



**REPUBLIC OF THE PHILIPPINES**  
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
MALACANANG, MANILA

**NATIONAL BUDGET MEMORANDUM**

**No. 112**  
**December 29, 2011**

**F O R :** All Heads of Departments, Agencies, Bureaus, Offices, Commissions, State Universities and Colleges, Other Instrumentalities of the National Government and all Others Concerned

**SUBJECT :** **POLICY GUIDELINES AND PROCEDURES IN THE PREPARATION OF THE FY 2013 BUDGET PROPOSALS**

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**1.0 PURPOSE**

- 1.1 To provide the overall fiscal policy framework and priority thrusts of the FY 2013 Budget, based on the Philippine Development Plan (PDP) 2011-2016;
- 1.2 To prescribe the guidelines and procedures in the preparation of the FY 2013 agency budget in accordance with the ongoing Public Expenditure Management reforms;
- 1.3 To lay down the procedures for the conduct of agency consultations at the central and regional levels with civil society organizations (CSOs), the private sector, the Regional Development Councils and other stakeholders to secure feedback on programs and projects of selected departments and corporations;
- 1.4 To introduce the concept of the bottom-up budgeting which is being piloted by the Human Development and Poverty Reduction Cluster (HDPRC) in 300-400 municipalities to identify the priority development needs of poor communities and harmonize them with the sectoral and regional objectives of departments; and,
- 1.5 To set the schedule of budget preparation activities.

**2.0 BUDGET FRAMEWORK**

- 2.1. The FY 2013 Budget will uphold the fiscal policy framework of fiscal consolidation and the priority thrusts of the Philippine Development Plan (PDP), 2011-2016. Accordingly, the budget shall focus on the five (5) key result areas of the President's Social Contract with the

Filipino People as laid out in E.O. 43, s 2011, to achieve a more inclusive economic growth founded on good governance.

- 2.2 In view of the economic uncertainties prevailing in Europe and the United States, it will be prudent for the government to strictly abide with its medium-term deficit and debt reduction targets. Thus, generating room for greater spending under the FY 2013 Budget will depend on the success of the government's strategy of aggressively pursuing tax administration reforms to improve tax compliance, expanding its revenue base, and further sharpening its sectoral and geographical expenditure prioritization. The recent experience in the budget utilization of agencies and strategies undertaken to improve budget execution will also be considered in allocating the budget to ensure that the expenditure ceilings provided will be maximized.
- 2.3 On going reforms in public expenditure management such as the Medium-Term Expenditure Framework (MTEF), Organizational Performance Indicator Framework (OPIF) and the Zero-Based Budgeting (ZBB) will be sustained and deepened to strengthen the links between planning, programming and budgeting and to maintain the focus on results. The OPIF in particular, shall be integrated in the National Expenditure Program (NEP) through the ongoing refinement of the Major Final Outputs (MFOs), and Performance Indicators (PIs) and the restructuring of programs/activities/projects (P/A/Ps) per NBC 532.
- 2.4 Moreover, in view of the desire for greater transparency and facilitative implementation mechanisms, all remaining lump sum amounts in the agency budgets must be disaggregated into its component projects. This will also raise the credibility of the General Appropriations Act and enable it to function as the budget release document.
- 2.5 Thus, the 2013 budget preparation exercise shall seek to achieve the following primary objectives:
  - 2.5.1 Set the revenue target equivalent as a percent of GDP, to 14.5 percent and the tax effort at 13.4 percent to fund government expenditures amounting to 16.5 percent and to reduce the budget deficit to 2.0 percent of GDP. This will lower the national government debt to levels comparable with peer countries in the medium term.
  - 2.5.2 Strengthen the linkage between development planning and budgeting and increase the likelihood of accomplishing development goals by considering the resource requirements of key agencies as reflected in the PDP and the Public Investment Program (PIP) for FYs 2011-2016.

