

PEOPLE'S BUDGET

FEB
2016



Republic of the Philippines

DEPARTMENT OF BUDGET AND MANAGEMENT

PEOPLE'S BUDGET 2016

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PAGGUGOL NA MATUWID

Since the beginning of the Aquino administration, the Department of Budget and Management (DBM) has committed to transparency and accountability in public spending. The *People's Budget*, which aims to improve citizen access to information on public spending, is one of many ways we have pursued budget openness.

Our achievements in 2015 alone show that budget reforms make the greatest impact when they are supported by both government and active citizen participation. We:

■ **Spent within our means** - We ran after tax evaders and smugglers, reformed revenue collection agencies and processes, and plugged spending leakages. We increased resources for priority programs and projects from P1.54 trillion in 2010 to P3.0 trillion in 2016.

■ **Invested in the right priorities** - For 2016, about P65 in every P100 is allocated for social and economic services. We invested on more infrastructure and expanded social protection programs to reduce poverty and provide more job opportunities.

■ **Delivered fast and measurable results** - We implemented programs and projects as early as January of each year to ensure quick deployment. The GAA-as-Release Document regime and other reforms aimed at streamlining budget execution and strengthening the capacity of agencies to deliver services made this happen.

■ **Empowering citizens** - We published budget documents and pursued initiatives to make budget information more accessible. Today, citizens can participate through Bottom-Up Budgeting and other reforms. The 2015 Open Budget Survey now ranks the Philippines 1st in the ASEAN for fiscal transparency and 5th in the world for participatory budgeting.

The National Budget has come a long way as an indispensable tool to achieve inclusive growth.

The 2016 *People's Budget* summarizes the policies and priorities supported by the 2016 GAA and narrates our journey over the past 67 months, during which the government implemented drastic reforms to improve the way public funds are collected, allocated, spent, and accounted for, enhance spending efficiency, and ensure that Filipinos truly benefit from their taxes.

This publication also describes what must be done to continue making the Budget more transparent, accountable, and participative, guided by our belief that our citizens must be empowered by the budget process. This edition provides practical tools to help involve citizens in the implementation of this year's Budget and in crafting and executing future Budgets.

While the 2016 *People's Budget* is the last to be published under the Aquino administration, the DBM will continue to produce this publication and promote the tradition of ensuring that crucial information on the Budget is available, accessible, and actionable to citizens. This tradition exercises transparency, public participation, and accountability as core values and should be upheld by our public institutions beyond the Aquino administration.

Florencio "Butch" Abad

SECRETARY

KEY FEATURES OF THE 2016 NATIONAL BUDGET

The National Budget for 2016 aims to support a **7 to 8 percent** growth in the economy to reduce the number of poor to **18 to 20 percent of the population**.

This Budget affirms the basic premise that economic **growth must be shared by all** so that everyone can contribute to economic growth, poverty reduction, and society building.



Spending within Means

This Budget ensures a healthy treasury by enabling the government to collect more revenues, reduce borrowing and debt, and increase public spending for inclusive growth.



- Revenue-generating agencies more vigorously commit to collect more resources and campaign against smugglers and tax evaders.

↓ 40%

- This year's debt will be managed well, so that the national government's outstanding debt will be reduced to the benchmark of 40 percent of the Gross Domestic Product (GDP)* by 2017.

TIER 1

TIER 2

- The government established the Two-Tier Budgeting approach to contain overhead expenses and ensure ample funding for priority programs and projects.

General Notes:

- For consistency, all figures are rounded off to the tenth decimal place, unless otherwise stated.
- The data are generally updated as of January 26, 2016.

Spending on the Right Priorities

This Budget prioritizes the programs necessary to give everyone a chance at a better life.

- Resource allocation gives priority to five important programs:



Pursuing Good Governance



Making Growth Inclusive



Sustaining the Growth Momentum



Implementing Climate Change Adaptation and Disaster Risk Reduction



Establishing Lasting Peace and Security



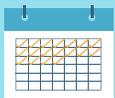
- The needs of the the 44 poorest and most vulnerable provinces of the country are given priority.

