the issues on the Disbursement Acceleration Program (DAP) and the Priority Development Assistance Fund (PDAF) that the DBM was placed at the very center of the action.

Looking beyond the controversy and personalities involved, these recent issues only highlight the critical role of the DBM in managing and utilizing government resources.

It is in this context that I wish to share with you tonight the DBM's plans and programs that will promote prudent spending and manage risks to ensure inclusive growth for every Filipino citizen. The DBM remains committed to its mandate to promote the efficient and effective management and utilization of government resources. Because essentially, the government's ultimate mandate is to provide a better quality of life for its citizens.

These plans are all anchored under the 0+10 Point Socioeconomic Agenda of the Duterte Administration, with "0" there being peace and order. This development blueprint aims to preserve our sound macroeconomic fundamentals and boost economic growth. Concretely speaking, we intend to sustain growth of 7 to 8 percent in the medium-term. This will push the Philippine economy to high-middle income status by the time we finish our term in 2022.

Expansionary Fiscal Policy

As the Secretary of Budget and Management, I am primarily concerned with our fiscal policy. Government spending and taxation influence the business climate and the achievement of national development goals. Our stance on the economy has always been pro-investment and pro-growth.

On this note, we have decided to pursue an expansionary fiscal policy by increasing the deficit-to-GDP ratio to 3 percent from 2017 to 2022.

This implies a deficit target of P482 billion in 2017, rising to P777 billion in 2022. This deficit is appropriate and manageable.

To finance our deficits, our borrowings will have an 80-20 mix, in favor of domestic borrowing. This will allow us to raise the necessary capital, while reducing external risks through foreign exchange rate fluctuations.

In spite of the deficit, the debt-to-GDP ratio is trending downwards. At present, the debt-to-GDP ratio is at 42.1 percent. Consistent with its downward trajectory, the ratio will fall further to 35 percent in 2022. This means we will outgrow our debt burden as economic growth will outpace our borrowings.

In line with fiscal discipline, we will also strengthen our efforts in collecting revenues. Revenue effort as percent of GDP is projected to increase from 15.2 percent this year to 17.7 percent in 2022, taking into account the proposed revenue measures of the Department of Finance.

The adoption of these expansionary policies will make possible our resource-mobilization strategy of investing heavily in infrastructure and human resource development. This is why the 2017 National Budget, and our future budgets, feature budget levels that we've never seen before.

This year's budget is set at P3.35 Trillion. For perspective, that is three times the National Budget 10 years ago which was only at P1.13 Trillion. The Budget will keep on trending upwards in the medium-term given our development objectives and expansionary fiscal policy.

To some, this strategy may reek of fiscal irresponsibility, particularly the deficit. Rest assuredthat our spending plan is manageable, sustainable, and appropriate in order to provide sufficient funding for our spending priorities.

Fiscal Policy: Golden Age of Infrastructure

There is a pressing need to rehabilitate and upgrade our crumbling infrastructure. The poor state of roads contribute to the traffic congestion that it becomes a shared, and may I add, grueling experience for any one who has travelled the streets of Metro Manila. The traffic congestion costs the economy P2.4 billion daily, or P876 billion annually, according to a JICA study 3 years ago.

The infrastructure deficit has constrained the growth potential of the Philippine economy. The last time we approached the benchmark of 5 percent of GDP for infrastructure spending was more than 3 decades ago. We must depart from this status quo, or risk losing out on investment and growth opportunities.

For 2017, P847.2 billion is allotted for infrastructure development in the National Budget, equivalent to 5.3 percent of GDP. This is only a downpayment, as we plan to spend P8 to P9 trillion for public infrastructure in the next six years.In fact, infrastructure spending is projected to reach 7.4 percent of GDP come 2022. With increased focus and funding on infrastructure project, we hope to usher in what we call the "Golden Age of Infrastructure".

This Golden Age will be supported by initiatives from both the private sector and our development partners. The Public-Private Partnership (PPP) Program of the government is being revitalized. We now welcome unsolicited proposals, subject to Swiss challenge. This will maximize private sector participation given the private sector has many innovative ideas in infrastructure projects.

Some of the unsolicited proposals we have received so far include the Clark International Airport, the New Manila International Airport Project, the Manila-Taguig

Expressway Project, and the Universal Motor Vehicle Identification Card. Rest assured that the

implementing agencies, particularly DPWH and DOTr, are scrutinizing these proposals intently.

Furthermore, the Philippine Stock Exchange (PSE) and the PPP Center have signed a Memorandum of Agreement (MOA) for information-sharing to facilitate the processing of listing applications. The government hopes that this will encourage PPP companies to tap the stock market in order to raise capital, and ultimately, promote infrastructure development.

Beyond PPP, we are also maximizing our access to Official Development Assistance (ODA) to fund our ambitious infrastructure program. As you know, the Duterte Administration has forged strong ties with development partners, particularly China and Japan.

To date, we estimate that the Duterte Administration has already raised more than P1 trillion in ODA within eight months from taking office. Further economic integration with our Asian neighbors will only provide the Philippine economy with additional avenues for financing and growth.

Case in point is the recent visit of Vice Premier Wang Yang as part of the high-level dialogues between the Philippines and China for deeper economic cooperation. The series of talks has been cemented by the signing of the Six Year Development Program (SYDP) which will strengthen economic ties between China and the Philippines in various capacities, including infrastructure development, trade, agriculture, tourism, et cetera.

While those projects are still in the pipeline, for 2017, we will begin actual construction – not just contract signing, fancy ribbon-cutting ceremonies and photo-ops – of big-ticket projects. These include the Clark-Subic rail line, the Tutuban-Clark rail line, and the 581-kilometer South Line of the North-South Railway Project.

The North-South Railway Project will be one of the most exciting and iconic projects of the Duterte Administration. Once completed, this railway system will span 653 kilometers that will run from Tutuban, Manila to Legazpi, Albay and all the way to Matnog, Sorsogon.

Groundbreaking rites are also set this year for the Clark International Airport; the Metro Manila Bus Rapid Transit Line 1, which has received World Bank funding approval on March 16; and some bridges across Pasig River. These are only some of the many projects which will commence in 2017. Certain projects have even started, such as the Panguil Bay Bridge in Mindanao.

You see, we are very serious in our pursuit for infrastructure modernization. And for obvious reasons – we want to link lagging regions to leading regions, spur economic productivity, improve trade mobility, and attract foreign direct investments.

Fiscal Priorities: Human Capital Development

Another spending priority of this Administration is human capital development and employment. In the same way we invest in infrastructure to boost productivity, we invest in our people in order to lift them out of poverty.

Our poverty rate has stagnated at 25 percent for the last 15 years. Despite decent and sustained growth, one in four Filipinos has been mired in poverty for more than a decade. Although poverty statistics yielded a slight improvement in 2015 at 21.6 percent, we believe that we can do so much better.

We will fight poverty more aggressively. By 2022, we envision the poverty rate to decline to 14 percent, lifting more than 6 million Filipinos out of poverty.

We'll accomplish this by molding our young population into an agile, competent and productive workforce. The median age of Filipinos is 23 years old. We recognize that this can be an asset or liability.

This is why 40 percent of the 2017 Budget is allocated to social services – education, healthcare, social protection, socialized housing and so on. We must maximize the potential of our young population, which is a great advantage in an aging world.

A sector to keep an eye on is the business process outsourcing (BPO) sector. If we maintain comparative advantage in this sector, especially with our English-speaking population, then this can provide job opportunities to countless Filipinos.

The BPO sector has been expanding its operations beyond Metro Manila. In fact, economists forecast that BPO revenues are poised to overtake OFW remittances in one to three years. That's a lot of money, considering personal remittances of OFWs stood at $29.7 billion, or almost P1.5 trillion, in 2016. Despite protectionist sentiments, the medium-term outlook for the BPO sector is a rosy one. According to the 2022 Roadmap of the IT-Business Processing Association of the Philippines, the BPO Sector is expected to generate $40 billion in revenues, 7.6 million jobs, and cover 15 percent of the global outsourcing market by 2022.

Nevertheless, we will give strong support and consideration to the manufacturing and agricultural sectors. Our infrastructure push alone will generate 700,000 jobs annually over the medium-term. We are also funneling resources to technical skills training of individuals for emerging sectors (e.g. blue-collar jobs, micro-entrepreneurship), particularly through TESDA (Technical Education and Skills Development Authority) and DTI.

The agricultural sector will also enjoy increased support. The President's move of subsidizing irrigation fees is a testament to this. With better infrastructure, such as farm-to-market roads, and access to irrigation, we plan to finally develop the rural sector and improve farm productivity.

Reform Agenda: Public Financial Management Reforms

Given the large amounts in the Budget, we will see to it that funding will be translated to concrete goods and services that will benefit the population. The biggest allocations for programs will prove to be useless if funds are spent irresponsibly, or not spent at all as in the case of the previous administration. Underspending is the biggest risk we have to guard ourselves against. We will see to it that this will not happen under our administration.

Very briefly, allow me to share some budget reforms that we have implemented to ensure the efficient and effective utilization of public resources.

In terms of capacity-building, we are conducting measures to ensure that the people who prepare the Budget are equipped with the technical skills to identify implementation-ready or "shovel-ready" programs. This is why we have the Public Financial Management (PFM, for short) Certificate Program and the DBM Young Professionals Program for the PFM practitioners of the national government. This will address gaps in Budget preparation that eventually result to difficulties in Budget execution.

Looking ahead, we are pushing for the passage of the Budget Reform Bill, which will institutionalize budget data disclosure, civil society participation in budgeting, and all of the necessary ingredients of a modern budget system. It will also strengthen the Congress' power of the purse, and resolve previous Constitutional issues regarding PDAF and DAP.

More importantly, the Budget Reform Bill will mandate a budget system that is cash-based, instead of obligation-based. Obligations are intentions, not expenditures. Hence, the current system of obligation-based appropriation does not promote disciplined execution of the annual budget.

We need this bill passed into law as soon as possible. We believe it embodies and consolidates most of the public financial reforms we have in mind, and is crucial to an efficient, disciplined, and transparent budget system. In the long term, it will also ensure that the said reforms will be lasting regardless of who sits in Malacañang.

Reform Agenda: Comprehensive Tax Reform Package

Tax reform is another crucial feature of our reform agenda. Raising the deficit and relying on development partners (whether G-to-G or PPP) will not be sufficient if we are really determined to achieve our goals.

To cut the long story short, the Tax Reform Program of the Duterte Administration will implement a tax regime that is comparable to that of our neighbors, raise the revenues to finance our fiscal priorities, and attract more investments.

The first tax reform package is currently under deliberation in the Ways and Means Committee of the Lower House. No less than the Legislative Executive Development Advisory Council (LEDAC) marked the tax reform bill as a priority and we are confident that Congress will pass it this year.

The Philippines' strong and resilient macroeconomic fundamentals will remain as the main draw for investments for both foreign and domestic enterprises. Our upward growth trajectory and advantageous location can only boost our prospects.The Philippines is one of the fastest growing economies in the fastest growing region in the world.

Over the medium term, and with strong support and participation from the private sector, we are confident that we will realize our lofty goals of an investor-friendly, wealth-generating, and wealth-distributing economy.

Thank you and mabuhay!

Keynote Address at the Trade and Investment Mission British Chamber of Commerce Philippines
March 31, 2017 | 10:00 AM
Marco Polo Hotel

Executive Chairman Christopher Nelson, officials and members of the British Chamber of Commerce Philippines; The British Embassy Manila and the Philippine Chamber of Commerce and Industry (PCCI);

Business owners, entrepreneurs, investors, and exporters; Guests, ladies and gentlemen: good morning to all of you and thank you for the warm welcome.

I am honored to join you in your event and share with you the efforts and accomplishments of the Philippine government on behalf of President Duterte. The President sends his warm regards and wishes for the success of your activities today.

The Economic Potential of Mindanao

Mindanao is blessed with vast economic resources, and this cannot be overstated. It is home to 24 million people, with a healthy and young population we intend to develop into a strong workforce. Dubbed as the "food basket of the Philippines", this island-region contributes 36 percent to the agriculture, fisheries, and forestry industry of the country. It accounts for 38 percent of the country's farm area and 43 percent of the country's total farm produce. It is no exaggeration to say that if fully developed, Mindanao is capable of supplying the food requirement of the entire Philippines. Furthermore, Mindanao's vibrant cultural heritage fuels tourism, trade, and economic activity.

With a President who is a Mindanaoan himself, the current administration, for the first time, truly understands and appreciates the potential of this region. And we intend to fully unlock it.

We are aggressively pursuing inclusive growth for Mindanao, and our compass is the 0+10 Point Socioeconomic Agenda, where "0" refers to security, peace, and order.

This administration believes that these are a pre-condition to economic growth, as emphasized by the President in his Budget Message:

"[P]rogress cannot be achieved if crime, conflict, and corruption continue to reign. Thus, this Budget funds our vision for an orderly, just, and stable society through a professional police and military; a justice system that works; and a clean and lean bureaucracy."

This is elementary. The presence of insurgents and incessant conflict drive up the cost of doing business, while contracts and property rights are poorly enforced. Without doubt, this is discouraging to investors and entrepreneurs.

But we are resolved to overturn this state of affairs. As Budget and Management Secretary, I can assure you that the government is buckling down to overcome these obstacles to national growth, first by allocating the proper budget to priority programs and projects to achieve our objectives.

Securing Peace and Order in Mindanao: A Pre-Condition to Growth

To give you an idea of how the government is powering real change for Mindanao and for the entire Philippines, let me discuss briefly the increased allocations for 2017 National Budget with regard to safety, security, peace and order, and the fight against corruption.
We have increased the budget for rule of law efforts, and for concerned agencies and departments such as the Armed Forces of the Philippines, the Philippine National Police, and the Department of Justice. We have also raised the budget of the Office of the Ombudsman.

For rule of law efforts, the budget this year is P406 billion from the P367 billion in 2016.

To assist the Armed Forces of the Philippines in its counter-terrorism and border protection efforts, bolster the Revised AFP Modernization Program, and allow our soldiers to acquire the proper modern equipment, the government has increased their allocation to P177.2 billion. This is 10 percent higher than last year.

The Philippine National Police's budget on the other hand gets a 21.6 percent increase. It is now P137.8 billion to allow the PNP to create more positions, obtain more equipment - guns and patrol vehicles, and finance activities for more effective crime suspension.

To improve the Department of Justice's capability to prosecute cases and sustain the Public Assistance Office's (PAO) free legal assistance to the poor, among other activities, the DOJ is given an amount of P16.6 billion, or 20.2 percent higher than last year's.

The Judiciary branch is allocated P32.8 billion, or 22.3 percent higher than in 2016, to provide more funding for the operating expenses of the lower courts, the creation of additional Halls of Justice, and implement the Enterprise Information Systems Plan.

Lastly, the Office of the Ombudsman is provided P817 million to help it efficiently resolve more complaints and grievances, complete fact-finding investigations, and prosecute cases.

Special programs and projects are also continued or established to help out the poor in Mindanao and other areas which need immediate attention of the government. One of these is the PAMANA Program.

The Payapa at Masaganang Pamayanan, or PAMANA, spearheaded by the Office of the Presidential Adviser on the Peace Process (OPAPP), is the national government's program and framework for peace and development. This program is allocated P33.47 billion this year.

