

Features on Priority Expenditures:

Funding the Agenda for Inclusive Development

In the last six years, the government under the outgoing administration aligned the annual Budget with the five key results areas of the Aquino Social Contract with the Filipino People. The priority programs and projects that have been funded through the years have been comprehensively discussed by DBM through its institutional publications, particularly the Technical Notes on the Proposed Budget and the citizen-friendly People's Budget (see *Fiscal Transparency*). The following are feature articles on a selection of programs that demonstrate the outgoing administration's efforts to build a foundation for inclusive development.



The Ultimate MITHI: Leveraging Technology to Improve Governance

Atty. Javier Flores used to temper his expectations of government transactions. When the lawyer asked his paralegal to secure a certificate of incorporation from the Securities and Exchange Commission (SEC) for the law firm he was setting up, he thought the paralegal had to come back before finally getting hold of the certificate.

But the paralegal managed to claim the certificate an hour after he submitted the requirements. “[My] paralegal was still [inside] the SEC when it was released,” said Flores (DOF, 2015).

A decade before, securing permits and certificates before the business day ends was unheard of. Now, the agencies have dramatically reduced waiting times through the use of technology. Applying for passports today may still take days to acquire, but the Department of Foreign Affairs has cut the waiting period to at least seven working days. In the past, without an online Passport Application System in place, Filipinos set to travel or work abroad needed to wait for 10 to 20 working days to get their passports.

These developments reflected the outgoing administration's commitment to introduce a new standard in service delivery, and in general, promote a more reliable and honest state of affairs. When frontline services, such as clearances and business permits, are delivered fast and with few requirements, people

get jobs and businesses set up shop faster. Sophisticated systems can also curb, if not eradicate, human discretion.

Guided by these principles, the government rolled out the Medium-term Information Technology Harmonization Initiative (MITHI) in 2012. By fostering collaboration and dialogue among the agencies with similar information and communications technology (ICT) needs, MITHI sought to end turfing and roll out ICT initiatives in a cohesive way.

MITHI supports the co-development or purchase of, among others:

1. Cloud-based applications, hardware, and facilities that the agencies can use to improve productivity, transparency, and accountability; and
2. Cross-cutting ICT projects that can help the government meet its development outcomes, such as improving education and the ease of doing business.

To tighten the link between ICT planning and budgeting, the government mandated that it would only bankroll proposals aligned with the Information Systems Strategic Plan (ISSP), a three-year roadmap of the government's ICT goals, and the Key Result Areas of the Aquino administration. Through this initiative, MITHI addressed overlaps in ICT programs, reduced

duplication in hardware and software requests, and gave every region a fair chance to benefit from cutting-edge technology. One project the public can look forward to in 2016 is the setup of wireless Internet access points in schools, government processing centers, and other public spaces in 1,435 towns and cities nationwide (Department of Science and Technology, 2015).

International benchmarks recognize the country's efforts to serve better through leveraging technology and streamlining transactions. For one, MITHI itself won the FutureGov Award

for "veering away from disparate and redundant systems" and hence, improving governance and service delivery (Department of Budget and Management, 2013). And just recently, the Philippines jumped six places in the Economic Freedom Index, improving significantly in the business freedom category for significantly easing the licensing requirements (GOVPH, 2016).

If MITHI and similar efforts continue, the government can encourage more people like Atty. Flores to do business and help in sustaining our economy's newfound gains. ■

The Making of Ilocos' Longest Bridge

Aluling Bridge spans only about 180 meters. But people in Cervantes town call it the longest bridge in the Ilocos region: not in terms of length, but because it took 36 years to be rehabilitated.

"The bridge was destroyed during World War II," Cervantes Mayor Benjamin Maggay said. The Marcos administration tried to reconstruct the bridge, which connects the lowland Cervantes to Tadian town and the rest of Mountain Province in 1977. "*Pero hindi natapos-tapos* (The reconstruction was never finished)."