* Gross Domestic Product is the amount of the country's good and services produced in a year.

To achieve this goal, the Budget—the last budget prepared by the Aquino Administration—was built around the game-changing reforms in public financial management initially introduced in 2010.

Spending with Measurable Results

This Budget enables agencies to perform better and deliver clear, measurable results in exchange for their funding.



- The government streamlined the process of implementing the budget through the GAA-as-Release Document and the early procurement policy so that agencies can roll out projects as early as the first quarter of the year.



- Agencies hired more procurement personnel and created more Bids and Awards Committees to speed up service delivery.



- Full-Time Delivery Units monitored the progress of programs and projects proposed by various agencies.



- Competent local government units carried on worthwhile projects using national funds.



- The private sector participated actively in the country's development through Public-Private Partnerships and helped deliver major infrastructure and other projects.



- An agency's performance was measured against its commitments through Performance-Informed Budgeting.

Citizen Empowerment

Ultimately, this Budget empowers citizens to determine where their taxes go and hold agencies accountable for ensuring the proper use of funds.



- The government now provides comprehensive information in line with international standards, such as the Open Budget Survey.



- This Budget requires agencies to upload key budget reports and information through their Transparency Seals.



- The Bottom-Up Budgeting approach provides new opportunities for citizens to work with the government in addressing their communities' needs.

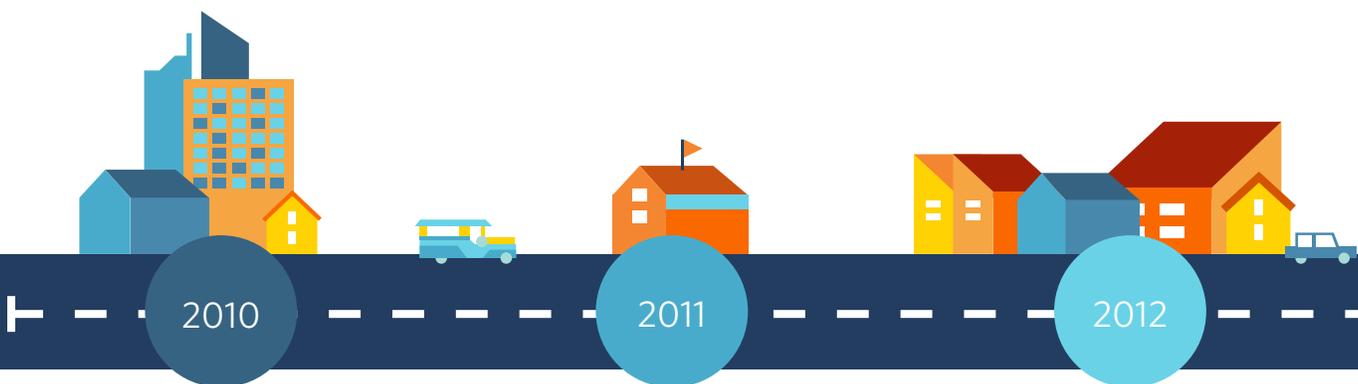
TUWID NA PAGGUGOL

The Administration's Budget Journey



Over the last few decades, the Budget has been abused. In previous years, public resources were wasted; in some cases, these scarce resources did not reach their intended beneficiaries.

Since 2010, your government has pursued difficult but necessary reforms to ensure that it spends **within its means**, spends resources **on the right priorities**, and supports programs that **deliver measurable results**.



■ **Zero-Based Budgeting.** Programs were extensively studied to evaluate their effectiveness.



■ **Engagement with Civil Society Organizations.** The government engaged civil society organizations (CSOs) in the different stages of the budget process.



■ **Public-Private Partnership.** The government tapped the support of the private sector to carry out projects.



■ **People's Budget Series.** The Proposed and Enacted Budgets were summarized and published in layman's language.