Currently, there are three (3) PAMANA Areas in

Mindanao:

1. Zamboanga, Basilan, Sulu, Tawi-Tawi, collectively known as ZamBaSuITa;

2. Central Mindanao, which covers Bukidnon, Lanao del Norte, Lanao del Sur, General Santos City, Sarangani, Maguindanao, North and South Cotabato; and

3. The Davao-Compostella Valley-Caraga area
PAMANA complements our peace negotiations by responding to the development needs of Filipinos in isolated and conflict-affected communities, ensuring that they are not left behind in our journey towards real change.

Infrastructure Development in Mindanao: Key to Economic and Social Development

Infrastructure development will be a top priority of the Duterte administration to boost economic productivity, make the Philippines attractive to investors, and realize our dream of making the next six years the Golden Age of Infrastructure in the Philippines.

We are making heavy investments here: for 2017 alone, we have allocated to infrastructure projects an amount of P847.2 billion, or 5.3 percent of GDP. And this is only a downpayment, as we plan to spend between P8 to P9 trillion for public infrastructure during the term of President Duterte. In fact, infrastructure spending will reach 7.4 percent of GDP by 2022.

These levels of spending are unprecedented. During the last administration, only 2 to 3 percent of GDP was allocated to infrastructure development. The last time we hit the benchmark of 5 percent of GDP for infrastructure spending was more than 30 years ago.

We envision this Golden Age of Infrastructure to be a major driver of growth. Constructing and upgrading roads, bridges, transport systems, school buildings, hospitals, floodway systems, among other facilities, will improve trade mobility, spur economic activity, and generate 700,000 jobs annually in the medium-term. This will also make public services more accessible to our citizens.

The President stressed in his Budget Message:

“As we fix the congestion in Metro Manila and other urban areas, we will also pay equal attention to connecting lagging regions with growth centers[.] If we want equitable growth, the lagging regions and rural areas must have greater support from the national government in terms of infrastructure[.]”

Thus, for Mindanao, we have lined up a number of big-ticket projects. Some of these projects, headed by the Department of Public Works and Highways (DPWH), are the Mindanao Logistics Infrastructure Network or MLIN, the Mindanao Railway System, the Panguil Bay Bridge, and the Davao City By-Pass Construction Project.

The Mindanao Logistics Infrastructure Network is envisioned to improve logistics infrastructure across the area. Upon completion, this will span 2,074 km and will greatly aid the competitiveness of Mindanao. For FY 2017, P31.1 billion is allocated for MLIN. The projected cost of MLIN is at P80.4 billion and is scheduled to be completed by 2018.

Meanwhile, the Mindanao Railway System, which will be financed through the Official Development Assistance (ODA) and Public-Private Partnership (PPP), will start construction in the fourth quarter of this year. Once completed, the rail system will span 2,000 km and connect major cities in Mindanao such as Davao, Zamboanga, Butuan, Surigao, Cagayan de Oro, Iligan, and General Santos City. Numerous stakeholders have expressed interest in funding this project, particularly the Chinese government and private firms including San Miguel Corporation, Metro Pacific Investments Corporation, Ayala Corporation, and Megawide Construction Corporation.

Another project in the pipeline is the Davao City By-Pass Construction Project, which is scheduled for construction in 2018. Costing P19.8 billion, this project will lay down and renovate about 60 km of roads and tunnels.

Lastly, the Panguil Bay Bridge will connect Tangub, Misamis Occidental and Tubod, Lanao Del Norte. This bridge will span 4 km and has already began construction.

The huge funding of infrastructure development will be complemented by implementation reforms to ensure that resources are translated to concrete projects. 24/7 construction will commence in major cities. At the same time, infrastructure projects will be geo-tagged using drones. This will ensure that "ghost projects" are eliminated and that projects will progress in a timely manner.

The enhanced infrastructure will boost the prospects of the agri-sector in Mindanao. The presence of farm-to-market roads, highways, and other infrastructure will lower the cost of transporting commodities. The linking of production facilities to commercial hubs and export gateways without doubt will benefit Mindanao. Efforts of the Government in Promoting Trade and Investments in Mindanao

The Duterte Administration has launched various initiatives, programs, and projects aimed at promoting trade and investments in Mindanao, and these efforts are already producing positive results for the people of Mindanao.

To begin, the government increased the budget of the Mindanao Development Authority (MinDA) to allow the agency to expand and continue its projects. MinDA is the agency mandated to promote, coordinate and facilitate the active and extensive participation of all sectors to effect the socioeconomic development of Mindanao.

For 2017, MinDA is given an amount of P170,411,000. This was P117,201,000 in 2016.

Meanwhile, the budget for the integrated policies and programs for Mindanao has been increased from P82,924,000 in 2016 to P98,658,000 in 2017. This includes development planning and programming, and Mindanao-wide and inter-regional program/project management.

Efforts in advancing trade and investments in Mindanao are led by the Department of Trade and Industry (DTI) and the MinDA, in collaboration with other government instrumentalities and organizations.

I agree with Secretary Alonto when he said that Mindanao is the "next investment destination in the Philippines." The island-region's economy has been growing in the recent years. For one, Mindanao's Gross Regional Domestic Product growth increased by 7.5 percent in 2014, surpassing the national average of 6.2 percent. Second, from 2001 to 2010, Mindanao's annual investment only averaged USD 125 million, but between 2011 and 2015, it jumped to USD 1.2 billion thanks to the capital investments in the energy sector.

Indeed, this unprecedented economic growth in Mindanao is excellent news for all of us, and with the many business prospects and opportunities under the Duterte administration, this growth is sure to continue, even double or triple in the next six years.

Another government initiative worth mentioning is the speeding up of regional and economic zones, or the "ecozones" development, in Mindanao. This is headed by MinDA in collaboration with the Philippine Economic Zone Authority (PEZA). At present, the MinDA and PEZA have identified 81 ecozones in the region, under different sectors such as agro-industry, information technology, manufacturing, and tourism. One accomplishment of the ecozone development project of MinDA and PEZA is the launching of the Davao-Gensan-Bitung shipping route, scheduled on April 30, 2017. This shipping route will significantly shorten the travel time from five (5) weeks to three (3) days for products between Indonesia and our country according to the agencies.

The people of Mindanao and the entire Philippines can also look forward to much stronger cross-border relations with our brothers and sisters in the EAGA ASEAN Sub-Region. We are assured of this, with the completion of the BIMP-EAGA Vision 2025 and, especially, the President's strong commitment to promote BIMP-EAGA, as he expressed in his speech at the 13th ASEAN Business and Investment Summit in Laos last September.

In January, the DTI pilot-tested the micro-fund program Pondo sa Pagbabago at Pag-asenso or P3, which provides affordable micro-financing for micro, small, and medium enterprises (MSMEs), in the province of Sarangani as well as in Mindoro and Leyte.

An initial funding of P1 billion for the program has been included in the 2017 National Budget. This will increase as the government intends to set aside P19 billion for the financing initiatives for MSMEs in the next six years.

The Project KAPATID by the DTI and the Philippine Center for Entrepreneurship (PCE) assists MSMEs by linking them with larger companies. This project is being aggressively implemented in all regions to boost inclusive business.

Since his assumption to office in June last year, President Duterte has signed a number of executive orders that aim to assist the people of Mindanao in terms of trade and investments, socioeconomic development, and peace and order.

On December 29, 2016, he signed Executive Order No. 11, extending the term of the South Cotabato/North Cotabato/Sultan Kudarat/Sarangani/General Santos City (SOCSKARGEN) Area Development Project Office (ADPO) to December 31, 2022. This is to help the region continue its growth and make sure that the programs and projects for agri-fishery industry competitiveness already being implemented by the national government are continued.

Another is Executive Order No. 8, which was signed on November 7, 2016. This expanded the panel of the Bangsamoro Transition Commission or BTC, from 15 members to 21, to ensure that the peace process is inclusive of other interest groups.
The BTC is tasked to draft and submit the Bangsamoro Basic Law to Congress middle of this year.

The government is very much aware that a lot needs to be done here in Mindanao, but we are not discouraged by this fact. This is the first leadership in the Philippines that hails from this area and we are empowered by our intimate knowledge of this promising region and its gifted people.

The Philippines is now one of the fastest growing economies in the fastest growing region in the world. We will not allow Mindanao to be left out while the rest of the Philippines is quickly rising to the top. It is time for this region to move up and realize its potential, and with your valuable support and belief in the capability of Mindanao and the Philippine government, we will reach our goals.

Thank you very much and may you all have a wonderful and productive day.

The Philippines: Catching up with our ASEAN-5 Neighbors

ADB Global Think Tank Summit 2017
May 2017
Asian Development Bank

To the esteemed economists, policy makers, and academicians present today; the senior officials of the Asian Development Bank; industry leaders in business and finance; guests; ladies and gentlemen, good day to everyone.

First of all, I would like to thank the Asian Development Bank Institute for giving me this opportunity to talk about the development prospects of the Philippines

and in particular its goal of investing heavily in public infrastructure in order to catch up with its ASEAN-5 neighbors.

In economics, initial conditions matter. For the last three decades, the Philippines has not spent more than 3 percent of its GDP for public infrastructure, and its not surprising why: the level of public debt was huge; the costs of servicing it was high; and its revenue-to GDP ratio was low. Of course, it did not help that it had a string of fiscal conservatives running its fiscal policy.

In the last few years, the macroeconomic picture has changed. The economy has grown faster amidst a low-inflation environment. The cost of borrowing, both at home and abroad, is low. The debt/GDP ratio has gone down and continues to fall. However, the revenue-to- GDP ratio remains sticky at around 15 percent.

Looking at the Philippines' current state of affairs gives a glimmer of hope. The country has been growing at a rapid rate in the recent years, finally turning the corner after decades of subpar growth. The Philippine economy grew by an average rate of 6.2 percent from 2010 to 2015. This was punctuated by a robust 6.9 percent growth rate in 2016 — higher than that of China, Vietnam, and its other peers. In fact, our pitch to foreign investors is that the Philippines is the "fastest growing economy in the fastest growing region in the world", and rightfully so.

However, the bullish outlook on the Philippine market can only be sustained if a major binding constraint is addressed: its poor and collapsing infrastructure.

The Philippines' infrastructure indicators consistently result to dismal scores that pull down its overall competitiveness. For overall infrastructure, we lag behind our ASEAN-5 neighbors, especially Thailand, Malaysia, and Singapore. What is worrisome is that its overall infrastructure rank has steeply declined from 94th in 2009 to 112th in 2017.

Next, our road infrastructure has also performed poorly, being the worst among the ASEAN-5 countries. We started out at 94th in 2009, declining to 106th in 2017. This is in contrast to Indonesia that has improved significantly from 105th in 2009 to 75th in 2017.

Rail infrastructure tells a similar story. Despite having one of the first rail systems among the ASEAN member countries, the Philippines has not been able to sustain its pioneering ways. The World Economic Forum (WEF) rankings show that our rail infrastructure is the worst among the ASEAN-5, stagnating from 85th in 2009 to 89th in 2017.

The Philippines failed to invest in infrastructure, and this has resulted to monumental economic and social costs to the Philippine economy. According to a study by the Japanese International Cooperation Agency (JICA) in 2014, the traffic situation in Metro Manila alone costs the economy P2.4 billion daily, or P876 billion annually, in terms of vehicular maintenance

costs and time costs from the traffic congestion. In dollar terms, this is $17.5 billion annually. More so, the terrible traffic congestion hampers the well-being of Filipino commuters, who have to spend a quarter of their day on the road, and takes away time from more productive activities.

The same study projects that if the traffic situation is not improved, the cost will climb up from P2.4 billion daily to as much as P6.0 billion daily by 2030.

The Philippines' standing in the Global Competitiveness Rankings of the World Economic Forum (WEF) gives another reason to urgently upgrade the infrastructure of the country. Data from 2009 to 2017 show that we have steadily rose in global competitiveness from 87th to 47th in 2016. That's 40 notches in seven years. This is one reason why the Philippines is called the "next Asian tiger". But, definitely, if we want to sustain this rapid development and modernization, our infrastructure has to keep up.

Aside from hard infrastructure, the Philippines also needs to upgrade its Information and Communications Technology (ICT). Another indicator in the WEF rankings is technological readiness, which gauges the quality of ICT and technological utilization in an economy.

These glaring statistics underscore the Philippines' need to compensate for the past neglect in infrastructure. For many years in the past, our neighbors have been deepening their capital stock and investing heavily in public infrastructure. To put it bluntly, we have been left behind in infrastructure development.

A quick glance at Gross Capital Formation as a share of GDP, courtesy of World Bank data, confirms this observation. From the mid-80's to the 90's, gross capital formation as percent of GDP of our ASEAN-5 neighbors annually exceeded that of the Philippines by about 50 to 200 percent. The gap has somehow narrowed in recent years, but is still noticeable nonetheless.

Low public spending on infrastructure development has exacerbated this issue. From 2010 to 2016, government spending on infrastructure as percentage of GDP averaged a measly 2.9 percent. For a country whose Achilles' heel is infrastructure development, this level is unacceptable and the present government intends to turn things around.

Our Plan: Medium-Term Fiscal Program

As soon as President Duterte organized his economic team, the current administration has made it a point to prioritize infrastructure development. And, as the Secretary of Budget and Management, I will ensure that public infrastructure gets its rightful share in the spending program of the Philippine government.

The Duterte Administration is embarking on an ambitious infrastructure program unmatched in our country's history. In the next six years, we will devote our efforts to ushering in the Philippines' "Golden Age of Infrastructure." And for this year, the first bold step we took was to appropriate an amount of P847.2 billion, or $17 billion, for infrastructure in the 2017 national budget, the first one crafted under the Duterte Administration. This level is equivalent to 5.3 percent of GDP. Let me emphasize also that this is the first time the Philippines will reach the 5 percent of GDP threshold for infrastructure spending.

We will sustain this level of investment such that P8 to P9 trillion, or $160 to $180 billion, will be spent on public infrastructure for the next six years. Likewise, as a share of GDP, infrastructure spending will rise from 5.3 percent in 2017 to as high as 7.4 percent come 2022.

Besides the heavy funding, we will also put in place implementation reforms to successfully translate resources into concrete infrastructure facilities. For instance, we have streamlined the release of funds to line agencies, reformed the Implementing Rules and Regulations of our Procurement Law for better efficiency and transparency, leveraged technology for improved project monitoring, and have mounted capacity- building efforts to professionalize our bureaucracy.

Through our policy reforms, combined with speedy and efficient implementation, we will lay the groundwork for the "Golden Age of Infrastructure" in the Philippines.

Financing our Ambitious Infrastructure Program

The unprecedented level of spending we plan to implement poses a great challenge to the Duterte Administration. But, assertive and determined to deliver real change to the Philippines, the government is ready to overcome this challenge through a proper strategy.

First, we have increased the planned deficit from 2 percent to 3 percent of GDP. Our borrowings will have an 80 to 20 mix, in favor of domestic borrowing. This financing mix will minimize our exposure to foreign exchange fluctuations and enable us to better manage our debt. Furthermore, as we strengthen our friendship with our Asian neighbors, particularly China and Japan, we have secured numerous avenues for Official Development Assistance which will greatly assist in our national projects.