- 2.5.3 Ensure that all agency programs and projects directly support the President's Social Contract and focus on five (5) key result areas: 1) transparency, accountability and open governance; 2) poverty reduction and empowerment of the poor and vulnerable; 3) rapid, inclusive and sustained economic growth; 4) just and lasting peace and the rule of law; and 5) integrity of the environment and climate change adaptation and mitigation. All programs and projects of agencies which do not support any of these objectives will be reprogrammed or restructured.
- 2.5.4 Integrate the OPIF in the NEP to improve the structure of agency budgets by refining MFOs and performance indicators (PIs), and "cleaning" the P/A/P statements through merging, rewording, and removing duplications so that each P/A/P support only one MFO and are correctly classified by cost structure.
- 2.5.5 Flesh out and disaggregate all department lump sum budgets into programs and projects which indicate their detailed geographical distribution and focus.
- 2.5.6 Promote the development of bottom-up budgeting to incorporate in the budgets of key departments the priority requirements of poor municipalities that cannot be shouldered by the LGUs.
- 2.5.7 Expand the participation of the CSOs and other stakeholders in the budget preparation process to cover twice the number of departments and government owned and controlled corporations and promote wider ownership and monitoring of the government's key public services.
- 2.5.8 Revitalize discussions of programs and budgets at the regional level, to ensure complementation of national government and LGU programs within the region and enable support of the region's comparative advantage and needs.
- 2.5.9 Increase public access to data/information campaigns/communication effort on the use of agency funds to facilitate appreciation and analysis for purposes of transparency as well as accountability.

### **3.0 GENERAL PROCEDURES**

#### *Bottom-up Budgeting*

- 3.1 In line with the Aquino Administration's goal to reduce poverty significantly, the HDRC is piloting the development of bottom-up budgeting to purposively respond to the development needs of poor municipalities and provide them a lending hand. Some 609 municipalities have been targeted in the regions with either the most number of poor families or where the poverty incidence is highest. An initial 300 to 400 municipalities where either development or poverty reduction studies exist are currently participating in an exercise to construct or refine local development plans on the basis of these diagnostic studies. The objective is to invite the initial set of convergent agencies: namely a) Rural Development agencies (Departments of Agriculture (DA), Agrarian Reform (DAR), and Environment and Natural Resources (DENR)) and, b) the Pantawid Pamilya Program and Universal Health agencies (Departments of Social Welfare and Development (DSWD), Education (DepEd), Health (DOH) and PhilHealth) to undertake a convergence of their services in these poor communities by incorporating the prioritized list of projects and programs of these municipalities into their budget proposals for 2013.
- 3.2 The policies, timetable, processes and responsibilities will soon be issued to guide this priority undertaking for the 2013 budget preparation. However, the following objectives for the exercise will be pursued:
  - 3.2.1 Ensure complementation between national and LGU projects through the closer coordination and technical assistance to be provided by the national agencies to the target municipalities' local development councils to assure the technical and financial feasibility of the latter's proposals on the one hand, and appropriateness of the agencies' service interventions on the other; and,
  - 3.2.2 Given the above, priority shall be given in accommodating the funding needs of these targeted municipalities within the budget ceilings of the above departments, particularly in the lump sum funds which need to be disaggregated into component projects. These projects shall be properly tagged to facilitate tracking and monitoring in all phases of budgeting.

*Constructive Engagement with Civil Society Organizations (CSOs)*

- 3.3 The FY 2013 exercise shall also aim to provide a longer timeframe for the formulation of the department/agency budgets to encourage wider discussions on and assessments of existing and proposed programs and projects. The need for more consultations between departments and CSOs for more depth, greater substance and the refinement of procedures was a feedback which emerged from the review of the CSO participation in the FY 2012 Budget. A separate set of guidelines shall be issued to steer the CSO participation process for the 2013 Budget preparation from January to March, 2012. However, in line with the Open Government Partnership, an additional set of six departments and three government corporations are proposed to be covered by the effort to promote greater participative budgeting.
- 3.4. Departments/agencies are also encouraged to involve the private sector and other stakeholders, aside from CSOs, in the consultations on plans and strategies being considered in the FY 2013 budget to respond to their concerns and to be able to secure more feedback on how the existing national programs are affecting localities and communities.
  - 3.4.1 Participatory budgeting will be strengthened through the active participation of CSOs and private sector groups in budget-related conferences at the central office and in the regions, as well as through representations in government agencies such as the NAPC, Presidential Agrarian Reform Council (PARC), and the Regional Development Councils (RDCs), among others.
  - 3.4.2 NGAs are enjoined to solicit feedback from the CSOs and other stakeholders on the effectiveness and efficiency of existing programs and projects. Such feedback mechanism is consistent with the ZBB approach adopted by the Administration to evaluate major programs, weed out inappropriate and inefficient ones and expand the effective and good practice programs.
- 3.5 The requirement to flesh out or breakdown the remaining lump sum items in the different department budgets will necessitate wider consultations to be undertaken by the departments at the regional levels and sub-regional levels to ensure that programs and projects do consider the regional and provincial comparative advantages and that they complement rather than duplicate or counter these LGU programs. Hence, the line departments and their regional offices shall participate in the Regional Development Councils fora and

