

XI. DEPARTMENT OF FINANCE

A. OFFICE OF THE SECRETARY

STRATEGIC OBJECTIVES

MANDATE : Under Executive Order No. 127, 127-A and 292, the Department of Finance is responsible for the following: 1. Formulation, institutionalization and administration of fiscal policies in coordination with other concerned agencies and instrumentalities of the government; 2. Generation and management of the financial resources of the government; 3. Supervision of the revenue operations of all local government units; 4. Review, approval and management of all public sector debt, domestic or foreign; and 5. Rationalization, privatization and public accountability of corporations and assets owned, controlled or acquired by the government.

VISION : 1. A strong economy with stable prices and strong growth; 2. A stable fiscal situation with adequate resources for government projects; 3. A borrowing program that is able to avoid the crowding-out effect on the private sector, and minimizes costs; 4. A public sector debt profile with long maturities and optimum mix of currencies that minimizes the impact of currency and interest rate movement; and 5. A strong economic growth with equity and productivity.

MISSION : Our economy must be one of the most dynamic and active in the world, globally competitive and onward looking. The DOF shall take the lead in providing a solid foundation for the achievement of the objective, by building a strong fiscal position, through the following: 1. Formulation, institutionalization and administration of fiscal policies; 2. Improvement of tax collection efficiency; 3. Mobilization of adequate resources on most advantageous terms to meet budgetary requirements; 4. Sound management of public sector debt; and 5. Initiation and implementation of structural and policy reforms.

KEY RESULT AREAS : Anti-Corruption, Transparent, Accountable, Efficient and Participatory Governance

SECTOR OUTCOME : 1. Fiscal Strength; 2. Resilient and Inclusive Financial System; and 3. Good Governance

ORGANIZATIONAL OUTCOME : 1. Fiscal Sustainability Attained
2. Asset and Debt Effectively Managed

**SECTION 1 : EXPENDITURE PROGRAM
(in pesos)**

No./ Code	GASS / STO / OPERATIONS / PROJECTS	2014 Actual	2015 Current	2016 Proposed
000001000000000	General Administration and Support	189,014,000	382,031,000	1,968,315,000
	PS	95,553,000	70,739,000	72,930,000
	MOOE	91,155,000	86,661,000	88,385,000
	CO	2,306,000	224,631,000	1,807,000,000
000002000000000	Support to Operations	30,260,000	35,299,000	44,001,000
	PS	13,098,000	12,828,000	13,829,000
	MOOE	17,162,000	22,457,000	22,688,000
	CO		14,000	7,484,000
000003000000000	Operations	343,715,000	298,165,000	379,495,000
	PS	131,646,000	147,714,000	161,421,000
	MOOE	200,651,000	139,875,000	215,074,000
	CO	11,418,000	10,576,000	3,000,000
	Projects	357,017,000	210,579,000	220,000,000
	MOOE	357,017,000	210,579,000	
	CO			220,000,000
TOTAL AGENCY BUDGET		920,006,000	926,074,000	2,611,811,000
	PS	240,297,000	231,281,000	248,180,000
	MOOE	665,985,000	459,572,000	326,147,000
	CO	13,724,000	235,221,000	2,037,484,000

STAFFING SUMMARY

	2014	2015	2016
TOTAL STAFFING			
Total Number of Authorized Positions	797	797	797
Total Number of Filled Positions	382	381	381

OPERATIONS BY MFO	PROPOSED 2016			
	PS	MOOE	CO	TOTAL
MFO 1: FINANCIAL SECTOR and FISCAL POLICY SERVICES (Domestic and International)	29,450,000	152,281,000	3,000,000	184,731,000
MFO 2: PUBLIC SECTOR FINANCIAL RESOURCES MANAGEMENT SERVICES	107,703,000	56,971,000		164,674,000
MFO 3: MUNICIPAL DEVELOPMENT FUND ADMINISTRATION SERVICES	11,413,000	5,822,000		17,235,000

SECTION 2 : EXPENDITURE PROGRAM BY CENTRAL / REGIONAL ALLOCATION, 2016
(in pesos)

REGION	PS	MOOE	CO	TOTAL
Regional Allocation (net of Central Office):	229,112,000	326,147,000	2,037,484,000	2,592,743,000
National Capital Region (NCR)	229,112,000	326,147,000	1,817,484,000	2,372,743,000
Region VII - Central Visayas			80,000,000	80,000,000
Region X - Northern Mindanao			140,000,000	140,000,000
TOTAL AGENCY BUDGET	229,112,000	326,147,000	2,037,484,000	2,592,743,000

SECTION 3 : SPECIAL PROVISION(S)

1. Municipal Development Fund. The Municipal Development Fund (MDF), administered by the Municipal Development Fund Office (MDFO), constituted from the proceeds of foreign loans, grants and assistance shall be used for the loaning and relending operations to LGUs in accordance with P.D. No. 1914, COA-DOF-DBM JC No. 6-87 dated August 17, 1987 and E.O. No. 41, s. 1998. Any interest earnings of the MDF shall be deposited as income of the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292, s. 1987 and Section 65 of P.D. No. 1445.