The bigger deficit and borrowings may not sound appealing to some, but we have faith in the capability of the country and we will adhere to fiscal responsibility. The debt-to-GDP ratio will continue to fall as GDP growth is projected to outpace the rise in debt accumulation. The debt-to-GDP ratio is expected to shrink from 42 percent in 2016 to 36 percent in 2022. With this debt profile, the Philippines will become the envy of many developed and developing countries in the world facing much higher debt-to-GDP ratios.

Second, we will complement our borrowings with increased revenue collection resulting from tax policy and tax administration reforms. We have submitted a comprehensive tax reform package to Congress.

I see it as an important component in our spending and tax strategy to finance our needs for public infrastructure and investment in human capital.

But on its own, the tax reform package is worth pursuing. It will fix a tax system that is low yielding, inefficient, inequitable, difficult to administer, and not competitive to the tax systems of our ASEAN-5 peers. With the proposed changes to the existing tax regime, the new tax structure will be simpler, fairer, and more efficient. It will also attract more investments into the country. Among the reforms included in the first tax reform package are:

First, we will lower personal income tax rates and at the same time reduce income brackets. The Philippines has one of the highest income tax rates in the ASEAN region, with a maximum marginal tax rate at 32 percent.

Second, we seek to broaden the VAT base. Only the necessary exemptions will be retained.

Third, we will increase the excise taxes on oil and automobiles. It will make more efficient of resources. It will also be pro-poor low-income households will be charged with minimal increase in excise tax payments. Specifically, the bottom 10 percent of households will pay only a P160-increase in excise tax payments per year, whereas the top 10 percent households, who consume around 51 percent of fuel in the Philippines, will pay an increase of P4,316 per year.

In addition, part of the revenues from the adjusted excise taxes on oil and automobile will be used to finance a cash transfer program that will benefit Filipinos who are on or below the poverty line. And a huge part of the revenues will finance infrastructure projects scattered across the Philippines.

With sound macroeconomic fundamentals, effective policy reforms, and an aggressive infrastructure program, the Philippines is poised for an economic breakthrough.

We have the right ingredients and the right leaders to catch up with our ASEAN-5 peers, and ultimately transform the Philippines into the “Asian tiger” we are capable of becoming.

In closing, let me thank you all for your support and I hope that you will join us, the Filipino nation, in our quest to transform our country into a better, safer, fairer, more beautiful, and more prosperous place than what it was transmitted to us.

Thank you.

Message of the Secretary on the Celebration of DBM 81st Anniversary
Theme: “Nurturing Relationships”
May 8, 2017
DBM Gym

Good morning everyone and welcome to our simple gathering.

Today we conclude our agency’s 81st anniversary celebration, which has the theme “Nurturing Relationships.”

This celebration encourages us to reflect on the importance of forging good relationships with our colleagues -- how it helps us accomplish our tasks and become capable of doing more than what our job demands from us.

The first point I would like to make is that as a team, our effectiveness is measured through our collective effort -- never through our individual work.

We therefore succeed as a team, or fail as a team.

Second, a team with good rapport fosters unity and achieves its goal more easily than a team divided.

In other words, we must nurture our relationship with our colleagues. Build bridges instead of walls, as they say. When we understand and sympathize with the individual personalities of our colleagues, we work with them more effectively. This is key to raising our performance as an agency.

Now, let me take this opportunity to mention some of our recent accomplishments as an agency, proving that through team unity and good relationships we can do great things for our government and for our countrymen.

We achieved a 100% response rate in the eFOI (or Electronic Freedom of Information) Portal. This demonstrates our transparency, sincerity, and dedication to public service.

In the last few months, we successfully held the Open Government Dialogues in Visayas and Mindanao; the Luzon leg will be held on May 18. The Open Government Dialogue is one of the government's means of bridging the communication gap between

the country's leaders and the public. Through these public consultations, we learn how we can better serve our countrymen while also encouraging them to participate in governance.

We are also making great progress in pushing forward the National Government Rightsizing Bill. This bill is a measure of our strong commitment to make our bureaucracy a modern, efficient, and effective one. I am confident that this will be passed into law very soon as it is widely supported in Congress. With Rightsizing, we will "trim down the fat in the government", as President Duterte said.

On April 18 and 25, we participated in the successful and powerful "Dutertenomics" forum. Through this event, we were able to reach out to the public and give them hope by sharing with them the big projects of the government that are all meant to deliver real change in the Philippines.

These are wonderful accomplishments that we must celebrate together with our agency's anniversary. Also, later in today's program, we will honor our officemates who have served for many years in our agency, demonstrating their loyalty and devoted service in DBM and to our country. They deserve recognition for remaining steadfast despite the many challenges that come with being a civil servant.

Let this celebration today motivate us to create deeper and more meaningful connections with our officemates and give more than our best to our work.

Thank you and happy anniversary to all of us.

Open Government Dialogues:
Co-Creating the 4th Philippine Open Government Partnership (PH-OGP) National Action Plan
Luzon Regional Consultation

Welcome Remarks and Keynote Address of the PH-OGP Chair
May 18, 2017 (Day 1)
Meeting Rooms 2 & 3 (Plenary Hall), Philippine International Convention Center (PICC)

To Mr. Robert Barton, Director of the Program Resources Management Office of USAID Philippines, Mr. Roberto Toso, Chief of Party, USAID-Facilitating Public Investment Project;

Members of civil society organizations - NGOs, POs, business groups, international development partners, the media, and the academe; co-workers in government;

Good morning and welcome to the Luzon Regional Cluster of the Open Government Dialogues.

I would like to thank the USAID - Facilitating Public Investment Project (FPI) and the Making All Voices Count (MAVC) for their constant support of the Open Government Partnership's projects and activities.

When President Duterte assumed office in June 2016, he promised the Filipino people that change is coming – change in government and in the way its business is done. In clear and simple terms, the President stated what real change should constitute: a government that listens to and serves the people, a government free from corruption, and a government that gets things done promptly and properly.

The simplicity and clarity of the President's terms, however, understate the difficulty of undertaking reforms in government. To achieve real change, we need a revolutionary change in the culture of governance. Part of this is realizing that the government alone cannot effect change. We need allies, within and outside the government, willing to be at the forefront of this revolution.

Looking at past experiences in implementing governance reforms, we saw that it is essential to sustain our commitment to international initiatives that are aligned with the Administration's good governance goals, such as the Open Government Partnership or the OGP.

The Philippines is one of the founding members of the OGP, a unique international initiative aimed at securing concrete commitments from governments to promote transparency, increase civic participation, fight corruption, and harness new technologies that strengthen governance.

In October 2016, the Philippine OGP Steering Committee held its first assembly under the administration of President Duterte. From this meeting, the Steering Committee has set the direction of the Philippine OGP in the next few years. Moving forward, we shall be crafting and implementing new action plans and open government programs that have concrete and direct benefits to the Filipino people. And it is in this context that we, the members of the government and civil society, have gathered here today.

Anchored on the President's Partnership for Change agenda, the PH-OGP Steering Committee is holding this event today as the third and final meeting in the series of public consultation workshops for the development of the Fourth Co-Created Philippine OGP National Action Plan. The first one, the Mindanao Regional Consultation, was held successfully on March 22 in Davao City. This was followed by the Visayas consultation which was held in Cebu City on April 25 and 26.

Today's event aims to contribute to the development of a new open government action plan that will be more responsive to the needs of the Filipino people. By providing a forum that allows dialogue between government agencies and the people it serves, the OGP guides us in preparing an action plan that is attuned with the development and governance goals of the country and its people. A shared responsibility in crafting a national action plan also better ensures commitment by each participant to the achievement of the goals.

During the session, we invite you, the participants, especially the citizens and civil society organizations, to revisit proposed OGP commitments, which include:

1. The Assistance to Disadvantaged Municipalities (ADM) Program which aims to assist municipalities in their mandate to deliver basic goods and services to their constituents by strengthening the Local Development Councils (LDCs) to become more able partners in national development;

2. The Mamamayang Ayaw Sa Anomalya, Mamamayang Ayaw Sa Iligal na Droga (MASA MASID), which is a community-based initiative to engage volunteers in the fight against criminality, corruption, and illegal drugs;

3. The Project Repeal which aims to address bureaucratic red tape by repealing or amending selected regulatory policies and administrative issuances that hamper the ease of doing business and official transactions with the government;

4. The 8888 Citizen's Complaint Center, the central hotline where citizens can report their complaints and grievances that will result to an immediate and appropriate government response; and

5. The Budget Reform Bill which aims to institutionalize budget data disclosure, civil society participation in budgeting, and all of the necessary ingredients of a modern budget system. The bill is now filed in Congress as House Bill No. 5569.

Undersecretary Karl Kendrick Chua and officials from the Department of Finance are also joining us today to discuss the Comprehensive Tax Reform Package, which I strongly support.

In light of President Duterte's serious commitment towards expanding and institutionalizing inclusive government reform initiatives, we have been conducting a series of public consultations since last year to gather people's sentiments about the current tax system and the proposed comprehensive tax reform package.

Instituting a progressive tax reform and a more effective tax collection is the second priority in the Administration's 0+10-Point Socioeconomic Agenda to alleviate poverty and unlock the economic potential of the country. Dovetailing these consultations with the Open Government Dialogues provides an opportunity for more stakeholders to learn about the proposed tax reform package of government. Perhaps, during tomorrow's workshop, we can also explore the possibility of including an OGP commitment related to tax reform.

After our call for submission of draft commitments in December 2016, we have received a number of proposals from different government agencies. But to truly gauge which among these programs are desired by the Filipino people, we are now asking citizens through you, the participants in this dialogue, to review this list and propose new initiatives that you want your government to prioritize in the next two years.

The two previous consultations in Visayas and Mindanao have proved to be genuine platforms for meaningful engagement between and among government and non-government actors in the open government space. Participants in the forum were able to ask questions on specific key reform programs, and get feedback and technical assistance from government on the spot. The Dialogues also provided us in the public sector an opportunity to better promote our priority governance initiatives, thereby encouraging genuine collaboration with an expanded and targeted stakeholder base across the country.

In fact, I am glad to inform you that one of the potentially concrete outcomes from this consultation process is the inclusion of a program on people's planning for shelter assistance in the final version of the PH-OGP Plan 2017-2019. The proposal to have this kind of program included in the Plan emanated from our Davao consultation. This outcome is a clear testament to how serious we are, in this administration, in delivering on our promise to listen to and serve the people better. Today, you are joining us in the last and final leg of this series of consultations. It is my hope that it will be as productive as the two previous consultations.

As emphasized by President Duterte in his inauguration speech: "It is the people from whom democratic governments draw strength. That is why we have to listen to the murmurings of the people, feel their pulse, supply their needs and fortify their faith and trust in us who are in public office". This is what we aim to do today as well as in the previous consultations. Through OGP, we will continue to listen to and work hand-in-hand with the citizens in promoting a culture of governance that truly works for the interest of the Filipinos.

This series of regional consultations will lead to the submission of the final PH-OGP Action Plan to the OGP on or before June 30, 2017. By July 2017, we hope to launch and start the implementation of the New Action Plan.

Ladies and gentlemen: we have a formidable task ahead of us, so let's get started.

Maraming salamat at mabuhay!

PHAP Bringing Health to Juan and Juana: Universal Healthcare in the Communities
Optimizing Resource Allocation for Health
May 2017
Asian Development Bank

My co-workers in the government, friends from the media, guests, ladies and gentlemen, good afternoon.

This government's mission is to help the Filipino people reach their dream of a better life for all.

As expressed in our AmBisyon Natin 2040, we aspire to become strongly rooted, to live a comfortable life, and to live in peace and financial security.

Matatag, maginhawa, at panatag na buhay para sa lahat ng Pilipino. This is our dream, our vision.

As we are committed to the Golden Age of Infrastructure, we are also as committed to investing in human capital.

For the six years of this administration, we will fund new health programs and continue to support ongoing ones which prove effective. We will support reforms that ensure that all Filipinos, especially the poor and the elderly, are provided with proper health care.

This strategy does not only demonstrate the administration's deep regard for those who are in need, but also secures more productive members of society. When people, especially the young ones, are fed properly, and have access to health interventions, then they are more likely to attend school, perform well, and secure for themselves an education.

Considering that the median age of our population is about 23 years old, human resource investments are crucial so we can mold our youth into agile and competent workforce. In an aging world, this is a formidable asset. And in tandem with education, healthcare is a centerpiece to this human capital development agenda of the Duterte administration.

Thus, for the 2017 National Budget, the first budget crafted under the Duterte Administration, a sizable amount has been allocated for the health sector.

FY 2017 Budget for Health Sector

P158.3 billion will be used to fund the expenditures for hospital, outpatient, and public health services, health insurance, and research and development on health. This is an increase of 19.2 percent over the 2016 level, allowing a faster and improved delivery of service to the public.

For hospital services, the budget this year is P54.7 billion, which is P20.3 billion more than in 2016.

Health insurance funding is increased from P43.8 billion last year to P53.2 billion this year.

With a strong and steadily growing economy, we now have the necessary funding to support our health programs, and we intend to use these funds effectively and efficiently. We will not tolerate underspending, because this means denying the Filipino people the service they paid for.

Statistics show that we have made some strides with regards to healthcare. The Philippines was able to meet its Millennium Development Goal commitment on reducing child mortality by two-thirds between 1990 and 2015.

We have also been able to halt the incidence and prevalence of major diseases such as malaria, and to some extent, tuberculosis.

Nevertheless, we have to make up for a lot of ground in other aspects such as reproductive health,

maternal health, accessibility of healthcare, among other things. This is especially true given the more ambitious health targets set by the Sustainable Development Goals of the United Nations.

With the human capital build-up and pursuit for quality and accessible healthcare, the P158.3 billion health budget for 2017 seems only rational.

Reducing Inequality in Opportunities for Human Development – Nutrition and Health

Health care is not just for those who are well-off. It is a basic right and our goal is to provide all Filipinos, especially the poor and the elderly, access to health facilities that are capable of giving quality service.

Thus, an amount of P98.40 billion, or almost two-thirds of the total health sector budget, has been given to the Department of Health (DOH). This is an increase of 21.4 percent over its 2016 level of P81.06 billion. This budget will be used by the DOH to implement various preventive and promotive health programs.

Some of the major programs supported include:

1. The Health Human Resource Program

There is a serious lack of medical practitioners in the country and we intend to solve this. For 2017, P7.4 billion will be used to hire a total of 435 doctors, 15,321 nurses, 3,100 midwives, and 243 dentists to alleviate this situation. These medical professionals will beef up the manpower for the Doctors to the Barrios and the Rural Health Practice Program.

2. Early Childhood Care and Development (ECCD) Program

This program, spearheaded by the National Nutrition Council (NNC), has been allocated a budget of P294 million. Through the ECCD program, 9.3 million children below five years of age will be given essential vitamins and minerals.

3. National Immunization Program (NIP)

This year we have allocated P7.1 billion for the National Immunization Program (NIP). This will allow the immunization of 2.4 million children across the country, or 200,000 more than the target number of beneficiaries in 2016.

Furthermore, P3.1 billion of this budget will be used to purchase dengue vaccines to continue our fight against dengue.

4. Other Infectious Diseases Program

P2.0 billion is allocated for the Other Infectious Diseases Program. This is intended to minimize the public health impact of infectious diseases, as well as promote preparedness and responsiveness to emerging and re-emerging infectious diseases.