other similar consultations in order to present and secure approval on their proposed strategies and programs and projects.

### *Public Expenditure Management Reforms*

- 3.6 In order to maintain its focus on results, the Medium Term Expenditure Framework (MTEF), the Organizational Performance Indicator Framework (OPIF), and the Zero-Based Budgeting (ZBB) will continue to be pursued and deepened in the coming years. An effective Public Expenditure Management system is an essential component of good governance, given its proven outcomes of strengthening fiscal discipline, promoting strategic resource allocation, and improving operational management.
- 3.7. In line with NBC 532, the direct incorporation of the OPIF in the FY 2013 National Expenditure Program (NEP) will be aimed for to accomplish the following objectives:
  - 3.7.1 Review and change the MFOs of departments and agencies if necessary, to capture the different core mandated functions of the department and its component agencies;
  - 3.7.2 Review of the corresponding PIs to establish and specify the standard of MFO delivery. Each MFO shall have at most two sets of PIs which capture the dimensions of quantity and quality, including timeliness and cost of MFO delivery. Outcome indicators, especially those measured by the national statistical agencies and used by international organizations to measure the country's performance are recommended to be used as PIs, as soon as feasible;
  - 3.7.3 Restructuring of P/A/Ps to strengthen their link with the MFOs for better costing, expenditure prioritization as well as to determine the effectiveness of MFO delivery; and,
  - 3.7.4 Development of a uniform standard for OPIF throughout government.

Hence, the submissions of agencies on the proposed revisions on MFOs, PIs and P/A/Ps by January 26, 2012 as prescribed under NBC 532 shall be evaluated by DBM for use in crafting and structuring the 2013 Budget of the agencies.

- 3.8 As a means for further improving efficiency and effectiveness in government operations, agencies shall incorporate the implications of the following public sector reforms on their budget proposals:

- 3.8.1 The Rationalization Program under Executive Order (EO) No. 366 as the government's vehicle in conducting a strategic review and restructuring of agency operations for better service delivery;
- 3.8.2 Cost recovery measures to assist in the revenue enhancement efforts and improve service delivery;
- 3.8.3 Mandatory use of the Philippine Government Electronic Procurement System (PhilGEPS) for transparency and efficiency purposes as well as following the procurement rules under Republic Act (RA) No. 9184 updated as of July 2009;
- 3.8.4 Purchase of agencies' common-use office supplies, materials and equipment from the Procurement Service as directed under A.O. No. 17 dated July 28, 2011;
- 3.8.5 Development of the Government Integrated Financial Management Information Systems (GIFMIS) to facilitate the generation of vital information on any and all aspects of government financial transactions that can be made accessible to the public through information technology pursuant to E.O. 55 dated September 6, 2011;
- 3.8.6 Implementation of the National Guidelines on Internal Control Systems pursuant to DBM Circular Letter (CL) No. 2008-08 dated October 23, 2008, the Philippine Government Internal Audit Manual, issued thru CL No. 2011-05 dated May 19, 2011, and the creation and strengthening of an Internal Audit Service/Unit and a Management Division/Unit in agencies concerned, as provided under Circular Letter (CL) No. 2008-5 dated April 14, 2008;
- 3.8.7 Pursuit of ISO certification and quality management improvement programs as mandated under EO No. 605 dated February 23, 2007; and,
- 3.8.8 Sustaining Public-Private Partnerships (PPPs) (referring to BOT projects with the private sector financing/constructing and/or operating projects which traditionally would be within the ambit of the public sector) and minimizing the risks associated with these projects by building the environment for solicited bids and the capacity to identify and monitor contingent liabilities.