Disbursements or expenditures by the MDFO in violation of the above requirements shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

The MDFO shall submit to the DBM, the House Committee on Appropriations and the Senate Committee on Finance, either in printed form or by way of electronic document, quarterly reports on income and expenditure. The Executive Director of the MDFO and the Office's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the MDFO website.

2. Appropriations for Programs and Specific Activities. The amounts appropriated herein for the programs of the agency shall be used specifically for the following activities in the indicated amounts and conditions:

SECTION 4 : PERFORMANCE INFORMATION

KEY STRATEGIES :

1. Desired Revenue to Gross Domestic Product ratio attained;
2. Prudent liability management;
3. Effective management of government assets and liabilities;
4. Improved fiscal performance of Local Government Units (LGUs) to support local development projects and delivery of basic services;
5. Effective international finance management through strategic mobilization and allocation of funds; and
6. Establish the country at the forefront of international and regional economic finance cooperation.

ORGANIZATIONAL OUTCOMES (OOs) / PERFORMANCE INDICATORS (PIs)	Baseline	2016 Targets
Fiscal Sustainability Attained		
Improved tax effort	FY 2011: 12.4%; FY 2012: 12.9%; FY 2013: 13.3%	Increase of 0.3% over the previous year
Sustained country's position at the forefront of international and regional economic finance cooperation	Recommendation/positions on issues taken up at the various international and regional fora depending on the frequency of meetings attended	Country position on issues presented by Secretary of Finance - majority adopted by other Ministers
Transparency initiatives for mining industry	The country has not yet produced an EITI Report	Output/reports on extractive industry (First Report to be published by December 31, 2014)
Asset and Debt Effectively Managed		
Sustained dividend collection from GOCCs	FY 2011: P5.5B, FY 2012: P5.5B, FY 2013: P5.5B	P6 Billion (+/-10%)
Amount of loans with concessional terms increased or amount of concessional loans maximized	FY 2011: US\$1.5 Billion; FY 2012: US\$2.0 Billion; FY 2013: US\$2.4 Billion (This includes requirements to finance Yolanda post disaster reconstruction)	Value of foreign loans and grants: (> or = US\$ 500 million)
	FY 2011: 7; FY 2012: 15; FY 2013: 12 foreign loans	Number of foreign loans and grants negotiated: (> or = 7)

MFO / PIs	2016 Targets
MFO 1: FINANCIAL SECTOR and FISCAL POLICY SERVICES (Domestic and International)	
Number of plans and policy advisories developed and issued or updated and disseminated	4
Percentage of stakeholders who rate DOF plans/policy advisories as good or better	80%
Percentage of plans and policy advisories that have been updated, issued and disseminated within the last 3 years	80%
MFO 2: PUBLIC SECTOR FINANCIAL RESOURCES MANAGEMENT SERVICES	
Revenue Integrity Protection and Services	
Number of personnel investigated	72
No. of personnel charged with OMB or CSC	37
Percentage of personnel charged by appropriate authority over the no. of personnel investigated	>50%
Percentage of investigation completed within the prescribed period	100%
GOCC Monitoring	
Amount collected as dividend from GOCCs	P6.0 Billion
Dividend from GOCCs collected within the prescribed period	100% collection by 4Q
Percentage of dividend collected over target dividend	100%
Negotiation of International Laws	
Value of foreign loans and grants negotiated	> or = US\$500M
Number of foreign loans and grants negotiated	> or = 5
Percentage of ODA loans obtained annually compliant to the Weighted Average Grant Element as set under the law	100%
MFO 3: MUNICIPAL DEVELOPMENT FUND ADMINISTRATION SERVICES	
Number of applications for grants and loans acted upon	15
Number of grants and loans approved	10
Number of loans and grants under management	273
Value of loans and grants under management	P842.14 Million
Percentage of loans with one or more interest payments in arrears by 30 days or more	10%
Percentage of applications acted upon within 2 weeks	80%
Percentage of borrowers that are default on an interest or principal repayment after one (1) month grace period	10%

Appropriations/Obligations

(In Thousand Pesos)