5. Tuberculosis Control Program

P1.3 billion will be used for the Tuberculosis Control Program in order to reach the treatment success rate of at least 90 percent.

6. The Responsible Parenthood and Reproductive Health Law

The Duterte Administration is committed to strengthen the implementation of the Responsible Parenthood and Reproductive Health Law.

Thus, P4.3 billion has been allocated for the Family Health and Responsible Parenthood. This is 87 percent higher than the 2016 budget. This will be used to educate low income couples in financial and family planning.

Health Facilities Enhancement Program (HFEP)

In addition to the government's vigorous infrastructure program, we will also strengthen the health care system of the country by constructing new hospitals, drug rehabilitation centers, Barangay Health Stations, and many other health facilities, while existing ones will be upgraded, expanded, and repaired.

A budget of 12.7 billion has been allotted for this thrust, and this will be taken from the P24.2 billion allocation for the Health Facilities Enhancement Program (HFEP) for 2017.

The remaining P11.5 million will be used to procure medical equipment for the new and upgraded government health care facilities.

National Health Insurance Program (NHIP)

Meanwhile, the National Health Insurance Program (NHIP) is granted P53.2 billion. This budget will be used to ensure that low income individuals remain healthy and capable of supporting themselves and their families through their jobs.

This allocation particularly targets the poorest, including those from the informal sector and the senior citizens.

Specifically, the targeted beneficiaries of the NHIP are 15.5 million indigent families identified under the National Household Targeting System, 5.5 million poor senior citizens, and 48,221 PAMANA grantees.

Universal Health Coverage

Lastly, the government has appropriated P3 billion for the Universal Health Coverage. This budget will enable those who are financially incapable to enjoy the benefits of PhilHealth. The ultimate goal of this program, as expressed by the President in his first State of the Nation Address, is to provide PhilHealth benefits to all Filipinos, whether a PhilHealth member or not.

Conclusion

We can realize our vision of a Matatag, Maginhawa, at Panatag na Buhay, and this will be easier as we improve our country's health system.

The government is thus making sure that programs and projects focused on the health of Filipinos are well-funded and well-managed.

To my co-workers in the government, let us use these funds efficiently and effectively.

Finally, let us all support these programs and projects. These are for the ordinary Filipino men and women who dream for and work hard for a safer, more beautiful, and more prosperous Philippines for all.

Thank you and good day.

Business World Economic Forum

Financing the Infrastructure Build-up

May 2017

Conrad Manila Hotel

Ladies and gentlemen: Good morning.

In recent years, the Philippines has enjoyed strong and sustained economic growth founded on sound macro-economic fundamentals. Having just posted a 6.9 percent growth rate in 2016, and being strategically located in the ASEAN region, the Philippine economy is indeed "one of the fastest growing economies in the fastest growing region in the world".

With a booming market, adequate infrastructure must be put in place to support economic activity. Good

infrastructure is a necessary condition in sustaining our growth trajectory.

But the poor state of Philippine infrastructure has been, for too long, a major constraint to growth. The Metro Manila traffic alone speaks volumes about the urgent need for a massive infrastructure upgrade.

According to the World Economic Forum Competitiveness Rankings, the Philippines has the worst overall infrastructure among the ASEAN-5 countries since 2010. The country's poor score in public infrastructure has pulled down its overall competitiveness.

This dismal state of public infrastructure cannot, and should not, be allowed to continue. Hence, the Duterte Administration has embarked on a bold 'Build, Build, Build" program. This will usher in the "Golden Age of Infrastructure", the most ambitious infrastructure development program in recent Philippine history.

Medium-Term Infrastructure Spending

And we embark on this ambitious journey, we put our money where our mouth is. The first bold step we took was to appropriate P847.2 billion in the National Budget for infrastructure projects.

This level is equivalent to 5.3 percent of GDP. This is significant because the Philippines has never reached the 5 percent of GDP threshold for infrastructure spending in the last 30 years. In fact, it only averaged 2.9 percent of GDP during the last administration when the cost of borrowing money was at its rock bottom.

But the P847.2 billion this year is just a down payment to our grand plan to spend some P8 to P9 trillion pesos — roughly 160 to 180 billion dollars — for the next six years. As a share of GDP, infrastructure spending will rise from 5.3 percent of GDP in 2017 to as high as 7.4 percent of GDP in 2022.

Financing the Infrastructure Build-Up

Given the huge capital expenditures, the next logical question is how will the government finance such an ambitious program.

First, the economic managers have decided to pursue an expansionary fiscal strategy: the planned deficit was increased from 2 to 3 percent of GDP during the entire term of the Duterte Administration.

Second, we plan to borrow money to finance the deficit – 80 percent from domestic sources, and 20 percent from foreign sources.

This 80:20 financing mix is not only sound, it is manageable and fiscally sustainable.

We project that the debt-to GDP ratio will decline from 42% in 2016 to 36% in 2022. With this debt profile, we earn the envy of most developed and developing countries in the world facing much higher debt-to-GDP ratios.

Third, our borrowings will be complemented by higher revenue effort resulting from tax policy and tax administration reforms. This brings to the fore the Comprehensive Tax Reform Package (CTRP) being proposed by the Department of Finance.

Such reforms are crucial not only in financing our spending priorities. On its own, the CTRP is meritorious. It will transfer the Philippine tax system into a simpler, fairer, and more efficient tax system.

The present one is outdated and out of sync. It must be reformed for the Philippine economy to be more competitive and attractive to investors. Tax reform goes hand-in-hand with our infrastructure program in terms of promoting competitiveness and fueling growth, and we are confident of its passage in 2017.

Modalities for Infrastructure Build-Up

The government will use all possible modalities to forward the Golden Age of Infrastructure, including funding through the General Appropriations Act (GAA), Public-Private Partnerships (PPP), and Official Development Assistance (ODA).

However, our preferred modality is the "hybrid-type", where the government selects, finances and constructs the project (through competitive bidding), and once done, will bid the same to the private sector for operations and maintenance. We feel that through this modality, we can afford to provide essential public services to citizens sooner and at a more affordable prices.

At the same time, we have noted that, on average, PPP model takes about 29 months from conceptualization to actual groundbreaking. So we have tweaked that to fast-track the implementation of infrastructure projects.

Implementation Reforms

Having explained the financing strategy, let me also discuss some implementation reforms. Much like the President, we give great value to efficient and timely execution. Hence, we will continue to guard against underspending – the Waterloo of the previous administration.

Interestingly, last year's spending pattern shows promise: underspending has narrowed to 3.6 percent, driven by strong spending for infrastructure and other capital outlays. This is significantly less than the 13.3 percent and 12.8 percent deviations observed in 2014 and 2015, respectively.

The first quarter infrastructure data also yielded encouraging results: compared to the same period in 2016, infrastructure outlays have increased by P12.7 billion, equivalent to 12.2 percent.

We will sustain this infrastructure surge given that infrastructure projects are ripe for implementation in the dry season. Once our budget reforms gain traction, we expect government spending rate to improve further.

Some of the major reforms we have put in place at the Department of Budget and Management include:

Stronger linkage between planning and budgeting: We will ensure that only "shovel-ready" projects are included in the General Appropriations Act to avoid unnecessary delays.

We are leveraging technology for more efficient public spending. The Budget and Treasury Management System, an integrated financial management system for the national government, is on track for implementation this year.

We will also geo-tag infrastructure projects to curb "ghost projects" and ensure timely project completion.

Lastly, in response to the observations that procurement issues have delayed budget implementation, the Duterte administration has revised the Implementing Rules and Regulations of the Procurement Reform Act (RA 9184). The revision will quicken the procurement process, make it less vulnerable to arbitrary delays, and streamline the documentary requirements without sacrificing the integrity of the process.

These are only some of the major reforms we have introduced to the bureaucracy to improve its absorptive capacity. There will be more to come as we buoy government spending, particularly infrastructure outlays.

Concluding Remarks

Change has come. Soon this will be felt as the process of transforming the state of public infrastructure in the Philippines begins. As our economy evolves into the next Asian tiger, we will make sure that infrastructure will be a driver of growth rather than a constraint that hinders development.

Soon, we will get a glimpse of what a modern Philippines would look like – first-world infrastructure, better trained labor force, more decent jobs and higher wages, and effective and accountable governance.

We urge the private sector to commit as able partners for change. Together, let us build the "Golden Age of Infrastructure" as we build a safer, fairer, richer, and more beautiful Philippines.

Thank you, and mabuhay!

Commencement Address at the 35th Commencement Exercises of South Luzon State University (SLSU)

June 8, 2017
Lucban, Quezon

To Dr. Milo Placino, University President; Dr. Marissa Esperal, Vice President for Academic Affairs; Dr. Gondelina Radovan, Vice President for Planning, Research, Extension, Production & Development; Engr. Maria Corazon Abejo, Vice President for Administrative and Financial Affairs; College Deans, Faculty and Staff of the Southern Luzon State University, to our dear graduates and their proud parents and families, good afternoon.

First of all, I would like to thank you for having me as the commencement speaker in one of the most momentous events in a young person's life. My warmest congratulations to the Class of 2017!

As much as I would like to discuss the expansionary fiscal policy that the Duterte administration is embarking on or how higher spending for infrastructure and investment in human capital are vital parts of our strategy to a better, safer, fairer, more beautiful, and wealthier Philippines, I believe it is best to set that aside for now in order to properly honor this day. After all, today belongs to you, our dear graduates.

Instead, I will share with you my own "commencement" story. I use the word "commencement" because I like to think that for you, as it was for me, the end of undergraduate life is also a beginning. You are just about to be thrust into the "real world" after all. I hope by sharing my story, you will be able to glean from it important insights to guide you into the next phase of your life.

At a very young age, I knew that my calling in life was public service. That's why I took a course in public administration. I had a baccalaureate degree and a master's degree in public administration. At 21, I was already working with the Senate Technical Staff on Finance as a Subject Matter Specialist. I was on my way to becoming either an Expert in Public Finance or a politician. But then my young career in the Philippine Senate was disrupted when martial law was declared on September 21, 1972. As a consequence, Congress was closed. And I found myself jobless.

I was disappointed but not devastated. At the time martial law was declared, I was taking my M.A. in Economics at the U.P. School of Economics. I had three options: first, a lucrative career in the private sector; second, an exhilarating career with the Board of Investments; and third, a budding academic career, with a promise to go abroad for my Ph.D. on Rockefeller Foundation fellowship.

This should be insight number 1, my dear graduates: working hard will open up options for you. While most opportunities inevitably lead to other opportunities, life will sometimes make you choose between a number at a time.

I chose the third option, even though it was the lowest paying and the odds of getting the Rockefeller Foundation fellowship were low since it was internationally competitive. I took a big gamble – a pay cut and a strong probability of not getting a Ph.D. scholarship abroad. I eventually got a scholarship to go abroad for my Ph.D.

After I finished my Ph.D. I had the option to stay and take a chance in a far away land. I disliked greatly the political environment back home, which at that time was still under martial rule. I decided to seek the advice of my former thesis adviser at the U.P. School of Economics, who at that time was working in the World Bank. I asked him: "Should I go back home or should I stay?" He said: "If you stay in the

U.S., you will be a small fish in a big pond; if you go back home, you will be a big fish in a small pond." I knew then that I would rather go home, face the music, and have a big contribution to my country.

That's one decision I never regretted. I spent many years of my life teaching Economics to the brightest minds in the country.

Insight number 2: do not be afraid to take risks, especially if you think that this will bring you greater happiness in the future.

My first "big job" in government came after EDSA "Revolution". Then Budget Minister Alberto Romulo offered me a job as Assistant Minister of Budget under the late Corazon Aquino's revolutionary government.

Here's another practical insight: be opportunistic; when a good opportunity presents itself, grab it.

My job interview went like this: "Can you prepare a national budget?" But first you have to understand the context of such a question. Since it was a revolutionary government, President Cory fired all the top budget people in the Marcos government, so he, then Budget Minister Romulo, was left with no one to prepare the national budget. Romulo was a lawyer, and he was not a budget expert. All of his deputy ministers except one, were politicians; the other one was more adept in management rather than budgeting. My reply to Minister Romulo was candid and straightforward. I said: "Bert, preparing a national budget is not taught in school – at least not in the University of the Philippines or Syracuse University – but I think I have enough training to prepare one." And I did. That budget, the 1987 budget, was the first and only budget that was approved without congressional concurrence. Why? Because there was no Congress at that time.

Let me repeat our lessons so far: work hard, take risks, and be opportunistic when the opportunity presents itself. These practical insights will help you navigate through your adult life, as they have helped me (albeit not presented to me as conveniently as lessons in a speech).

After the Cory administration, I returned to the UP School of Economics to resume my teaching job.

A second opportunity to work in government presented itself when a friend asked if I would be willing to brief then Vice President Estrada on the state of the Philippine economy. I said, "Why not? I brief my students, international fund managers, and Filipino businessmen on the state of the Philippine economy, why not the Vice President? After all, as a U.P. Professor, I'm a public resource, and it is my duty to brief any public official who is willing to listen to my views." After the briefing, the Vice President apparently liked what he heard and that started my role as his Economic Adviser during the 1998 presidential campaign.

President Estrada won the May 1998 presidential elections effortlessly. Thereafter, he offered me to be his Secretary of Budget and Management. But it was not that easy; I was in a quandary. I was scheduled to leave for the University of Toronto that August and was expected to take the position of ASEAN Visiting Professor. I had already signed up for my housing in Toronto and I was looking forward to a relatively relaxing life in Canada. Not known to many, I was also looking forward to watching in person Michael Jordan play in Toronto.

I decided to consult with the Canadian Ambassador, a pleasant and engaging person. I told him of my quandary. Should I go to the University of Toronto and honor my commitment, or stay and serve my country? His reply was quick and direct. He said: "In my country, if you're offered such a position in the President's Cabinet, it is your patriotic duty to accept." That was it. I accepted the Cabinet position.

Finally, the offer by President Rodrigo Roa Duterte to me to serve as Budget and Management Secretary for the second time came as a surprise to me. But I accepted it with no hesitation. Again, it is my patriotic duty to serve as Secretary of Budget and Management.

As an Economist and a "technocrat", I think a lot of people see me as very pragmatic man, sometimes ruthless. However, when I look back at the choices I have made in my life, I realize that the most significant ones were hardly the most conventional at the time, nor were they the most convenient by any calculation.

Despite seeing my peers build their careers in the government and the private sector, I was happy to be

in school. More than once have I been enticed by a quiet and relaxed life abroad, but I would somehow always end up in the public service, either through teaching or through my work in the DBM. This has brought me to the conclusion that a lot of the choices I have made were enlightened by something beyond pragmatism. I hope that as young as you are, you realize that choices are hardly ever exclusively pragmatic or romantic. They appeared to me then, as they will to you soon, simply as choices – urgent and real – and without the benefit of hindsight – seemingly equal.

So how does one make the right choice?

If you do not want to fall into the cynicism that too many forewarn haunt the "real world", listen to yourself and find what is meaningful to you. At the end of the day, whatever practical insights I have to offer will still have to be tested against this metric. At the end of the day, it is still you who will have to live with your choices.

I think I had been lucky to have a sense early on that these seemingly abstract things, meaning and purpose, did not exist in a vacuum, or were not meant to be confused with any inward feeling, but had to be sought out in the real world – by doing things of consequence not just to myself, but to others. I believe that your generation more than any that came before it, has this sense as well.