#### **4.0 MACROECONOMIC AND FISCAL TARGETS FOR FY 2013**

The preparation of the FY 2013 budget proposal shall be based on the macroeconomic assumptions and fiscal targets that will be approved by the DBCC which shall be issued separately in January, 2012. These will be accompanied by the issuance of the indicative budget ceilings for departments/agencies derived from the forward estimates in accordance with CL 2011-11 dated November 28, 2011.

#### **5.0 GUIDE TO DEPARTMENT/AGENCY BUDGET FORMULATION AND RESOURCE ALLOCATION**

In accordance with the budget framework and expenditure reforms contained in the preceding sections, agencies shall follow the guidelines below to ensure the improved allocation of funds among competing sectors:

##### **5.1 Forward Estimates (FEs)/Indicative Budget Ceilings, FYs 2013 – 2016**

5.1.1 Upon receipt of the FEs/indicative budget ceilings, the Agency Central Office (ACO) shall consult with the agency's DBM budget analyst to secure the assumptions and projections used in the FEs. On the basis of this discussion, the ACO budget officer and planning officer shall agree on the future annual costs of on-going budgetary programs and projects for FYs 2013 to 2016. This shall include the breakdown by programs/activities/projects (P/A/Ps), as well as their regional distribution.

5.1.2 The ACO shall consult/coordinate with the Agency Regional Offices (ARO) and sub-regional offices in order to derive an appropriate regional distribution of these existing P/A/Ps which should consider the comparative advantage or the vision of each region.

5.1.2.1 ACOs shall inform the AROs of their program thrust, focus of agency budget and indicative distribution of existing lump-sum funds to guide the AROs in their discussions with a) target municipalities under the bottom up budgeting, b) CSOs relative to their feedback and findings of existing programs and projects, and c) RDCs relative to the presentation of their budget ceilings and program thrusts for the region.

5.1.2.2 The AROs, on the other hand, shall formulate P/A/Ps accordingly for submission to ACOs on the basis of the above discussions.

5.1.2.3 The ACO and AROs shall consider the strengths and gaps in the respective regions. For example, tourism related and support projects/activities should be maximized in tourism strategic destination areas such as Cebu, Bohol, Palawan, Boracay, Samar, Siargao, Dumaguete, Camarines Sur, Baguio, among others. Also, urban centers where the expanding business process outsourcing (BPO) centers can potentially expand or locate should be considered.

Agricultural programs should focus in regions where there is high agricultural potential and climate conducive to staple production to avoid spreading investments too thinly resulting in small impact. Nevertheless rural development and asset reform programs should heighten their poverty reduction potential by focusing on crops (like fish, corn and coconut and its intercrops) and on ecosystems (uplands and exhausted municipal fisheries) on which poor rural populations depend, especially in the focus municipalities and in the barangays with the highest number of poor households.

Basic social services and social protection, the focus on the poorest regions as ARMM, CARAGA, Eastern Visayas and Bicol and focus municipalities should be highlighted.

5.1.3 The implications of the above budget distribution for the agency's financial and physical performance targets for FYs 2013 – 2016 shall serve as basis for the formulation of budget proposals above the ceiling.

For budgetary projects, the FEs shall cover the annual requirements up to the approved completion date. Annual requirement shall be based on the approved project profile after considering the financial and physical accomplishments as of December 31, 2011 and the approved budget for 2012.