Description	2014	2015	2016
New General Appropriations	438,758	907,139	2,592,743
General Fund		907,139	2,592,743
R.A. No. 10633	438,758		
Automatic Appropriations	69,459	18,935	19,068
Grant Proceeds	50,000		
Retirement and Life Insurance Premiums	19,459	18,935	19,068
Continuing Appropriations	567,596	597,432	
Unreleased Appropriation for Capital Outlays			
R.A. No. 10652		32,224	
R.A. No. 10633		524,581	
Unreleased Appropriation for MOOE			
R.A. No. 10352	567,596		
Unobligated Releases for Capital Outlays			
R.A. No. 10633		2,795	
Unobligated Releases for MOOE			
R.A. No. 10633		37,832	
Supplemental Appropriations	32,224		
General Fund			
R.A. No. 10652	32,224		
Budgetary Adjustment(s)	682,285		
Transfer(s) from:			
Department of Agrarian Reform (DAR)			
Office of the Secretary	524,581		
International Commitments Fund	123,831		
Miscellaneous Personnel Benefits Fund	31,629		
Pension and Gratuity Fund	2,244		
Total Available Appropriations	1,790,322	1,523,506	2,611,811
Unused Appropriations	(870,316)	(597,432)	
Unreleased Appropriation	(767,384)	(556,805)	
Unobligated Allotment	(102,932)	(40,627)	
TOTAL OBLIGATIONS	920,006	926,074	2,611,811

Proposed New Appropriations Language

For general administration and support, support to operations, and operations, including foreign-assisted project, as indicated hereunder.....P 2,592,743,000
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New Appropriations, by Programs/Activities/Projects

		Current Operating Expenditures			
		Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
PROGRAMS					
00000100000000	General Administration and Support	67,900,000	88,385,000	1,807,000,000	1,963,285,000
103001000100000	General Management and Supervision	P 57,181,000	P 88,385,000	P 1,807,000,000	P 1,952,566,000

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103001000200000	Administration of Personnel Benefits	10,719,000			10,719,000
Sub-total, General Administration and Support		67,900,000	88,385,000	1,807,000,000	1,963,285,000
000002000000000	Support to Operations	12,646,000	22,688,000	7,484,000	42,818,000
101002000100000	Legal Services	3,979,000	2,868,000		6,847,000
103002000200000	Management of Information Systems	8,667,000	19,820,000	7,484,000	35,971,000
Sub-total, Support to Operations		12,646,000	22,688,000	7,484,000	42,818,000
000003000000000	Operations	148,566,000	215,074,000	3,000,000	366,640,000
000003010000000	MFO 1: FINANCIAL SECTOR and FISCAL POLICY SERVICES (Domestic and International)	29,450,000	152,281,000	3,000,000	184,731,000
000003010100000	National Finance Services	16,107,000	32,521,000		48,628,000
101003010100001	Financial and fiscal planning and programming	13,208,000	13,365,000		26,573,000
101003010100002	Consolidation, analysis, generation of reports, planning and programming/project formulation on revenue statistics	2,899,000	2,071,000		4,970,000
101003010100003	Philippine Extractive Industries Transparency Initiative (PH-EITI)		17,085,000		17,085,000
101003010200000	Tax policy research and formulation	4,386,000	12,797,000	3,000,000	20,183,000
101003010300000	Preparation of inputs of financial and economic policies of international development	8,957,000	106,963,000		115,920,000
000003020000000	MFO 2: PUBLIC SECTOR FINANCIAL RESOURCES MANAGEMENT SERVICES	107,703,000	56,971,000		164,674,000
101003020100000	Privatization Group and Council Secretariat support	12,857,000	5,280,000		18,137,000
101003020200000	Revenue Integrity Protection Service (RIPS) activities	10,751,000	6,485,000		17,236,000
101003020300000	Processing of tax exemption requests and oversight of tax law implementation	48,505,000	17,843,000		66,348,000
101003020400000	Operation of One-Stop Shop Inter-Agency Tax Credit and Duty Draw-Back Center	21,761,000	9,960,000		31,721,000
101003020500000	Negotiation of international financing transactions	4,834,000	6,606,000		11,440,000
101003020600000	Monitoring, performance evaluation and coordination of the government corporate sector	8,995,000	10,797,000		19,792,000
000003030000000	MFO 3: MUNICIPAL DEVELOPMENT FUND ADMINISTRATION SERVICES	11,413,000	5,822,000		17,235,000
101003030100000	Administration of funds for municipal development	11,413,000	5,822,000		17,235,000
Sub-total, Operations		148,566,000	215,074,000	3,000,000	366,640,000
TOTAL PROGRAMS AND ACTIVITIES		P 229,112,000	P 326,147,000	P 1,817,484,000	P 2,372,743,000
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000005000000000	Foreign-Assisted Projects			220,000,000	220,000,000
000005090000000	Environmental Protection			220,000,000	220,000,000
000005090300000	Protection of Biodiversity and Landscape			220,000,000	220,000,000