"Doing things of consequence" to me is best described by the Oath of Athenian, a powerful oath of citizenship, engraved prominently in the lobby of Maxwell Hall, the building that houses the Maxwell School of Citizenship and Public Affairs of Syracuse University. Let me share it with you. It goes:

"We will ever strive for the ideals and sacred things of the city, both alone and with many; we will unceasingly seek to quicken the sense of public duty; we will revere and obey the city's laws; we will transmit this city not only not less, but greater, better, and more beautiful than it was transmitted to us."

This oath should guide not me alone, but all of us, no matter what our calling in life. It should guide our President, the legislators, the local chief executives, the industrialists, the educators, the ordinary workers, the gardeners, and so on. I hope it guides you. This oath reminds us of our joint responsibility as citizens, to transmit our country, the Philippines, "not only not less, but greater, better and more beautiful than it was transmitted to us."

That has been the ultimate challenge for me, as I hope it will be for you.

Again, congratulations, and enjoy the rest of the day.

Mensahe ng Kalihim ng Kagawaran sa Pagbabadyet at Pamamahala sa Pagdiriwang ng Ika-119 na Taong Kasarinlan

June 12, 2017
Lungsod ng Calamba, Laguna

Punong Lungsod Justin Marc Chipeco at Pangalawang Punong Lungsod Roseller Rizal; Sa mga kapwa kong lingkod bayan, mga kaibigan at panauhin, magandang umaga at maligayang ika-119 (isang daan at labing siyam)na Araw ng Kasarinlan. Ikinagagalak kong maging bahagi sa pagdiriwang ninyo dito sa Lungsod ng Calamba.

Malaya tayo ngayon dahil lumaban ang ating mga ninuno sa mga mananakop 119 taon na ang nakalilipas. Malaya tayo dahil nagkaisa at nakiisa sila upang matupad ang iisang layunin.

Ang kalayaang tinatamasa natin ngayon ay hindi basta-bastang binigay sa ating mga ninuno. Kumilos, lumaban, at nag-alay sila ng kanilang buhay upang maabot ito. Tuwing araw ng ating kasarinlan, ipinapaalala sa atin nito na upang makamit ang tunay na kapayapaan at kasarinlan, hindi maaaring hindi tayo kumilos. Hindi tayo basta nakatayo lamang at nanonood, naghihintay kung anong mangyayari sa ating bansa.

Ang kalayaan ay may iba't ibang mukha. Kung noon ay ninais ng mga ninuno natin na makatamasa ng kalayaan mula sa mga dayuhang mananakop, ngayon, ang ating bansa ay nagnanais na makatamasa ng kalayaan mula sa kahirapan, kriminalidad, korapsyon, at marami pang ibang mga pagsubok na dala ng nagbabagong panahon.

At tulad ng ating mga ninuno noon, tayo ngayon ay lalaban sa iba't-ibang mukha ng pananakop ngayon. Tulad nila, tayo ay magkakaisa at makikiisa sa pag-abot natin sa ating layunin. Hindi tayo basta tatayo lamang at manonood, magihihintay sa kung anong gagawin ng iba, maghihintay sa kung ano'ng kahahantungan ng ating bansa. Kikilos tayo at lalaban sa kahirapan, kriminalidad, at korapsyon.

Dahil ang kalayaan mula sa mga ito ay hindi basta-bastang ibibigay sa atin, kailangan natin ipaglaban ito.

Gusto kong samantalahin ang pagkakataong ito para maibahagi sa inyo ang ilan sa magagandang kaganapan na nagpapakita ng patuloy na pakikiisa at pakikipaglaban ng ating mga mamayan, mga lingkod bayan na tulad natin, at ng pamahalaan nitong mga nakaraang linggo.

Sa nakaraang pagpupulong ng Development Budget Coordination Committee o DBCC noong ika-9 ng Hunyo, nakikitang magpapatuloy ang pag-akyat ng ating ekonomiya, ang matatag na pag-angkat natin, at inaasahan ding mapapabuti ang pag-export ng ating mga produkto.

Dagdag pa dito, mas napapabilis ang pag-unlad ng ekonomiya sa tulong ng expansionary fiscal policy ng ating gobyerno, gayun din ang mabilis at mahusay na paggastos para sa "Build Build Build" na programang pang-imprastraktura, mga programang pang-edukasyon at pang-kalusugan para sa mamamayan.

Makakaasa tayong walang magiging malaking balakid sa pag-unlad ng bansa sa mga susunod na taon. Tumaas man ang presyo ng mga bilihin, magiging maliliit lamang ang mga ito at hindi masyadong makakaapekto sa mga mamayan.

Sa susunod na taon, sa implementasyon ng unang tax reform package, itinatayang aangat sa P2.841 trilyon, o 16.3% ng GDP, ang revenues o kita ng pamahalaan. At habang tumatagal, mas lalo pang paghuhusayin ang ating revenue program, upang sa taong 2022, umabot sa P4.504 trilyon ang malilikom na buwis ng pamahalaan.

Lalong palalakasin ng gobyerno ang mga programa at proyekto sa taong 2018, kaya't itataas ang National Budget sa humigit-kumulang P3.767 trilyon, o kapantay ng 21.6% ng GDP. Ito ay mas mataas sa budget natin ngayong taong 2017 na P3.350 trilyon.

Sa pagpapatuloy ng pagtatayo at pagsasaayos ng mga imprastraktura sa buong bansa, mas pinataas ang budget para sa susunod na taon: P1.101 trilyon, o 6.3% ng GDP, higit na mas malaki sa budget natin ngayon na P847.2 bilyon na 5.3% ng GDP.

Maraming proyekto at mataas ang pangarap ng ating gobyerno pagdating sa imprastraktura ng bansa kaya't habang papalapit ang taong 2022, mas lalong itataas natin ang budget para dito. Tinatayang aabot sa P1.840 trilyon ang gagamitin ng pamahalaan para maitayo lahat ng ipinangakong imprastraktura ng pamahalaan.

Isa ko pang nais ibalita sa inyo ay ang pagkakaroon ng draft Philippine National Action Plan. Simula nitong nakaraang Biyernes, ika-9 ng Hunyo, maaari nang makita online ang draft Philippine Open Government Partnership National Action Plan.

Ang National Action Plan na ito ay naglalaman ng mga commitments, o pangakong tutuparin, ng ating gobyerno patungo sa tapat na pamamahala, pagbibigay boses sa publiko, paglaban sa korapsyon, at paggamit ng makabagong teknolohiya na tutulong sa maayos na pamamalakad ng ating gobyerno.

Inaanyahan ko kayo na tingnan at pag-aralan ang National Action Plan na ito. Kung may mga naiisip kayo na dapat idagdag sa ating mga commitment, ipagbigay alam niyo ito sa ating Philippine Open Government Partnership Secretariat.

Ilan lamang sa mga commitments para sa taong 2017 hanggang 2019 ay ang patuloy na pagpapalakas ng pakikiisa ng mamamayan sa local planning at delivery ng mga pangunahing pangangailan at mga serbisyo. Ito ay sa pamamagitan ng programang Assistance to Disadvantaged Municipalities at pinangungunahan ito ng Department of Interior and Local Government, o DILG.

Ang programang Gameplan on Competitiveness: Ease of Doing Business na pinangungunahan ng National Competitiveness Council, o NCC, ay naglalayong mapadali at mapabilis ang kalakaran dito sa ating bansa.

Layunin din natin na lalong paghusayin ang pagtugon ng gobyerno sa mga pangangailangan ng publiko. Mayroon tayong programang 8888 Citizen's Complaint Center at pinamumunuan ito ng Tanggapan ng Kalihim ng Gabinete (Office of the Cabinet Secretary).

Ilan lamang iyan sa mga commitments na nilalaman ng ating 2017-2019 National Action Plan. Muli ay inaanyayahan ko kayong tingnan at suriin ang Action Plan na ito.

Nitong nakaraang Biyernes, siniguro tayo ni Brigadier General Padilla na patuloy ang ating mga sundalo sa kanilang pagpuksa sa mga miyembro ng Maute, at may malaking tsansa na tuluyan nang mapalaya ng ating AFP ang buong lungsod ng Marawi ngayong Araw ng Kasarinlan.

Napakahalaga para sa ating gobyerno ang pagtataguyod at pagpapanatili ng kapayapaan sa buong bansa. Paulit-ulit itong binibigyang diin ni Presidente Duterte dahil ito ang unang sinisiguro ng isang bansa kung nais nito ang kaunlaran.

Kaya't sa oras na maibalik na ang kapayapaan sa Marawi, at naghihintay lamang ang mga programa at proyektong tututok sa pagbabalik ng sigla sa Marawi, tulad ng PAMANA Program, o Payapa at Masaganang Pamayanan, na binigyan ng P8.1 bilyong budget ngayong taon. Ito ay maghahatid ng tulong pang-kaunlaran tulad ng imprastraktura sa mga komunidad, elektripikasyon ng mga tahanan at tanggapan, mga kalye at daanan, patubig sa mga palayan, at iba pang serbisyo.

Nitong ika-3 ng Mayo, naipasa na sa House of Representatives ang Tax Reform Package. Ito ay sa pangunguna nila Department of Finance Secretary Carlos Dominguez III at Undersecretary Karl Kendrick Chua. Ipinakikita sa mabilis na pagpasa nitong Comprehensive Tax Reform na prayoridad ito ng ating pamahaalan.

Matagal nang nagtitiis ang mga mamayan natin sa makaluma at napagiiwanan na tax system. Sa Comprehensive Tax Reform Program, layunin ng pamahalaan na pataasin ang naiuuwing pera ng mga Pilipino at bigyan ng pagkakataon ang bawat mamamayan sa mahusay na edukasyon at iba pang serbisyo at oportunidad.

Sa pamamagitan ng Comprehensive Tax Reform Program, magiging mas simple ang pagtatakda kung magkano ang buwis, pati na rin ang pangungulekta nito. Bababa ang income tax ng nakararami at itatama ang income tax rate ng 1% na mayayaman o mas nakaaangat na mga Pilipino upang mas makapagbigay sa mga higit na nangangailangan. Kasabay ng pagsasaayos ng Personal Income Tax (PIT) system, maiiwasan na din ang mga tax leakages at tax avoidance.

Isa lamang iyan sa mga magagawa natin sa pamamagitan ng Comprehensive Tax Reform Program.

Ikinatutuwa ko ding ibalita sa inyo ang ilan sa mga kasisimula at katatapos na proyekto ng DPWH at DOTr na pinangungunahan nila Secretary Mark Villar at Secretary Arthur Tugade.

Nitong nakaraang ika-30 ng Mayo, sinimulan na ang pagtatayo ng dalawang karagdagang estasyon para sa LRT 2, o ang LRT 2 East Extension Project.

Papahabain na ang LRT 2 sa gawing Antipolo: dadagdagan ng Emerald Station, na itatayo sa tapat ng Robinsons Metro East at Sta. Lucia Mall sa Cainta; at ng Masinag Station, na itatayo malapit sa Masinag Junction sa Antipolo.

Sa tulong ng karagdagang mga estasyon na ito, apa't na'pung minuto na lang ang dating tatlong oras na byahe sa bus o sa jeep mula Recto patungong Masinag. Matatapos sa Agosto sa susunod na taon ang proyektong ito.

Samantala, papahabain din ang LRT 2 sa kabilang dako: mula Recto, dudugsungan ito ng mga estasyon patungong Pier 4. Magsisimula ang pagtatayo ng mga estasyon sa Tutuban, Divisoria, at Pier 4 bago matapos ang taong ito.

Nagbukas na ang NAIA Expressway nitong ika-2 ng Hunyo. Pinagdudugsong nito ang NAIA Terminal 1, 2, at 3, Cavitex, Skyway, at Entertainment City.

Mula sa isang oras na byahe upang makarating mula SLEX papuntang NAIA, ngayon ay 20 minuto na lamang ang byahe.

Nakumpleto na rin ng DPWH ang feasibility studies para sa pagtatayo ng Metro Cebu Expressway na nagkakahalaga ng P50 bilyon, kaya't masisimulan na ang right-of-way acquisition, kasunod ang mismong pagtatayo ng Metro Cebu Expressway sa susunod na taon.

Sa pamamagitan ng Metro Cebu Expressway, isang oras at 25 minuto na lamang ang dating tatlong oras na byahe mula Naga City patungong Danao City.

Para naman sa inyong mga taga-Laguna, sigurado akong matutuwa kayo sa itatayong PNR South Commuter na magpapabilis ng byahe mula Maynila papuntang Los Banos at mga karatig-bayan nito gaya ng Calamba.

Ang PNR South Commuter na may halagang humigit-kumulang na P134 bilyon ay inaasahang magsisilbi sa 300,000 na mamamayan araw-araw. Ito ay idudugsong sa PNR North 1 na magkokonekta sa Tutuban at Malolos, PNR North 2 na magkokonekta sa Malolos at Clark, at sa PNR South Long Haul na magkokonekta sa Maynila at Legaspi, Matnog at Batangas City. Hindi natin mapapagtagumpayan ang ating mga laban kung tayo ay nakatayo at nanonood lamang. Ang tunay na kalayaan at kasarinlan ay hindi basta-bastang ibibigay sa atin. Sa pamamagitan lamang ng masigasig na pagkilos at pagtutulungan natin maaabot ang kalayaan at kasarinlan na pangarap natin.

Ang kalayaan natin at kasarinlan noon ay ipinaglaban ng ating mga ninuno at bayani.

Ngayon, tayo naman ang lalaban at kikilos upang ganap na mapalaya natin ang ating bansa mula sa kahirapan, kriminalidad, korapsyon, at sa lahat pa na mga pagsubok na ating kinakaharap.

Maraming salamat at maligayang Araw ng Kasarinlan.

Commencement Address
at the 49th Commencement Exercises
of Batangas State University
June 13, 2017
Batangas City, Batangas

To Dr. Tirso A. Ronquillo, University President, Vice Presidents, College Deans, Faculty and Staff of the Batangas State University, to our dear graduates and their proud parents and families, good morning.

First of all, I would like to thank you for having me as the commencement speaker in one of the most momentous events in a young person's life. I feel quite excited to be back in my home province, surrounded by fellow Batangueños who are just about to go out into the real world and contribute their knowledge and skills to the development of this nation. My warmest congratulations to the Class of 2017!

As much as I would like to discuss the expansionary fiscal policy that the Duterte administration is embarking on, or how higher spending for infrastructure and investment in human capital are vital parts of our strategy to a better, safer, fairer, more beautiful, and wealthier Philippines, I believe it is best to set that aside for now in order to address what might be more exigent concerns to you, dear graduates – questions such as what might happen next, how do I become successful, and the like.

While I claim to be no expert on such things – neither economics nor public finance have much to say on these topics – I will do my best to offer some insighs by sharing with you the story of how I started out after receiving my own undergraduate education. After all, I was once a college student ages ago.

When I was about to enter college (around the 1960s), there was no Batangas State University. What we know now as Batangas State was called the Pablo Borbon Regional School of Arts and Sciences, which back then was primarily a trade school offering technical-vocational courses. It was only in 1965 that the Regional School would start to offer a Bachelor's degree, and, in 1968, that it would be converted into a state college.