The Abra River descends westward to Cervantes, separating the town from Tadian. Delays in the bridge's construction cost the two towns not only of opportunities, but also of lives. "*Kahit malakas ang agos ng tubig, nilalangoy namin. Dati, may nalunod nang dalawang teacher* (Even if the current was strong, we swam through the river. Two teachers had drowned in the past)," said retired teacher Salvacion Nacis (DBM, 2016).

While there had been countless pronouncements to restart the project, it was only this outgoing administration that walked the talk: Aluling Bridge was finally finished and reopened in 2013.

In his 2014 State of the Nation Address, President Aquino demonstrated his will to invest heavily on infrastructure: "[w]e are well aware that we need infrastructure in order to sustain the momentum of our economy and continue creating opportunities."

Besides inadequate funding, leakages in infrastructure projects dragged down the country's competitiveness. In 2009, the

country was under the global spotlight, albeit negatively, when the World Bank cancelled a \$33 million loan for a nationwide road project after uncovering a cartel (WB, 2009).

To make up for lost time, development organizations urged the Philippines to raise infrastructure spending to at least 5 percent of the GDP. The PDP had proposed that resources be poured in areas with limited and inequitable access to basic infrastructure, including roads that bridge farms to the nearest markets, and air and sea ports that make tourism destinations accessible.

DPWH ensured that its budget for roadworks and other projects is spent prudently and based on the most pressing needs. Its reforms manifested in three ways. First, it sought to stamp out corruption and improve service delivery by *doing the right projects, with the right cost and quality, implemented right on time and by the right people*. For instance, it curbed fund wastage by establishing cost estimation manuals and simplifying bidding processes. DPWH now requires bidders to submit only five documents from the usual twenty (DPWH, 2011). These changes in procurement attracted a greater number of able bidders and less of "mom and pop" contractors that conspired with others and turned in poorly constructed projects (Kim, 2015).

With such measures, projects, such as the Aluling Bridge, were finished on time and at less cost. DPWH completed the project for P66 million: P29 million less than the approved cost.

Second, to ensure the quality and cost-effectiveness of projects, it upgraded design standards on roads, bridges, classrooms, and

flood control structures. Roads, for instance, were made 280 millimeters thick under the revised standards, but for the same cost, hence reducing the frequency of repair and maintenance works and saving on money and manpower in the process.

Third, DPWH leveraged technology to effectively monitor projects from planning to roll out. Earlier, it created project management applications, such as the Highway Development and Management Tool (HDM-4) to facilitate impartial selection and prioritization of road projects, including Aluling Bridge (DPWH, 2011). With better planning and monitoring tools in place, DPWH managed to deliver sooner than expected. From completing 55 percent of projects on time in 2010, the agency completed 88 percent of its projects on or before the target date in 2014. Also, 93 percent of the national road network was paved in 2014, towards 97 percent in 2015 (DPWH, 2014).

As soon as Aluling Bridge was unveiled, trade between Mountain Province and Region I was invigorated. With reduced travel times between the two provinces, the coastal towns of Ilocos Sur gained better access to fresh produce from Mountain Province, while the latter's landlocked towns got the freshest catch from the former. Tourism in these areas is also anticipated to boom.

The bridge also gave students access to schools. “Yung dropout rate namin because of typhoons ay nawala na. Nakakatawid na ang mga estudyante para makapasok sa iskwela (We eradicated our typhoon-related dropouts. Students can now cross the bridge to go to school),” said Mayor Maagay (DBM, 2016).

This bodes well for the future. ■

Infrastructure Budget as Percent of the GDP



A lifeline for Janet

An itinerant mother, Janet used to get by with alms from passers-by. On cold nights, a beaten-up, collapsed cardboard box was the only thing that separated her and her children from the pavement. Janet and her family had been accustomed to the discomforts of vagrant life, but not the violent gust of wind and rains during typhoons. “*Takbo rito, takbo roon kami. Hindi namin alam kung saan kami sisilong* (We had to run all over the place, not knowing where to find shelter),” she said (DBM, 2016).

Every president had vowed to reduce or even end poverty. However, poor planning, program design, and beneficiary

targeting undermined previous efforts to take millions of Filipinos out of poverty. Mothers had risked their lives giving birth at home. Children had dropped out of school and worked to help put food on the table. People like Janet remained homeless, with nowhere to sleep at or run for cover when it rained.