## 5.2 Regional Consultations

- 5.2.1 The Regional Development Councils (RDCs) shall be used as venue for the validation and/or suggestions on needed improvements in agency programs. The presence of LGU officials as well as private sector stakeholders in the RDCs shall be maximized by soliciting their feedback on the impact of national agency programs/projects in their localities.
- 5.2.2 The DBM and the NEDA ROs shall coordinate the conduct of RDC consultations with AROs, SUCs and LGUs starting February, 2012 for the purpose of reconciling program thrusts of the agencies and LGUs; evaluating existing programs/projects of the national agencies in the region to ensure they complement with programs and projects of the LGUs; and assess the beneficial impact on the localities.
- 5.2.3 The AROs shall also present their respective budget allocations for existing P/A/Ps and lump sum funds agreed with ACOs, CSOs and target poor municipalities to the RDCs by March, 2012 to secure feedback on the impact of these P/A/Ps in the different provinces and localities in the region. The importance of accommodating the projects agreed with target poor municipalities shall be highlighted. The RDC feedback shall be reported back to the ACO for needed adjustments of the regional distribution of the P/A/P and lump sum funds. The ACO shall consolidate the reports of the different regional offices for submission to DBM and the RDCs using Table I. The head of the ACO shall certify the acceptance or non-acceptance of the RDC recommendation and state the reason in the event of non acceptance.
- 5.2.4 ACOs, through the AROs, are enjoined to provide RDCs and DBM ROs with feedback on RDC recommendations on programs/projects which are to be incorporated in the budget submission to DBM. Together with DBM, they shall also inform the pertinent RDC of these programs/projects which are finally submitted for congressional approval.

## 5.3 Consultations with CSOs, Private Sector and Other Stakeholders

- 5.3.1 Consultations shall be undertaken with partner and interested CSOs and other stakeholders at the central and regional levels in February and March, 2012 to facilitate assessments and evaluations of existing programs and projects of agencies. For the FY 2013 budget preparation, aside from the six (6) departments (i.e. DA, DAR, DPWH, DEPED, DOH, and DSWD) and three (3) government owned or controlled

corporations (i.e. NFA, NHA and NHMFC) piloted for CSO consultations in FY 2012 budget preparation, six (6) more departments and three (3) more corporations shall undertake CSO consultations as mentioned above. The following principles of CSO engagement which were agreed upon by DBM and CSOs under the Budget Advocacy Group shall be observed during consultations:

- 5.3.1.1 Transparency – provide all parties as well as the general public, timely access to relevant and verified information/data subject to the limits set by law;
- 5.3.1.2 Accountability – abide by the policies, standards and guidelines of engagement that may be agreed upon and fulfill commitments;
- 5.3.1.3 Integrity – adhere to moral and professional standards in fulfilling commitments;
- 5.3.1.4 Partnership – cooperate and share responsibilities to ensure the objectives of the engagement are achieved;
- 5.3.1.5 Consultation and mutual empowerment – enhance knowledge sharing and continuing dialogue;
- 5.3.1.6 Respect for internal processes – understand and abide by limitations of the stakeholders with respect to the nature of the information to be disclosed and the extent of involvement based on institutional/legally imposed limitations;
- 5.3.1.7 Sustainability – ensure continuing engagement by instituting progressive policies and operational mechanisms that will promote an environment of mutual trust; and
- 5.3.1.8 National interest – uphold the national welfare above the interest of organizations or individuals.

5.3.2 A report shall be given to DBM containing the feedback of the CSOs and the other stakeholders on the existing P/A/Ps following the form prescribed under Table I.

#### 5.4 Consultations with Target Poor Municipalities

5.4.1 Under the bottom-up budgeting approach, the target municipalities are asked to develop and finalize their local development plans from January to March, 2012 incorporating inputs from poverty and gap diagnostics and discussions with grassroots organizations in the barangays, CSOs and representatives from marginalized groups where they are identified by the National Anti-Poverty Commission.

5.4.2 Within January, 2012 the representatives of the two convergent agencies will be meeting with municipal core teams and also with local assemblies of basic sector groups, parent leaders and community health teams. With the Human Development and Poverty Reduction Cluster, the convergent agencies will disseminate participation guidance notes for frontline managers on bottom-up budgeting. The DILG will ensure the orientation of municipal core teams, providing guidance on the conduct of bottom-up budget preparation and execution process. NAPC and DSWD working with CSOs, municipal links or other designated municipal focal person of the Pantawid Pamilya Program convergent agencies will organize the grassroots groups for engagement with municipalities and NGAs.

By March, 2012, the LGUs through their local development councils will discuss the plans with the local teams from the six national agencies involved in the exercise together with DILG.

5.4.3 By April, the NGAs in tandem with an oversight team on bottom-up budgeting of the Human Development and Poverty Reduction Cluster are expected to work for the incorporation of these projects requested by the target municipalities into their regional budget allocations, and submit these to the ACO for incorporation into the budget of the department and for resolution of problem areas. They can also meet with their counterparts from the other national agencies in the region or province to discuss the convergence of the delivery of services to the target municipalities. ACO and AROs are expected to give priority in budget allocation to the project requests from the target municipalities.