Anyway, back then, I was fortunate enough to be able to take up my Bachelor's degree at the University of the Philippines. I took up a baccalaureate degree, and, immediately after, a master's degree in public administration. This was because at a very young age, I knew that my calling in life was public service. At 21, I was already working with the Senate Technical Staff on Finance as a Subject Matter Specialist. I was on my way to becoming either an Expert in Public Finance or a politician. Lesson number one: at the soonest possible time, determine what is your goal in life, and work hard, purposely, to achieve your goal.

However, my young career in the Philippine Senate was disrupted when martial law was declared on September 21, 1972. As a consequence, Congress was closed down, and I found myself jobless. This brings me to lesson number two: be flexible; when your first goal is disrupted, learn to adjust.

I was disappointed but not devastated. At the time martial law was declared, I was taking my M.A. in Economics at the U.P. School of Economics. I had three options: first, a lucrative career in the private sector; second, an exhilarating career with the Board of Investments; and third, a budding academic career, with a promise to go abroad for my Ph.D. on Rockefeller Foundation fellowship.

I chose the third option, even though it was the lowest paying and the odds of getting the Rockefeller Foundation fellowship were low since it was internationally competitive. I took a big gamble – a pay cut and a strong probability of not getting a Ph.D. scholarship abroad. I eventually got a scholarship to go abroad for my Ph.D.

Third lesson: don't be afraid to fail. Take risks. As Robert Kennedy said: "Only those who dare to fail greatly can ever achieve greatly."

After I finished my Ph.D, I had the option to stay and take a chance in a far away land. I disliked greatly the political environment back home, which at that time was still under martial rule. I decided to seek the advice of my former thesis adviser at the U.P. School of Economics, who at that time was working in the World Bank. I asked him: "Should I go back home or should I stay?" He said: "If you stay in the U.S., you will be a small fish in a big pond; if you go back home, you will be a big fish in a small pond." I knew then that I would rather go home, face the music, and have a big contribution to my country.

That's one decision I never regretted. I spent many years of my life teaching Economics to the brightest minds in the country.

My first "big job" in government came after EDSA I. Then Budget Minister Alberto Romulo offered me a job as Assistant Minister of Budget.

Here's another practical insight: be opportunistic; when a good opportunity presents itself, grab it.

My job interview went like this: "Can you prepare a national budget?" What kind of question is that, you might ask. But first you have to understand the context of such a question. Since it was a revolutionary government, President Cory fired all the top budget people in the Marcos government. As a result, then

Budget Minister Bert Romulo was left with no one to prepare the national budget. Minister Romulo was a lawyer, and he was not a budget expert. All of his deputy ministers, except one, were politicians; the other one was more adept in management rather than budgeting. My reply to Minister Romulo was candid and straightforward. I said: "Bert, preparing a national budget is not taught in school – at least not in the University of the Philippines or Syracuse University – but I think I have enough training to prepare one." And I did. That budget, the 1987 budget, was the first and only budget that was approved without congressional concurrence. Why? Because there was no Congress at that time.

After a six-year stint with the Cory Administration, I returned to the UP School of Economics to resume my teaching job.

Let me repeat our lessons so far: work towards a certain goal, but be flexible, take risks, and be opportunistic when the opportunity presents itself.

A second opportunity to work in the national government presented itself when a friend asked if I would be willing to brief then Vice President Estrada on the state of the Philippine economy. I said, "Why not? I brief my students, international fund managers, and Filipino businessmen on the state of the Philippine economy, why not the Vice President? After all, as a U.P. Professor, I'm a public resource, and it is my duty to brief any public official who is willing to listen to my views." After the briefing, Mr.Estrada apparently liked what he heard and that started my role as his Economic Adviser during the 1998 presidential campaign.

President Estrada won the May 1998 presidential elections effortlessly. Thereafter, he offered me to be his Secretary of Budget and Management. But it was not that easy; I was in a quandary. I was scheduled to leave for the University of Toronto that August and to be an ASEAN Visiting Professor. I had already signed up for my housing in Toronto and I was looking forward to a relatively relaxing life in Canada. Not known to many, I was also looking forward to watching in person Michael Jordan play in Toronto.

I decided to consult with the Canadian Ambassador, a pleasant and engaging person. I told him of my quandary. Should I go to the University of Toronto and honor my commitment, or stay and serve my country? His reply was quick and direct. He said: "In my country, if you're offered such a position in the President's Cabinet, it is your patriotic duty to accept." And that was it. I accepted the Cabinet position.

Finally, the offer by President Rodrigo Roa Duterte to me to serve as Budget and Management Secretary for the second time came as a surprise to me. But I accepted it with no hesitation. Again, it is my patriotic duty to serve as Secretary of Budget and Management.

So let me reveal to you my philosophy in public service. It's the Oath of the Athenian. I chanced upon it when I went to Syracuse University. It is a powerful oath of citizenship, engraved prominently in the lobby of

Maxwell Hall, the building that houses the Maxwell School Citizenship and Public Affairs of Syracuse University. It is said that in the olden age, young men and women (about your age) of Athens, Greece, had to take this Oath as their pledge of citizenship. It reads as follows:

“We will ever strive for the ideals and sacred things of the city, both alone and with many; we will unceasingly seek to quicken the sense of public duty; we will revere and obey the city’s laws; we will transmit this city not only not less, but greater, better and more beautiful than it was transmitted to us.”

This oath has been my guide in my public service career. It should guide all of us, no matter what our calling in life. It should guide our President, the legislators, the local chief executives, the industrialists, the educators, the ordinary workers, the gardeners, and so on. I hope it guides you. This oath reminds us of our joint responsibility, as citizens, to transmit our country, the Philippines, “not only not less, but greater, better and more beautiful than it was transmitted to us.”

That has been the ultimate challenge for me, as I hope it would be for you.

Again, congratulations to you my fellow Batangueños, and enjoy the rest of the day.

Keynote Address
on behalf of President Rodrigo Roa Duterte
3rd National Convention
Fraternal Order of Utopia
June 17, 2017
Davao City

Speaker Pantaleon “Bebot” Alvarez, Attorney Tony Bernardo, the gentlemen of the
Fraternal Order of Utopia, ladies and guests, good evening.

President Duterte would have personally honored the invitation to speak before you tonight. But for reasons which are now the daily subject of newspaper headlines and the eagle-eyed scrutiny of lawyers like you, he has opted to skip this event and instead focus his undivided attention to the daunting tasks ahead, and, take on the full-time demands of being Commander-in-Chief in this part of the country placed under martial rule.

I am sure that like a certified fratman, President Duterte would have wanted to share with you his insights and personal experiences with his own fraternity and dish out commentaries on the travails of his presidency with his usual colorful language.

As you all know, the President is a proud member of Lex Talionis, which, together with the Fraternal Order of Utopia, has equally apportioned between them juicy positions in branches of government. I was told that at last count, you have at present 5 Court of Appeals Justices, including presiding Justice Andy Reyes; 4 Sandiganbayan Justices; 1 Court of Tax Appeals Justice; 16 Regional Trial Court Judges; and 2 Undersecretaries; not to mention 5 congressmen, including the Speaker, and an equal number of mayors.

Over the span of 53 years, you have produced at least 40 bar topnotchers, 4 Supreme Court Justices (soon to be 5, right, Justice Andy?), and 10 law school deans. Indeed, your fraternity is a power to contend with.

Allow me therefore to congratulate all of you. First, for the 53 years that you have produced and nurtured outstanding lawyers, competent law professors and deans, judges and justices, local executives and congressmen who have unselfishly contributed to the growth of the legal profession, the crafting of laws and progressive jurisprudence.

Second, for your 3rd national convention.

And finally, for your resolve to hold it here in Davao – amidst or despite martial law. I am aware that military rule is anathema to the practice of your profession. I take my hats off to you for coming to Mindanao to celebrate your successes on many fronts and discuss advocacies and programs on how your fraternity can help in nation-building and community development, anchored on your ideals of “Service, Sacrifice, and Excellence.”

To Speaker Bebot Alvarez, congratulations on your elevation to the Fraternal Order of Utopia’s Hall of Fame. You are now in the illustrious company of our “People Power” hero Evelio Javier. A true son of Mindanao, Speaker Alvarez brings to the Halls of Congress the kind of firm leadership that we need in this time and age of uncertainties brought about by the growing threat of violence and terror in this part of the country.

Mindanao has been known by many tags: from the proverbial land of promise, to the country’s backdoor for fugitives from justice, to the terror stronghold of Abu Sayyaf and ISIS. But upon the assumption to their respective offices of the triumvirate of President Duterte of Davao City, Senate President Koko Pimentel of Cagayan de Oro City, and Speaker Bebot Alvarez of Tagum City, all these descriptions have changed.

Mindanao is no longer just a land of promise. It has now become the new seat of power and rightly so.

Your presence here, mighty and proud at what you have achieved individually, now makes a room full of dynamites.

With the permission of the Speaker, allow me to disclose major programs that this government will carry out.

Under the guidance of the Speaker whose vision for a progressive Philippines is unpretentious in its grandeur, the Duterte Administration will embark on the most ambitious infrastructure program in recent Philippine history. Dubbed “Build Build Build” this will usher in the Golden Age of Infrastructure in the Philippines.

For Mindanao alone, the Duterte Administration will undertake a major rail system alignment that will link together Davao City and Digos in the south, and Kabacan and Cotabato City in the west with Iligan City, Laguindingan and Cagayan de Oro in the north, and Butuan and Tagum in the east, in a continuous chain of rail tracks totaling a distance of 830 kilometers. Aside from this, spur lines will link the northeastern part of Mindanao from Surigao to the main tracks of Butuan and the southern part from Gen San to the main tracks of Kabacan, the northwest from Dipolog to the spur lines of southwest, from Zamboanga City to the main tracks of Iligan City, with a total distance of 1,532 kilometers. From Tagum to Digos, which is a distance of 115 kilometers, the usual 3.5 hour-commute will be reduced by 2.2 hours. Target completion is 2021.

The present poor state of public infrastructure has hampered the competitiveness of the Philippine economy. According to the World Economic Forum Competitiveness Rankings, the Philippines has the worst overall infrastructure among the ASEAN-5 countries since 2010.

The Duterte Administration will see to it that, during his term, adequate infrastructure will be in place to support strong economic activity. Infrastructure encourages mobility among people and promotes freer interaction among sectors and regions. Good infrastructure is a necessary condition in sustaining economic growth.

For Luzon, the Duterte Administration will develop a much better PNR rail system through a major rehabilitation program that will see faster and modern trains running from Tutuban to Malolos, Bulacan and then to Clark, and from Tutuban to Los Baños then to Matnog, Sorsogon.

These are just a fraction of the many things the triumvirate of Duterte, Pimentel, and Alvarez have up in their sleeves. There will be more well-paved and wider roads; adequate, reliable, light rail systems, Bus Rapid Transit (BRT) system, and bridges that will link Luzon to the Visayas and to Mindanao. Commuters will soon see the day when they will no longer hop from tricycles to jeepneys and buses to slow moving worn out sea vessels to travel from any point in Luzon to the Visayas and Mindanao and back.

I am proud to say that the Department of Budget and Management will play a major part in all these infrastructure programs, not only in terms of providing the funds to carry them out, but in the equally important aspect of procurement.

Our Procurement Service (PS-DBM) has been tapped as the procuring entity by the Department of Transportation to handle the bidding of DOTr aviation, rails, maritime, and road system programs worth more than P300 billion. For this purpose, we have created additional 10 Bids and Awards Committees. Your own brod, USec. Ted, will oversee and supervise the BACs and make sure that they will dispense with their duties and responsibilities the way they should – expeditiously and honestly.

It was Speaker Alvarez's bright idea to transfer to PS-DBM the Procurement Activities of major departments so that the latter can put more attention to their real work which, in the case of DOTr, on resolving the seemingly unending traffic mess and other transport woes. We thank Speaker Alvarez for the trust and confidence reposed on PS-DBM to handle the procurement of these major projects expeditiously and honestly. We have begun the procurement process.

Recent events, however, have cast a shadow of uncertainty on the development plans for Mindanao. The home-grown Maute terror group, obviously gaining financial support from like-minded violent groups overseas, and although almost subdued to the ground by a resolute political decision and prompt military action, continues to parlay a final death blow. We hope and pray that the Marawi crisis will be over soon. But let me assure you that it will not slow down a bit our Build, Build, Build program.

For the last two days, you have been here in the so-called seat of power because you all desire to help in nation-building and community development. Amidst the exchange of firepower still happening in Marawi, you have chosen Mindanao as your place of convergence. That, perhaps, is providential. But I leave that to your insightful analysis.

As excellent lawyers that you all are, I can imagine the depth and breadth of discussion that you have undertaken yesterday and this morning on how best you can realize all your plans and programs for your poor brothers and fellowmen. I am sure, you will succeed in all of them as a group as you have all been individually. Indeed, service, sacrifice, and excellence are the hallmarks of a Utopian.

Finally, let me say this with all sincerity: the 'barbarians' – you know who they are — may be puzzled at how a bunch of grown ups, mostly successful in your own right, can behave like 'true' brothers many years after they have graduated. What binds you together? In my case, I'm not amazed. Let me tell you why. I'm a frat man myself: I belong to the U.P. Alpha Phi Beta

Fraternity and at one time, I was the Lord Chancellor of the Frat's Alumni Association.

In closing, as President Duterte's messenger tonight, I am honoured to relay his sincerest congratulations to all of you.

Thank you for having me and good night.

Keynote Address
on behalf of President Rodrigo Roa Duterte
PhilamLife's 70th Anniversary Celebration
June 20, 2017
Forbes Ballroom, Conrad Manila Hotel
Pasay City

Mr. Mark Tucker, AIA Group Chief Executive Officer, Mr. Keng Hooi, AIA Group CEO Designate, Mr. Jacky Chan, Incoming AIA Regional CEO, Mr. Aibee Cantos, Philam Life President and Chief Executive Officer, Officials and employees of AIA group and Philam Life, industry leaders in business and finance, colleagues in government, ladies and gentlemen: good evening.

First, let me congratulate you on your 70th Anniversary Celebration. President Rodrigo Roa Duterte sends his warmest greetings and appreciation to the PhilamLife family for being a strong and sincere partner of the government in helping our fellow "Filipinos live longer, healthier, and better lives."

Today, you celebrate a great achievement: 70 years in the industry, 70 years of sustained ambition and dedication to serving the Filipino people, helping them reach their dreams and overcome challenges, giving them peace of mind. PhilamLife has come a long way since its establishment in 1947 where you helped rebuild the post-war Philippine economy by creating a "house of savings". This proves that PhilamLife stands among the best and most trusted companies in our country.

Financial literacy and security are lofty goals that you champion through the many services you offer our fellow Filipinos. These are also at the core of our government's 0+10 Point Socioeconomic Agenda.

The government and companies like yours – the AIA Group and PhilamLife, must continue to work hand-in-hand to improve the financial literacy and security of the ordinary Filipino. This, along with our other efforts, will help steer our country towards greater financial stability. This much, President Duterte has detailed in his October 2016 meeting with PhilamLife and AIA executives.

That our economy stands to gain from this is intuitive – using the 50.8 percent gross savings-to-GDP average of the Philippines from 2005 to 2015, a 10% improvement in efficiency in financial management could boost our GDP up by at least 5 percent [1]. More so, it improves the quality of economic growth and expands the long-term potential of the economy with its emphasis on investments rather than consumption.