The PDP painted a clear picture of the problem the government grappled with, as far as social protection initiatives were concerned. Under the previous administration, the Philippines had 65 social protection programs handled separately by 33 agencies: a situation which resulted in wasteful spending and inadequate results (NEDA, 2011).

In 2008, a conditional cash transfer (CCT) program was launched to bridge poor families from subsistence to self-sufficiency. Named the Pantawid Pamilya Pilipino Program (4Ps), the initiative was patterned after similar initiatives in South America and Africa. Its initial coverage, however, was limited; and it also did not help that the targeting of beneficiaries at the start was not thorough. An assessment done by the Philippine Institute for Development Studies (PIDS) on the initial design of the 4Ps said that the National Household Targeting System (NHTS), from which the 4Ps drew its list, overestimated the number of poor families by at least about 300,000 (Reyes and Tabuga, 2013).

Hence, apart from raising the budget for social services, the Aquino administration fine-tuned the existing social protection strategy. Through Zero-Based Budgeting, it removed duplicating programs and those that brought limited impact (see main chapter—Linking Planning and Budgeting) while improving the design of existing ones, such as the 4Ps.

Under the administration's agenda for poverty reduction and human development, the government consolidated its social protection programs by fostering collaboration. It aligned health and education programs to the 4Ps. To get their respective CCT grants, DSWD required children to attend school and mothers to get regular check-ups.

More importantly, DSWD refined its NHTS for a more precise targeting of the 4Ps beneficiaries. The latest NHTS update accomplished a challenging feat. It covered families belonging to geographically isolated and disadvantaged areas, as well as homeless and itinerant families, like Janet's, who were a challenge to track.

Janet recalled how help came their way: "*Noon pong bumabagyo,*" she said, "*may lumapit po sa aming mga taga-DSWD. Ang dami nila, kaya nagulat kami. Tatakbo sana kami. Pero sabi po nila, 'Huwag kayong tumakbo. Huwag kayong matakot* (Once there was a typhoon, DSWD workers approached us. They were so many, so we were terrified. As we were about to run away, they said 'don't run away, don't be afraid)."

Now, that she benefits from the 4Ps, Janet was able to send her children to school and find temporary employment through the Cash-for-Work Program, which prioritizes parent-beneficiaries of the 4Ps.

To pull even more families out of the fringes of subsistence, DSWD further expanded the 4Ps in at least three ways. First, following a PIDS assessment of the program, coverage of 4Ps extended to children up to age 18 or until they finish Senior High School (Reyes and Tabuga, 2013). This move ensures that student-beneficiaries will be able to graduate under K to 12, and also encourages students, especially those who need to support their families, to prioritize school over work.

Second, better targeting under the 4Ps also improved the outcomes of other existing social protection initiatives. The Sustainable Livelihood Program (SLP), for instance, an offshoot of an earlier initiative called Self Employment Assistance sa Kaunlaran or SEA-K, now serves as the graduation program of the 4Ps beneficiaries, in two tracks: micro-financing for small businesses and assistance to find jobs (DBM, 2016).

Third, the 4Ps was linked to a multi-agency effort that provides health and nutrition interventions for infants and their mothers. The initiative, called the First 1000 Days Program, is hinged on the 2014 Human Development Report, which stated, "[w]hen investments in life capabilities occur earlier, future prospects are better." The program will provide the 4Ps beneficiary-families immunization and nutritional supplementation for infants, as well as livelihood opportunities for mothers.