## 5.5 Total Resource Budgeting

5.5.1 Trust Funds, Revolving Funds and Special Accounts in the General Fund earmarked to support identified P/A/Ps as provided for under specific provisions of law, shall be fully reflected in the budget proposal. In relation thereto, all other proposed sources of funds, including use of income and all other cash collections should be identified.

5.5.2 Activities which are not funded out of the regular budget of the agency but have the probability of becoming real liabilities such as contingent liabilities arising from BOT projects and other multi-year obligations or multi-agency projects must be identified through a footnote in the agency budget proposal (BP 201 Forms).

## 5.6 Department Ceilings for FY 2013

- 5.6.1 The indicative budget ceiling of each Department/ Agency/OEO for FY 2013 shall correspond to their FEs. The FEs shall be issued separately together with the macroeconomic assumptions and fiscal targets.
- 5.6.2 Consistent with the performance-based budgeting approach, the indicative budget ceiling may be adjusted based on demonstrated absorptive capacity and improvements in budget utilization in relation to the agency MFOs. It shall be fully disaggregated into specific projects according to geographic coverage/location/beneficiaries, in the spirit of transparency and for better monitoring. Agencies shall endeavor to prepare budget proposals that are focused, and well-coordinated, in order to avoid budgetary realignments during the budget legislation and/or execution stages.
- 5.6.3 Agencies are reminded to relate their proposed financial allocation with the targeted output/indicator. Effort shall be made to compare the budgetary allocation and targeted output/indicator with the past years' performance to avoid fluctuating targets, as well as inconsistent cost estimates for the same targets on a year-to-year basis.
- 5.6.4 If agencies fail to support their proposed financial allocation with the appropriate output/indicator, the budget level risks being limited to the FY 2011 actual expenditure level, net of non-recurring expenditure items. This budget level may also be adjusted on the basis of sectoral priorities as finally determined by the President and the Cabinet.

## 5.7 Output-Based Budgeting/OPIF

- 5.7.1 OPIF logframes (or OPIF logical frameworks) are planning tools which show through a flowchart the linking of societal and sectoral goals with an agency's programs, activities, and projects necessary to produce or deliver goods and services. A uniform logframe with common societal and sector goals shall be adopted for a department and its attached agencies. The major final outputs (MFOs) are defined as the goods and services that a department or agency is mandated to deliver to external clients through the implementation of programs, activities and projects
- 5.7.2 The budget proposals of the OPIF-ready departments/agencies/OEOs shall be distributed by MFOs using MFO

Budget Matrix (Form A) and the reviewed MFOs following NBC 532. Performance targets for the MFOs likewise following NBC 532 shall be set using the Agency Performance Measures (Form B).

5.7.3 Agency P/A/Ps shall be restructured per NBC 532 and attributed to appropriate MFOs. The P/A/P attribution process shall test the contribution/appropriateness of the P/A/P in the attainment and delivery of the MFOs.

5.7.3.1 P/A/Ps or its component activities that are neither attributable nor linked to any MFO shall be identified and indicated.

5.7.3.2 P/A/P attribution for the purpose of MFO costing shall cover only those under Operations. Funds for GASS and STO shall be presented separately and not allocated across MFOs. The method used for the attribution shall be attached to Form A.

5.7.3.3 Unlinked P/A/Ps and/or non-strategic/low priority component activities shall be identified and corresponding savings may be reallocated to on-going policies supporting core mandates.

5.7.4 OPIF–Based Performance Indicators/Targets

5.7.4.1 Appropriate key performance indicators/targets shall be identified per MFO. There could be several indicators/targets as the agency may find necessary to monitor and use. However, for focus and manageability, agencies are advised to present at most two (2) sets of key indicators per MFO showing quantity and quality indicators.

5.7.4.2 Performance Indicators (PIs), defined under NBC 501 (s. 2005) and NBC 532 as performance measures to be used for the assessment of the delivery of MFOs contributing to organizational outcomes, can be expressed in either quantitative or qualitative terms:

a. Quantity Indicators - are measures of the volume of outputs. These indicators shall be well-selected and limited to those that best reflect the workload involved as well as the inputs required to deliver the MFOs.