Financial literacy leads to financial security. For instance, it protects Filipinos from scams and swindlers. It also encourages families to be more prudent by saving up for the "rainy days". In general, financial literacy allows our citizens to make wiser decisions regarding their finances.

But while 86% of Filipinos believe that access to financial products and services is important, only 31.3% have accounts in formal financial institutions according to data from the BSP[2]. In fact, a 2015 survey by Standard and Poor estimates that only a measly 25% of Filipinos are financially literate.

This is why we, in the government, are undertaking measures towards improving access to financial products and services for every Filipino.

Through various instrumentalities such as the BSP, DTI, DOF, and other agencies, the government is ramping up its efforts to provide financial education to all Filipinos.

The Bangko Sentral, for instance, conducts information campaigns and financial learning expo's for a variety of audiences like Overseas Filipino Workers and their beneficiaries; teachers, students, and other members of the education sector; and employees and professionals from both the public and the private sector. We are also hopeful for the incorporation of financial literacy in the basic education curriculum that will benefit generations to come.

Our economic goals are ambitious: 6.5 to 7.5 percent GDP growth this year and 7.0 to 8.0 percent GDP growth for the rest of President Duterte's term. And because we want growth to be inclusive, it is our goal to reduce poverty incidence by 1.25 to 1.5 percentage points annually during that period. No administration has done this before.

We have our work cut out for us, but with the support of the private sector, we believe that we are on our way towards achieving significant improvements in financial literacy and inclusion in the country.

This is why we appreciate highly PhilamLife, as you continue to provide Filipinos with greater access to services that will strengthen their financial well-being. Whether it's providing insurance or livelihood loans to one-tenth of our public school teachers, financing the construction of 121 classrooms to date, or securing the educational benefits of thousands of young Filipinos, Philam Life has always delivered. Your contributions are invaluable in keeping with the vision President Duterte has set out for us – to translate the gains of our globally competitive economy to a financial system that delivers for every Filipino.

[1] Presentation of DOF Undersecretary Gil Beltran at the 10th Financial Literacy Summit. 20 April 2016. http://www.dof.gov.ph/index.php/the philippines-financial- literacy-program/
[2] Financial Inclusion Initiatives 2015. Bangko Sentral ng Pilipinas. http://www.bsp.gov.ph/downloads/Publications/20 15/microfinance_2015.pdf

This vision is enshrined as well in Ambisyon Natin 2040, which represents the collective hopes and dreams of Filipinos: that every citizen ought to have a fair chance at life; that all families would lead healthy and comfortable lives; that no one is poor.

In measurable terms, the vision is to push the Philippine economy into high-income status by 2040 while keeping poverty to a minimum. As your stewards in government for the next six years, the Duterte Administration will aim to bring the Philippines to high-middle income status by 2022. This explains our heavy investments in public infrastructure and human capital development, our efforts to reform the outdated tax system, our emphasis on peace and order, among other government initiatives.

But of course, the welfare of the economy does not solely lie in the hands of people in the government. All these ambitious economic efforts would not be possible without the participation and support from the private sector and from insurance firms like Philam Life. We need allies outside of the government. Thus, we, in the government, look forward to a continued partnership with you.

Again, congratulations and thank you. Enjoy the rest of the evening.

Keynote Address
at the Tribute to Outstanding, Admirable, and Stellar Taxpayers
TOAST 2017
The Top Taxpayers Award, City of Bacoor
June 21, 2017
Bacoor, Cavite

Mayor Lani Mercado Revilla and LGU officials of Bacoor City;

The top taxpayers of Bacoor City;

Co-workers in the government;

Ladies and gentlemen, good evening to all of you, and

thank you for having me.

Tonight we honor the good taxpayers of Bacoor City for their role in boosting the development of Bacoor and the nation as a whole.

Through this gathering, we also want to encourage the taxpayers to continue trusting that the government will spend people's taxes on nation-building, and help in creating a bright future for our children, and our children's children.
Many Filipinos actually do not fully understand what taxes are for and where they go. It is a sad reality that taxation as a civic duty and its critical role in running the nation is not taught in schools, and this contributes to the lack of understanding of how the government works

At its most basic, it is taxes that pay for the construction and maintenance of bridges, airports and seaports, ensuring that we travel safely, comfortably, and speedily. Taxes pay for the construction of hospitals and schools, for the purchase of learning materials, for the running of social programs that benefit not only the poor but every citizen, directly or indirectly. Taxes also enable the citizenry to enjoy the benefits of a secure and safe environment as it pays for the salaries of the police, firefighters, and soldiers, for the upkeep and maintenance of public places, and for disaster preparation and emergency expenses during times of calamities. As the popular legal principle goes, taxes are the lifeblood of the government.

The lack of understanding on the significance of taxes of many citizens, the cumbersome process of paying personal income taxes for many professionals, and the feeling that we don't get value for the amounts we pay are some of the factors that contribute to our country's serious and rampant problem of tax evasion.

In fact, a few years ago, it was reported by the BIR that there's a "90 percent tax evasion rate" among many professionals in our country."

According to BIR's data, the government collected around P9.8 billion in taxes from the 1.7 million professionals in 2010, when, based on their income levels, the government should be collecting more or less P100 billion.

The same is true for many business owners and their corporate taxes. Early this month, the BIR filed with the Department of Justice P205-million tax evasion complaints against three Metro Manila-based companies.

So imagine the many national programs that could have been funded and implemented had we been able to collect the taxes due from all professionals and corporations.

But enough about those problems. I want to seize the opportunity and talk about some of the government's projects, especially the current and the upcoming ones, in order to give a clearer picture of where the taxpayers' money will go. Our hope is that the programs and projects which the Duterte Administration proposes will

encourage everyone to become honest and diligent taxpayers and support the government's initiatives

I. Freedom of Information

One of our goals is to make the government transparent and accountable to its citizens. Thus we are strongly pushing for the passage of the Freedom of Information (FOI) law.

The Presidential Communications Operations Office (PCOO), in collaboration with the Department of Information and Communications Technology (DICT), is heading this and has recently conducted the conference #FOIKnowMore. The conference aims to "deepen the engagement between the government and reform partners on program emphasizing transparency, accountability, and citizen participation."

How will the Freedom of Information law help citizens and improve government service?

At present we have Executive Order No. 2, the Freedom of Information Act, signed by President Duterte in July last year. This "implements a policy of full public disclosure of all [government] transactions involving public interest," and operationalizes in the executive branch of the government.

If there is something you want to ask your government, you can simply go to the official website of eFOI at foi.gov.ph and request for information from the 108 government agencies enrolled in the system, including the Department of Budget and Management.

Passing into law the Freedom of Information bill will empower citizens. It will give citizens access to information; it will compel the entire bureaucracy to be open and accountable to its citizens.

II. Philippine Open Government Partnership – National Action Plan

This leads us to another of our current projects which is the Philippine Open Government Partnership (PH-OGP) National Action Plan for 2017 to 2019.

We have posted online for public viewing and examination the National Action Plan. This contains the government's commitments towards transparency, giving voice to citizens, battling corruption, and utilizing modern technology for improved governance.

I am inviting you to view and scrutinize the National Action Plan. If there is anything you think needs to be added into the commitments, please communicate this with our Philippine Open Government Partnership Secretariat.

Some of our commitments for 2017 to 2019 are the strengthening of civic participation in local planning and delivery of basic needs and services to our citizens. This is through the program Assistance to Disadvantaged Municipalities led by the Department of Interior and Local Government or DILG.

We also have a program, the Game Plan on Competitiveness: Ease of Doing Business, headed by the National Competitiveness Council (NCC), which aims to simplify and speed up doing business here in our country.

To improve our government's capacity to respond to the needs of our people, we have the 8888 Citizen's Complaint Center, led by the Office of the Cabinet Secretary.

Those are just few of our commitments in the 2017-2019 National Action Plan, and your taxes go to these programs and initiatives of the government. Again, I am inviting you to view and examine our Action Plan. It will be accessible online until June 29. Afterwards, we will submit it to the International Open Government Partnership.

Comprehensive Tax Reform Program

I said earlier that Filipinos are encumbered by the tedious process of filing taxes, and not just taxes, but many other administrative processes like obtaining business permits. I also said that Filipinos complain that they don't get the value for their money, besides feeling like they are left with nothing after paying high taxes.

The Duterte Administration understands how these problems hamper our development and prevent Filipinos from living a comfortable and financially secure life, thus we are working hard to solve them and make things simple and fair in our country.

On May 3, the House of Representatives passed the first tax reform package. The swift passage of the Comprehensive Tax Reform shows that this is a priority of the government.

We have been enduring an outdated and inefficient tax system. In fact, our 19-year-old tax system has the second-highest income tax rate and the highest corporate tax among our ASEAN-6 peers.

Through the Comprehensive Tax Reform Program (CTRP), the government aims to increase the take home pay of Filipinos.

Furthermore, the tax system will be simplified. Income tax rates will be cut for most of us while the income tax rates for the richest 1% of society will be revised so that those who are able to pay more will carry the burden of taxation.

Build, Build, Build

One of the lofty goals of the Duterte Administration is to reduce poverty from 21.6% in 2015 to 13%-15% by 2022. And one of the reforms that will move us closer to this goal is the "Build Build Build" program, the ambitious infrastructure program for the Philippines.

The 2017 budget for national infrastructure is P847.2 billion and we plan to increase this budget yearly. In fact, we plan to spend around P8-9 trillion for public infrastructure from 2017 to 2022.

Let me give you a brief update on a few of the ongoing,

completed, and future projects of the Duterte administration.

On May 30, the government started the construction of two additional stations to LRT 2, or the LRT 2 East Extension Project.

We will extend the eastern end of LRT 2 towards Antipolo: we will add the Emerald Station, located in front of Robinsons Metro East and Sta. Lucia Mall in Cainta; and the Masinag Station, located near Masinag Junction in Antipolo.

Through these additional stations, the usual three-hour bus or jeepney ride from Recto to Masinag will be reduced to 40 minutes. This project will be completed on August next year.

We will also extend LRT 2 on the other end: Recto station will be linked to new stations going to Pier 4. The construction of Tutuban, Divisoria, and Pier 4 Stations will start before this year ends.

The NAIA Expressway is now open. This connects NAIA Terminals 1, 2, and 3, Cavitex, Skyway, and Entertainment City. The usual one hour travel from SLEX to NAIA is now reduced to 20 minutes.
DPWH has also recently completed the feasibility studies for the construction of Metro Cebu Expressway which costs P50 billion, thus the government can begin the right-of- way acquisition followed by the actual construction of Metro Cebu Expressway next year.

Through the Metro Cebu Expressway, the three-hour travel from Naga City going to Danao City is now just one hour and 25 minutes.

We recently approved three rail projects: the Tagum-Davao- Digos (TDD) segment of the Mindanao Railway Project; the North South Railway Projects (NSRP) South Line; and the Malolos-Clark Railway Project (MCRP).

The Tagum-Davao- Digos segment will run from Tagum City, Davao del Norte to Digos City, Davao del Sur. This will form the first phase of the proposed 830 km Mindanao loop. Once confirmed by the NEDA Board, construction will start in the first quarter of 2018 and is expected to be completed by third quarter of 2022.

Next is the NSRP-South Line which will connect Tutuban to Los Banos, Laguna, and from Los Banos to the Sorsogon in the Bicol region. A third track will connect the Port of Manila to FTI in Taguig.

Just this Monday, June 19, the DOTr started the PUV Modernization Program. From the outdated and unsafe condition of our public utility vehicles, we want to improve them to make travelling secure, comfortable, and fast for our citizens. Some of the DOTr's proposals are to use cleaner engines and to place safety and security features in the new PUVs, such as a curbside entry for safe and easy entry and exit, anti-lock brakes, and a speed limiter. The DOTr is also pushing to have the modern PUVs fitted with automated fare collection system and CCTVs.

We are making progress in our ambitious plan of

building the first subway system in our country, the Metro Manila Subway.

The plan, which was prepared by the Japan International Cooperation Agency (JICA), is to have 13 stations starting from Mindanao Avenue up to FTI in Taguig, making it possible to travel from Quezon City to Taguig in just half an hour. DOTr is working to have the subway operational before the end of President Duterte's term in 2022. So in five years you can expect that we have this modern, world-class subway system serving millions of commuters every day, making travelling comfortable and fast.

The new Puerto Princesa Airport opened last month, on May 3, and is now ready to serve the thousands of local travelers and tourists wanting to explore Palawan. The airport, at 13,000 square meters, is almost six times bigger than the old one. It has a seating capacity of 15,000 and can accommodate two wide-bodied and four small aircrafts simultaneously.

On May 18, President Duterte himself led the inauguration of the 750-kilometer Governor Miranda Bridge II, connecting the Municipality of Carmen and the City of Tagum in Davao del Norte. This infrastructure is expected to significantly boost agricultural development in the region as it allows the passage of large cargo trucks containing harvest.

The DPWH is also working on the Capas-Botolan connector road in order to complete it by November this year. Now almost 70 percent done, the connector road will allow travelers to go from Tarlac to Zambales in only 1 hour and 20 minutes, cutting in half the usual 3-hour travel time.

I am especially glad to be reporting to you some government projects here in Cavite.

On April 21, the International Container Terminal Services, Inc. (ICTSI) in partnership with the DOTr started the construction of the Cavite Barge Gateway Terminal located in Tanza, Cavite, and the first container barge terminal in the Philippines. The terminal is part of a grand design to decongest Metro Manila's roads. It will result to 140,000 fewer truck trips annually. The terminal is expected to be operational on the first quarter of 2018.

Last Monday, June 19, DPWH held the groundbreaking ceremony for the Cavite-Laguna Expressway. The project aims to create a safer, faster, and more comfortable route between Bacoor and Kawit, Cavite and the Laguna and South Luzon Expressway (SLEX). The four-lane, 44.63 kilometer expressway will start from CAVITEX in Kawit and end at the SLEX- Mamplasan Interchange in Biñan. It will have interchanges in eight locations, namely: Kawit, Daang Hari, Governor's Drive, Aguinaldo Highway, Silang, Sta. Rosa-Tagaytay Road, Laguna Boulevard, and Technopark.

The project is seen to support and provide efficient transportation between Cavite and Laguna and reduce traffic congestion in Governor's Drive, Aguinaldo Highway, and Sta. Rosa – Tagaytay Road.

To the top taxpayers of Bacoor, and all citizens of your good city, keep on paying your taxes, honestly and diligently. Keep on trusting that your government is spending your taxes on the right programs and projects. Don't mind all the political noise. Instead, let's work as one and focus on having a better, safer, fairer, wealthier, and more beautiful Philippines.

Maraming salamat at mabuhay kayong lahat!

Commencement Address on the 106th General Commencement Exercises of the University of the Philippines - Diliman

June 25, 2017
UP Diliman, Quezon City

To Atty. Danilo Concepcion, UP President;

Vice-Presidents and College Deans, Board of Regents, Faculty and Staff;

Students, and their proud parents and families,

Good morning.

I'm sure you're all excited: finally, you're getting a degree from the best University in the country. Some of you probably didn't get to sleep last night. And as you receive your degree today, I'm sure you look into your future with great anxiety and anticipation. That's how I felt when I received my first, of three degrees, from the University of the Philippines.