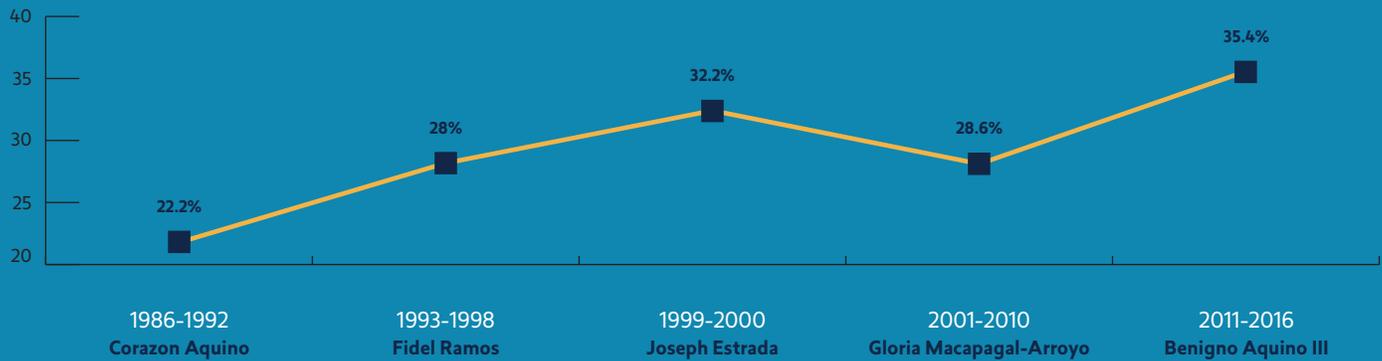
Eight years after its launch, the 4Ps is now at par with its international counterparts. But while it proved to be a successful initiative in linking together the government's basic education, poverty reduction, and universal healthcare programs, one challenge to sustaining the gains lies in the integration of other areas of social protection into a single, converging blueprint. Livelihood programs offered by other agencies, for instance, could be closely linked with DSWD's SLP, which relies on the NHTS for target beneficiaries, for better targeting and greater impact.

DBM Director Cristina Clasara pointed out that housing presents another opportunity for collaboration. To improve occupancy rates in housing communities and ensure access of these communities to health centers and classrooms as well as job opportunities, the Human Development Cluster is drafting a resolution mandating that no proposal for housing projects will be approved without the sign-off of the agencies, such as DepEd and DOH, and National Electrification Authority. "This strategy ensures we get to build complete communities," Dir. Clasara said.

The Millennium Development Goals ended last year with the Philippines still falling short of meeting some of its key benchmarks. As the world moves toward the attainment of the newly-crafted Sustainable Development Goals, the government

should sustain and improve the 4Ps as an anchor program to improve access of Filipinos to health, education, and other social services. ■

Average Percent Share of the Social Services Sector to the Total Budget per Administration



Source: Fiscal Statistics Handbook and Budget of Expenditures and Sources of Financing

Finding gold in green: How the widows of Liguasan started over

Conflict takes root from poverty. It thrives in places like the Liguasan Marsh.

Along the 288,000-hectare stretch of wetlands lives Sarika Pendatu, a widow. Driven by hunger and the community's collective desire for self-determination, her husband joined the Moro Islamic Liberation Front (MILF), and became a commander. Her husband did not die in combat, but her neighbors' husbands did, and were gone too soon (Calengo, 2014).

A known stronghold of MILF forces, Liguasan Marsh remained unutilized in spite of oil reserves said to be lying beneath it (Yacat, 2007). Due to the incessant strife in the area, people like Sarika grappled with the constant threat of displacement, hunger, and death. Scores of women have lost their husbands, who are usually the family breadwinners, due to infighting.

The 2012 Full Year Poverty Statistics supports the long-held view that poverty and conflict are interrelated (NSCB, 2013). Ten of the 16 provinces in the poorest cluster, including the provinces that straddle the Liguasan Marsh, are in Mindanao.

This is a case in contradiction, since the southern regions boast of stretches of fertile soil, mineral-rich mountains, and bountiful seas. But then again, generations of social unrest have prevented the people from making the most out of these resources.

Likewise, other provinces in the poorest cluster have been mired in decades of internal strife. The New People's Army (NPA) exists strongly in parts of Masbate, Northern and Eastern Samar, and Negros Oriental. The Cordillera people in Ifugao and Apayao have been embroiled in decades of struggle for their rights to ancestral domain and self-determination. As a result, development in these conflict areas have always fell by the wayside. People had to constantly flee. Roads, schools, and other public structures were at constant risk of ruin, if not already in shambles. Investors were wary of doing business.