102005090300001	Integrated Natural Resources and Environmental Management Project (INREMP)									220,000,000	220,000,000		
Sub-total, Foreign-Assisted Project(s)										220,000,000	220,000,000		
TOTAL PROJECTS										P 220,000,000	P 220,000,000		
TOTAL NEW APPROPRIATIONS										P 229,112,000	P 326,147,000	P 2,037,484,000	P 2,592,743,000

Obligations, by Object of Expenditures

CYs 2014-2016
(In Thousand Pesos)

	2014	2015	2016
Current Operating Expenditures			
Personnel Services			
Civilian Personnel			
Permanent Positions			
Basic Salary	156,550	157,810	158,908
Total Permanent Positions	156,550	157,810	158,908
Other Compensation Common to All			
Personnel Economic Relief Allowance	9,007	9,168	9,144
Representation Allowance	7,231	7,116	7,380
Transportation Allowance	6,371	7,116	7,380
Clothing and Uniform Allowance	2,005	1,910	1,905
Productivity Incentive Allowance	584	764	
Honoraria	74		
Overtime Pay	460		
Year End Bonus	13,409	13,154	13,242
Cash Gift	1,897	1,910	1,905
Step Increment		396	678
Collective Negotiation Agreement	9,700		
Productivity Enhancement Incentive			1,905
Total Other Compensation Common to All	50,738	41,534	43,539
Other Compensation for Specific Groups			
Magna Carta for Public Health Workers	230	74	80
Magna Carta for Public Social Workers			187
Other Personnel Benefits	7,976		
Total Other Compensation for Specific Groups	8,206	74	267
Other Benefits			
Retirement and Life Insurance Premiums	18,767	18,935	19,068
PAG-IBIG Contributions	452	458	458
PhilHealth Contributions	1,238	1,284	1,284
Employees Compensation Insurance Premiums	454	458	458
Retirement Gratuity			9,626
Terminal Leave	2,299		1,093
Total Other Benefits	23,210	21,135	31,987
Non-Permanent Positions	1,593	10,728	13,479
TOTAL PERSONNEL SERVICES	240,297	231,281	248,180
Maintenance and Other Operating Expenses			
Travelling Expenses	19,962	29,632	32,899
Training and Scholarship Expenses	3,445	13,987	6,286
Supplies and Materials Expenses	22,311	17,013	17,884
Utility Expenses	30,072	32,432	30,118
Communication Expenses	11,531	9,234	12,619
Survey, Research, Exploration and Development Expenses		158	
Confidential, Intelligence and Extraordinary Expenses			
Confidential Expenses		1,000	1,000
Extraordinary and Miscellaneous Expenses	2,413	3,548	3,797
Professional Services	42,568	252,141	49,727

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General Services	19,093	18,851	19,755
Repairs and Maintenance	15,222	13,394	13,161
Taxes, Insurance Premiums and Other Fees	6,665	21,222	17,276
Other Maintenance and Operating Expenses			
Advertising Expenses	7,784	10,100	4,604
Printing and Publication Expenses	1,580	1,075	1,713
Representation Expenses	3,755	1,627	1,146
Transportation and Delivery Expenses		500	
Rent/Lease Expenses	46,122	14,042	19,144
Membership Dues and Contributions to Organizations	15	1,881	1,920
Subscription Expenses	417	8,951	6,778
Donations	357,017		
Other Maintenance and Operating Expenses	76,013	8,784	86,320
TOTAL MAINTENANCE AND OTHER OPERATING EXPENSES	<u>665,985</u>	<u>459,572</u>	<u>326,147</u>
TOTAL CURRENT OPERATING EXPENDITURES	<u>906,282</u>	<u>690,853</u>	<u>574,327</u>
Capital Outlays			
Investment Outlay			140,000
Property, Plant and Equipment Outlay			
Infrastructure Outlay			80,000
Buildings and Other Structures	3,983	216,310	1,800,000
Machinery and Equipment Outlay	1,397	7,794	10,484
Transportation Equipment Outlay	7,745	7,700	7,000
Furniture, Fixtures and Books Outlay	599	3,417	
TOTAL CAPITAL OUTLAYS	<u>13,724</u>	<u>235,221</u>	<u>2,037,484</u>
GRAND TOTAL	<u>920,006</u>	<u>926,074</u>	<u>2,611,811</u>