- b. Quality Indicators - are measures of "how well" an MFO is delivered. These may include measures of timeliness, cost-efficiency, accuracy, completeness, accessibility, compliance with standards or satisfaction of client needs.

5.7.4.3 Performance targets (PTs) are the achievable levels of accomplishment (quantitative and qualitative) pertaining to an agency's MFO - PI consistent with its budget allocation within a one-year period. It is generally expected that PTs will rise with an increase in budget.

## 5.8 Gender and Development (GAD)

A GAD Plan shall be formulated pursuant to and in accordance with the Republic Act No. 9710 or the Magna Carta of Women, within the context of the agency's mandate. The GAD plan shall respond to the gender gaps or issues faced by the agency's clients and constituents, as well as its women and men employee. The development of the GAD plan shall be guided by the DBM, NEDA and NCRFW Joint Circular No. 2004-1.

5.9 The specific costing guidelines in the preparation of the FY 2013 Agency budget proposals are contained in Annex A of this Memorandum.

## **6.0 SUBMISSION REQUIREMENTS AND TIMETABLE**

- 6.1 The FY 2013 budget presentation shall continue to adopt the MTEF and OPIF frameworks. Agencies shall accomplish OPIF Forms A and B following the guidelines in Section 5.7 of this Memorandum.
- 6.2 Agencies shall accomplish the pertinent Budget Preparation (BP) forms in accordance with expenditure and income accounts under the New Government Accounting System (NGAS) prescribed under COA Circular No. 2003-001 dated June 17, 2003.
- 6.3 The Department Secretary/Head of the OEO shall ensure that the proposals submitted by their respective bureaus, offices and attached agencies are in accordance with the guidelines and submission schedule in this Memorandum.
- 6.4 The budget proposals must be duly endorsed by the Department Secretary/OEO Head and shall highlight the agency's:

- Thrust/Priorities;
- Outputs and Outcomes;
- System of Delivery (i.e., explicitly explaining “how” the programs/projects/activities shall be implemented to achieve targetted outputs/outcome).

6.5 In addition, the budget proposals of agencies involving specific concerns shall require the endorsement of the following:

Endorsing Agency	Subject of Endorsement
CHED	SUCs Budget
TESDA	Technical education and skills development programs
DA	Research and Development (R&D) in Agriculture and Fisheries
DOST	R&D in natural resources, environment, technological and engineering sciences
NSCB	Systems of Designated Statistics pursuant to EO 352
DOST-ICTO	Information Systems Plan in support of IT-related proposals
PCW	GAD Plan

6.6 Agency budget proposals shall include the following:

6.6.1 Five (5) complete sets of properly accomplished Budget Preparation (BP) Forms prescribed in Annex B, Forms A and B Table I – Summary of RDC/CSO Feedback on Major On-going Programs and Projects (for selected departments);

6.6.2 Inventory of equipment required under NBC Nos. 438, 446 and 446-A; and,

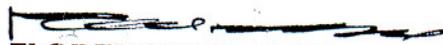
6.6.3 Five (5) copies each of the agency’s FY 2010 and FY 2011 Accomplishment Reports.

6.7 The deadline for the submission of the required BP Forms under Annex B, Forms A and B and Table I (for selected departments) for FY 2013 budget proposals shall be as follows:

- 6.7.1 March 15, 2012 – for FY 2011 Actual Obligations and FY 2012 Current Year Program (using BP Forms 201-A, B and C) as well as FYs 2011 and 2012 physical and performance/targets (using Forms A and B);
- 6.7.2 April 9, 2012 – for FY 2013 Budget Proposals.
- 6.8 Submission by all national government agencies shall be to the Budget Technical Service (BTS), Ground Floor, DBM Boncodin Hall, General Solano St., San Miguel, Manila. SUCs shall submit these aforesaid forms to the DBM-RO concerned.

## **7.0 BUDGET PREPARATION CALENDAR**

Agencies are enjoined to adhere to the budget preparation calendar as contained in Annex C.

  
**FLORENCIO B. ABAD**  
Secretary