The Aquino administration recognized that peace does not spring from taking up arms, but from putting food on the table, investing in education, and creating opportunities to earn a decent living. It invested heavily in pursuing anti-poverty measures as a complementary track to achieve peace. Two of

these initiatives are the *Payapa at Masaganang Pamayanan* (PAMANA) and the Sajahatra Bangsamoro programs.

The PAMANA has assisted communities within or near the bases of the NPA, the Revolutionary Proletariat Army, Cordillera People's Army, and the Moro National Liberation Front. In partnership with concerned agencies, the program has provided livelihood assistance, water systems, post-harvest facilities, roads and electrification, to convert guerilla zones into communities that stamp out poverty and attract investments. While the PAMANA is nationwide in scope, the Sajahatra Bangsamoro sought to "accelerate the transition of MILF communities steeped in armed conflict" to a citizenry that actively takes part in and benefits from the government's inclusive development agenda (Aquino, 2013a).

Through a livelihood grant from the PAMANA, Sarika and her fellow widows found gold in green.

Sarika was watching TV one day when she saw a feature on creating bags out of water hyacinths. It sparked an idea: why don't she and fellow widows turn these nuisance plants, which cause flooding during the rainy season, into useful crafts?

With a P500,000 capital, they purchased sewing machines, hyacinth flatteners, and sole cutters to make bags, and footwear. Their products gradually gained attention in trade fairs. "Through God's grace, we were able to sell all our products in fairs," she said (Calengo, 2014).

While the PAMANA and Sajahatra Bangsamoro programs were being implemented, social protection programs, such as 4Ps and PhilHealth insurance subsidies, were also provided in conflict-ridden areas where poverty also exists in a large scale.

The unimaginable happened to Myra Sanday Pendat. A tricycle driver's wife, Pendat delivered her first two children at home. Doing so in a hospital was a luxury. But she gave birth to her third child at a district hospital in Parang, Maguindanao. Her PhilHealth card spared her from out-of-pocket expenses (OPAPP, 2015).

So far, the government's alternative track to build peace and justice are yielding results. The PAMANA program was able to yield 15,230 ongoing and finished projects, transforming communities and the lives of people like Sarika and Myra. The PAMANA investments substantially rose to P12.8 billion in 2016 to continue the development interventions in conflict-ridden areas. The Sajahatra Bangsamoro served 9,311 PhilHealth beneficiaries, 639 students availed of college scholarships, and 5,654 and 557 internally displaced people and rebel returnees were identified for Cash for Work and technical-vocational training, respectively (WB, 2014).

At the same time, greater investments in Mindanao should help sustain peace and development efforts. In particular, infrastructure: DPWH set aside 31 percent (P101 billion) of its budget for Mindanao for 2016 from just about 14 billion in 2011 (OP, 2015). Likewise, the ARMM regional government's budget nearly tripled to P29 billion in 2016 from P10 billion in 2010. ■

Innovation to Save Lives from Disasters of Biblical Proportions

Biblical accounts say that Noah, as instructed by the Lord, constructed a giant wooden vessel that spared him, his family, and a remnant of all animals in the world from a deluge that turned the earth into one big swamp.

Centuries after, in the Philippines, a project aptly named NOAH saved an entire city from deaths and massive damage to property.

In 2012, Marikina City served as a pilot area of the Department of Science and Technology's Project NOAH or National Operational Assessment of Hazards. The city is a catch basin of rainwater from high-lying towns and cities of Quezon City,

Antipolo City, Rodriguez, and San Mateo. Whenever typhoons batter the city, Marikina River swells, affecting up to 10,000 residents of communities closest to the river and its channels.

In 2009, the city recorded 35 casualties from Typhoon Ondoy. With a real-time and interactive warning system in place through NOAH, the city was spared from any casualty when Habagat (torrential rains) struck Metro Manila in August 2012 (DOST, 2014).

