



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



NATIONAL BUDGET MEMORANDUM

No. 108

February 8, 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 : **ISSUANCE OF DEPARTMENT BUDGET CEILINGS FOR FY 2012**

1.0 PURPOSE

- 1.1 To issue the indicative budget ceiling of each Department or OEO for FY 2012 as mentioned under Section 6.5 of NBM No. 107 dated December 30, 2010 (the FY 2012 National Budget Call).


2.0 DEPARTMENT BUDGET CEILINGS

- 2.1 The FY 2012 indicative budget ceiling of each Department or OEO, as shown in Annex A, corresponds to the FY 2012 Forward Estimates formulated based on the guidelines provided under Circular Letter No. 2011-2, dated January 5, 2011.
- 2.2 The ceiling includes the full-year requirement for the salary/base pay adjustments in accordance with the salary schedule provided under NBC No. 524, dated June 23, 2010, and other related compensation and fixed expenditures adjustments corresponding to Second Tranche of Salary Standardization Law (SSL III).

3.0 GUIDELINES

- 3.1 Given these ceilings, Departments/Agencies are reminded to consider the following guideposts in crafting their respective FY 2012 Budgets:
- 3.1.1 Alignment of programs and projects with the President's Social Contract and its 16 areas of Transformational

Leadership and therefore, Department/agency shall focus on:

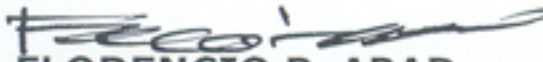
- 3.1.1.1 Fighting corruption and promoting transparency, accountability and good governance;
 - 3.1.1.2 Poverty reduction and empowerment of vulnerable and marginalized sectors through investments in basic education, public health and social protection;
 - 3.1.1.3 Ensuring sustained and inclusive economic growth, leveling the playing field and nurturing competitive industries; and,
 - 3.1.1.4 Encouraging integrated and safe communities and the sustainable use of resources for future generations.
- 3.1.2 Alignment of P/A/Ps can be tested using the Organizational Performance Indicator Framework (OPIF). Allocation for programs not aligned with the President's Social Contract and its 16 areas of Transformational Leadership should be scaled down if not totally eliminated to add resources to aligned P/A/Ps;
- 3.1.3 Full disaggregation of department/agency budget into specific programs and projects and by geographic location (by region and province) which shall be presented for comment, in the consultations with Regional Development Councils (RDCs) and Civil Society Organizations (CSOs);
- 3.1.4 No lump-sum funds shall be accepted within the department/agency budget proposals;
- 3.1.5 No reallocation of the Personal Services (PS) ceiling indicated for each department to other expenditure items; and,
- 3.1.6 Full provision for the mandatory expenditure items, like rents, utilities and other similar expenses, within the budget allocated for each bureau/attached agency.
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4.0 BUDGET LEVEL ADJUSTMENT

The attached budget levels may be adjusted based on the national and sectoral priorities as finally determined by the President and the Cabinet cognizant of the demonstrated absorptive capacity of the agency.

5.0 SUBMISSION OF BUDGET PROPOSALS

The FY 2012 Budget Proposals prepared in accordance with the guidelines provided under NBM No. 107 shall be submitted on or before April 8, 2011.


FLORENCIO B. ABAD
Secretary