For me, the U.P. is not an unfamiliar territory. I have spent many years in this University teaching economics. I still have an office at the School of Economics.

I have taught more students, at least cumulatively, than the students I face today, and yet this is the first time I have asked myself: what do these kids want to hear? When I teach Public Economics, I don't ask myself that question – students have to dutifully listen to what I have to say whether they want to or not.

I suppose what lends difficulty to this task is how much the times have changed since I was in your position, sitting on a chair, anxious to be called up on stage so I could get my own diploma.

You see, during the 60's the U.P. Campus was much different. U.P. then was an island into itself. That's why we call it the Diliman Republic. Once you arrive at the campus, usually by riding a bus, you are impervious to what's happening in the outside world, until you take the bus ride to wherever you came from.

Nowadays, you are constantly with your handheld phone. At the touch of the button, you are connected to your friends and family; you are connected to the rest of the world. Nowadays, you can watch an NBA game in real time. You now live in a much better world, not only in terms of technological innovation but also in terms of quality of life.

What I'm going to say may be controversial but I am truly convinced that we now live in a much better world. I graduated at a time when the Cold War was at its peak, Germany was divided, and the Vietnam War was raging.

Now there is only one dictatorial government in the world – North Korea. Despite their differences, China is talking to the U.S. and U.S. is talking to Russia.

What is clear is that you and I are almost two generations apart. That makes me old, very old. While I'm looking back at the half century of my adult life, the roads I have travelled, you are probably looking forward to your future.

Allow me to level with you and ask: where do you see yourself 25 years, from now? That's approximately one generation.[1] Think about this for a while.

I imagine, as UP students, most of you here aspire to succeed, to be leaders in your own field or industry. When I was your age, I also aspired to be a leader in my own right, and, even then, I was sure I would do this in and through the public service. That's why I took a course in Public Administration here in U.P. I had a baccalaureate degree and then took a masters in Public Ad almost immediately after. At 21, I was

already working with the Philippine Senate Technical Staff on Finance as a Subject Matter Specialist. I was on my way to becoming either an Expert in Public Finance or a politician.

If you have a clear career path in mind, then good. Work hard, purposely, for the career that you want.I had a clear career path. And I worked hard for it. But remember: life is not linear. When martial law was declared on September 21, 1972, my work in the Senate was disrupted. As a consequence, Congress was closed, and I found myself jobless.

To those of you who are like me when I was young — with a clear, straightforward career path in mind – anticipate that life will throw challenges at you that will put you off-course. My advice is this: Be flexible, roll with the punches, because life is not linear. Life has its ups and downs, its twists and turns.

Then again, some of you are still probably figuring out what you want to do with your life. That's perfectly alright. You, the young generation now, is often accused of being confused or lost. Many have labeled millennials "the lost generation."

You may have had a plan in mind a few years ago, which led you to taking your degree, but now maybe you feel like you have something else in mind. That's alright. You are entitled to change your mind. Don't feel bad for wanting to do something else other than what you studied for. Don't be afraid to try different things. What's 2-3 years of trying different jobs just to know what you really like?

Here's my take on changing careers: you are entitled to change your mind up to three times at most. Kapag lumagpas, baka di mo na talaga alam kung anong gusto mong gawin sa buhay mo.

So what did I do when I lost my job at the Senate? I had three options then: (1) a lucrative career in the private sector; (2) an exhilarating career with the Board of Investments; and (3) a budding academic career with a promise to go abroad for my Ph. D. on Rockefeller Foundation fellowship.

This leads us to my next advice to you: take risks. This sounds cliche, but this kind of attitude has opened so many great opportunities for me that I want you to have as well.

Among the three options I could take after losing my job at the Senate, I chose the third one – the one that could get me a Ph.D. on the Rockefeller Foundation fellowship. It meant a pay cut and, because I was competing with other students all over the world, the odds of getting the fellowship was low. But I took a risk, and to my surprise, it paid off. I got the fellowship and I was able to study abroad.

Let me stress here though that taking risks has to be complemented with working hard. That's really what will open up opportunities for you.

I am fortunate to be able to finish a master's and a Ph.D. in Economics, as well as master's degrees in public administration and political economy. And that's through the straightforward way of learning – the formal setup, a school.

The next piece of advice I can give you is this: the most important skill right now, given the fast-changing environment, is the ability to learn and unlearn.

Technology and innovation are developing at an exponential pace. And this will change not just lifestyles. This will change not just the way we communicate with our friends and family. This will change industries. This will change the job market. As such, the most important skill will be your ability to learn and unlearn so you can adapt to these changes.

Apart from the technical knowledge and skills you have acquired from your respective degrees, UP has taught you, not just what to think, but how to think. Some of the things you have learned here may someday be outdated or disproven. But with your ability to learn and continue learning, you can adapt and meet the challenges of the future.

When you try to look twenty-five years into the future, you might see yourself in a secure, high-paying job, with your own desk in your own office, or you might see yourself driving your own car on the way to work. For most Filipinos, the indicator for a comfortable life is if they own their own car. That's according to AmBisyonNatin 2040.

But when you look twenty-five years into the future, do you ask yourself questions like – *may traffic pa ba, mausok pa rin ba sa daan, may mganangongotong pa* *rin kaya?* You see, I think that's what we conveniently leave out when we fast forward to the part where we do well for ourselves. In twenty-five years, regardless of your personal accomplishments, you are going to face the same problems as everyone. You will not be spared from traffic, pollution, corruption or red tape, if we do not do anything about them now.

Of course, you might not think this is your responsibility; you might argue that it's the government's responsibility. And for your information, the government is tackling these problems now. Hopefully, our large investments in infrastructure will pay off soon, since it will not only fix our traffic mess, but it will also energize the economy. We're trying our best in proposing and implementing transparency and accountability measures for all of government through the Freedom of Information (FOI) and the Open Government National Action Plan.

But here's the thing – addressing social problems is always a team effort, a partnership between government and the private sector, and it requires us to confront problems using approaches across various disciplines. We often complain about how the government is slow and incompetent without thinking about our own involvement in the perpetuation of problems we experience as a nation.

So my final advice to you is to get involved. And there are two ways of doing this: (1) Use what you learned in the University to propose innovative solutions and give constructive criticism, or, (2) you can join the government.

[1] 25 years for females; 30+ years for males. http://www.ancestry.com.au/learn/learningcenters/ default.aspx?section=lib_Generation

Now, government may not offer you the highest pay or the most comfortable working environment, but it can offer you the chance to create impact at such a large scale. In twenty-five years, your choice to be involved will matter. It marks the difference not just between whether or not you experience traffic, but whether or not we change the lives of the majority of Filipinos for the better.

Every year, men and women aspiring to become soldiers line up to take the entrance exam for the Philippine Military Academy. These talented individuals get trained, and the best ones are sent abroad, to West Point, Annapolis, or Coast Guard. This system is being sustained by the military, guaranteeing that every year, a new batch of students will come in, keeping every post filled. This is one thing we don't have in the bureaucracy. Right now we don't have enough people manning government posts, especially the technical positions. And this is a problem that must be addressed immediately.

Back in the mid- to late 1970s, the government would send out scholars abroad who would come back and work for the government, applying their advanced knowledge and expertise. But this was not sustained. The highly trained people working in the government now are getting fewer and fewer each year, some of them retiring, the others leaving for greener pastures. The harsh reality is that there is no replacement of technical talent, and that makes the government weak and vulnerable.

How important are the technical people in the government? They are essentially the backbone of the entire system. The technical people draft the reports, they manage complicated processes, handle inter-agency transactions, and so on.

What is the ultimate consequence of this problem? Well, for us, in the Department of Budget and Management, this would mean poor budget utilization, and, for the entire bureaucracy, the under-provision of public goods and services.

The simple fact that some college deans and professors are being drafted as heads of government agencies is a symptom that we don't have enough qualified people in government. Taking from the academe should only be a temporary solution. Because when these deans and professors are pulled out of schools, who will teach the next crop of students?

Let me highlight something here, too: The presence of a strong and competent technical staff in the government is a strong buffer against corruption, inefficiency, and ineffectiveness in the government. How so? When you have enough people in the government who are competent and confident in their skills and knowledge, it's much more difficult for illegal and unethical transactions to pass through.

With more knowledgeable workers of government, the delivery of public goods and services will be more efficient and effective.

This is where you graduates come in. With your level of education, your talent and determination, there is so much you can do.

The University of the Philippines has a great history of producing graduates that eventually occupy top positions in government. These U.P. graduates set the direction for our country's economic, social, and cultural development in monumental ways.

But for our political and economic institutions to mature, they need more than visionaries. They need frontliners, support staff and mid-level managers to streamline processes and establish practices so government performs well at all levels.

From the moment you will be asked to flip your sablay from your right shoulder to the other side, you would officially be a UP graduate. But there's more to being a UP graduate than having a nice framed picture with your maroon and green sash. Being a U.P. graduate means living a life of honor and excellence.

These ideals I find are well encapsulated in the Oath of Athenian, a powerful oath of citizenship, engraved prominently in the lobby of Maxwell Hall, the building that houses the Maxwell School Citizenship and Public Affairs of Syracuse University where I went for my Ph.D. It encapsulates my own attitude when it comes to the work that I do; it goes:

"We will ever strive for the ideals and sacred things of the city, both alone and with many; we will unceasingly seek to quicken the sense of public duty; we will revere and obey the city's laws; we will transmit this city not only not less, but greater, better and more beautiful than it was transmitted to us."

I have spent about forty years in government and this oath has been my guide all along. Whether you follow the same path or not, I believe it can guide you as well. It should guide our leaders, the legislators, the local chief executives, the industrialists, the educators, the ordinary workers, the gardeners, and so on. This oath reminds us of our joint responsibility, as citizens, to transmit our country, the Philippines, "not only not less, but greater, better and more beautiful than it was transmitted to us." That is honor, and that is excellence.

Again, thank you and Congratulations UP Class of 2017!

Message of Support during the PNR North Station Marking
June 26, 2017
City of Valenzuela

To my colleagues in the Cabinet, fellow workers in government, members of the media, the people of Valenzuela: good morning.

It is no secret that the Duterte Administration has set forth an ambitious infrastructure development program. This will modernize our public works, provide an efficient and comfortable transport system while creating numerous economic opportunities that will benefit many Filipinos in the years to come.

The fact that we will spend P8 to P9 trillion for public infrastructure in the next six years speaks volumes about our seriousness in improving the state of infrastructure in the Philippines.

But more than drawing up lofty plans and seeking funding for our big-ticket infrastructure projects, our event today is a testament to the Duterte Administration's political will and implementation efficiency. We will "Build, Build, Build" and not only "talk, talk, talk". We promise to translate our vast resources into concrete output – roads, bridges, railways, airports, seaports, and everything in between.

We will do this not only in Metro Manila, but in all parts of the Philippines – Luzon, Visayas, and Mindanao. We will link lagging regions to the leading regions to generate economic activity. We will alleviate the traffic situation that robs us with precious time, and the economy of precious productivity amounting to P2.4 billion daily.

For the next six years, we will witness the Golden Age of Infrastructure in the Philippines. But at the core of our push for new and modern infrastructure facilities is the hope that we can give the Filipino people a higher quality of life. We want to encourage economic activity outside of Metro Manila so Filipinos do not have to look far for job and livelihood opportunities. We want safer roads and vehicles to give Filipinos peace of mind even when their loved ones are away.

We want to improve our traffic situation so Filipinos can spend less time on the commute more time with their families.

I hope we can expect your continued support and engagement as we move forward with these goals in mind.

Thank you very much.

Message of the Guest of Honor on the 15th Philippine-Spanish Friendship Day
June 30, 2017
Baler, Aurora

To His Excellency Luis Antonio Calvo, Spanish Ambassador to the Philippines; Her Excellency Kok Li Peng Ambassador of Singapore; Her Excellency Tuot Panha Ambassador of Cambodia; Her Excellency Khin Moe Htoo; His Excellency Carlos Salinas, former Ambassador of the Philippines to Spain; Dr. Rene Escalante, Chairperson of the National Historical Commission;Executive Director Ludovico Badoy of the National Historical Commission; Vice Governor Rommel Angara, Mayor Nelianto Bihasa;

Fellow workers in the government, and friends in the

private sector;

Good morning.

Today marks the 15th year of the Philippine-Spanish Friendship Day since it was first celebrated back in 2003, only a few months after Republic Act No. 9187 authored by former Senator Edgardo Angara, declaring June 30 as Philippine Spanish Friendship Day, was enacted into law.

We celebrate the holiday every year in Baler because, as you know, this is where the Royal Spanish Army held their last stand.Of course, our ties with Spain did not end there. To hark back to those 333 years of colonial rule to explain the Philippines' relationship with Spain is a limited, if not archaic view.

But the way the Spanish regime found its conclusion here in this seaside province does seem to foreshadow the future of Spain and its former colony, the Philippines – a future characterized by mutual respect and cooperation.

The Spanish government continues to fund several development projects in the Philippines through the Agencia Española de Cooperacion Internacional para el Desarollo (AECID). The Philippines is the only priority country in Asia for Official Development Assistance from Spain, having received up to 278 million euros in the last 15 years.

Significant activities have been carried out by AECID with Philippine government institutions on areas such as governance, support to the peace process, education, health, and disaster risk reduction. AECID also has projects on cultural development, and scientific and academic cooperation, making Spanish Aid one of the most comprehensive in terms of aid modalities and financing instruments.

Apart from AECID, the main actor of Spanish bilateral aid,we have NGOs that carry out important tasks in field cooperation. There are currently 15 Spanish NGOs working in the Philippines in close partnership with Philippine Civil Society Organizations, 11 of which have permanent representation in the country.

Until now, we find not just Spanish influence but a thriving Spanish community in the Philippines.

More than a hundred thousand Filipinos have dual citizenships, and there are about four thousand Spanish citizens in the country. If we speak of ancestry, I'm sure there are more unaccounted for.

Spain also has a growing Filipino community, which, as of 2013, is 42, 804 strong, 32,226 being permanent residents.[1]

The economic contributions of Filipino-Spanish businessmen also cannot be understated. The government hopes for a stronger partnership not only with the government of Spain, but the Filipino-Spanish community here in the Philippines as well.

How fortuitous that the Spanish regime should culminate here in this beautiful municipality. Now we can partake in its colorful history, breathe in the fresh sea breeze, and maybe, do a little surfing. There is so much to look forward to when people come together.

The people of Baler do much to contribute to our country's economy by keeping this municipality the surfing paradise that is now known for. And so, I would like to share with you, as well, some of the government's investments in the area.

To attract more tourists in the area and drive the local economy further, we will improve Baler airport through construction of a runway extension and a Passenger Terminal Board. P320 million has already been allocated for these improvements under the 2017 General Appropriations. We're just awaiting the signing of the Memorandum of Agreement with the LGU so we can acquire the site and start construction.

We have also allocated P9 million for the Baler Airport Access Road and P49.4 million for the Dinagyawan-Casiguran section of the Baler-Casiguran road.

Again, there is much to look forward to. Our land continues to be a land of promise. To our partners in the Spanish government, and my fellow Filipinos, I hope we can all agree that it is not just the two countries' histories that are intertwined but our futures.

Thank you very much and enjoy the rest of the day.

[1] 2013 Stock Estimates. Commission on Filipinos Overseas. http://www.cfo.gov.ph/downloads/statistics/stock- estimates.html