Project NOAH makes use of cutting-edge technology to map out and monitor flood-prone areas, particularly those that lie

along the 18 major river basins across the country including Marikina, and make rainfall and flooding data available online for both emergency responders and the general public to aid in first response, road rerouting, and evacuation. In effect, NOAH transforms these data into actionable information.

NOAH was built in response to the administration's goal of effectively responding to the new normal in weather conditions, which has left millions dead or displaced, and has accounted for billions of pesos in economic damage.

As demonstrated by the case of communities devastated by Super typhoon Yolanda in November 2012, the degrading state of the environment is felt mostly by the poor, especially communities that live along bodies of water and those others that largely depend on coastal and other natural resources for a living.

Starting 2012, the government began pursuing climate budgeting to align climate spending with the National Climate Change Action Plan (NCCAP) for 2011 to 2028 crafted by the Climate Change Commission (CCC).

The government through the CCC and DBM began with a Climate Public Expenditure and Institutional Review (CPEIR) conducted in 2013 through the support of the World Bank. Subsequently, DBM, in 2014, introduced the tagging of climate expenditures in the Budget according to eight priority areas under the NCCAP: food security, water sufficiency, human security, forest protection, climate-smart industries, sustainable energy, climate finance, and knowledge and capacity development.

As a result of consciously accounting for all climate-related expenditures, the budget for climate change adaptation and mitigation increased from 0.8 percent of the National Budget in 2008 to 5 percent in 2015. The 2013 CPEIR report entitled "Getting A Grip On Climate Change in the Philippines," expenditures for water sufficiency, sustainable energy, and environmental stability, had made demonstrable gains between 2008 and 2013. The three are also among those with the biggest allocations for 2016 at P70 billion, P33.9 billion, and P10.7 billion, respectively (WB, 2013).

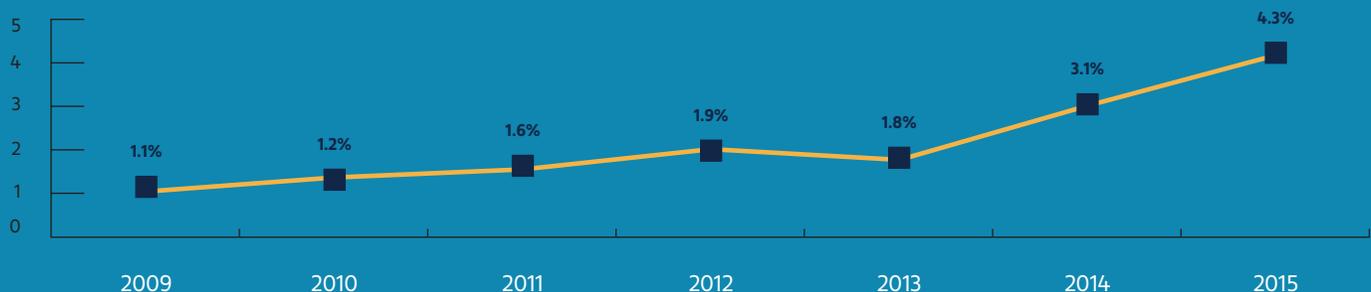
While CPEIR allowed the government to get a firm grasp of priority areas in building resilience to climate change, it also demonstrated two challenges.

First, some priority areas and sectors receive way less funding than needed. While the PDP has emphasized the need to build crop and farmer resilience against climate change, the budget for food security for 2015 made up only 3 percent of climate expenditures.

Second, the government has yet to fully utilize the concept of synergy for its climate resiliency program the way it successfully did with Tourism and Social Protection. For instance, the World Bank report (2013) said "the NCCAP and the PDP are only partially aligned." The same thing goes with NCCAP and the Administration's Budget Priorities Framework.

Hopefully, the introduction of budget reforms, such as the Unified Accounts Code Structure (UACS) and the Program Expenditure Classification (PREXC), coupled with an increasing awareness on adapting to and mitigating the effects of climate change, can increase climate-related spending in the medium term and spare more communities from disasters of biblical proportions. ■

Climate Expenditures as Percent of the Budget



Source: World Bank