■ **Public Financial Management Reform (PFM) Roadmap.** A comprehensive PFM Reform Agenda was formulated to harmonize and improve processes in public finance.



■ **Budget Partnership Agreement.** National government agencies signed agreements with CSOs, so that civil society can monitor and suggest projects to be funded by the National Budget.



■ **Key Result Areas.** A set of 5 program clusters representing the priorities of the Aquino administration and the country's social and economic goals was created. This became the basis for the Budget Priorities Framework.



■ **Program Budgeting.** Different agencies responsible for the same Key Result Area worked together to evaluate their targets and beneficiaries before submitting individual budget proposals to the DBM.



■ **Account Management Teams.** Teams were deployed to agencies to examine bottlenecks in fund disbursement.



■ **Bottom-Up Budgeting.** Civil society groups worked with local government units to craft anti-poverty projects that are funded by the National Budget.



■ **Transparency Seal.** All agencies are mandated to post relevant documents to their respective websites for transparency and accountability.



■ **Performance-Based Incentive System.** Incentives are linked to the performance of agencies and employees.

December 27, 2010:
The 2011 National Budget was signed into law.

December 15, 2011:
The 2012 National Budget was signed into law.

December 19, 2012:
The 2013 National Budget was signed into law.

Each National Budget enacted and implemented under the Aquino Administration builds on reforms that have strengthened the culture of transparency, accountability, and citizen engagement in the government.



■ **Budget Priorities Framework.** This document outlined important programs to be funded by the fiscal space.



■ **Open Data Philippines.** Government-held datasets were made public.



■ **Performance-Informed Budgeting.** Performance targets and relevant financial information were specified in the General Appropriations Act (GAA).



■ **Medium-Term Information and Communication Technology Harmonization Initiative.** All agencies worked together to ensure that ICT-related resources, programs and projects across the government are aligned.



■ **GAA-As-Release Document.** The GAA became the release document. Thus, agencies can award projects as early as the first day of each year.



■ **Cashless and Checkless Payment.** Transactions between the government and its contractors were handled bank to bank.



■ **Unified Accounts Code Structure.** All programs and projects were given an ID number for better monitoring.



■ **Treasury Single Account.** All bank accounts were consolidated to enable the government to check its cash standing in real time.



■ **Two-Tier Budgeting.** Budget hearings for ongoing and new programs were separated to ensure that the government spends on the right priorities.



■ **Measures to improve agency capacity.** Additional BACS were created and the Budget provided for the hiring of new support staff. Full-Time Delivery Units, in coordination with DBM, were established within agencies to monitor the implementation of programs and projects.



■ **Open Budget Index.** The Philippines now has “substantial transparency” and ranks 1st among the ASEAN countries.

2014

December 20, 2013:
The 2014 National Budget was signed into law.

2015

December 23, 2014:
The 2015 National Budget was signed into law.

2016

December 22, 2015:
The 2016 National Budget was signed into law.

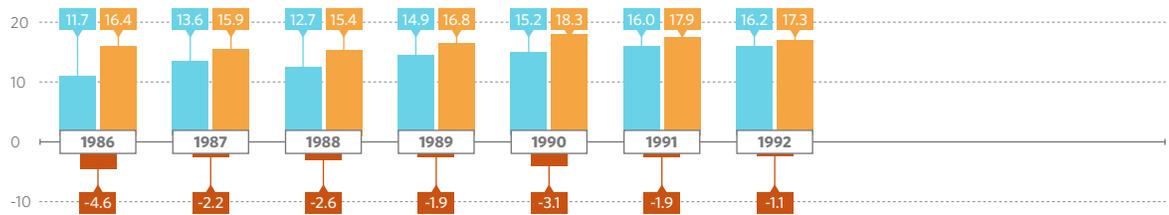
FISCAL PROGRAM OVERVIEW

The government under the Aquino Administration has been collecting the right amount of taxes, spending efficiently, and managing its deficit well. As a result, the government has earned investment-grade credit ratings, a sign of investor confidence in the government's ability to pay off its obligations.

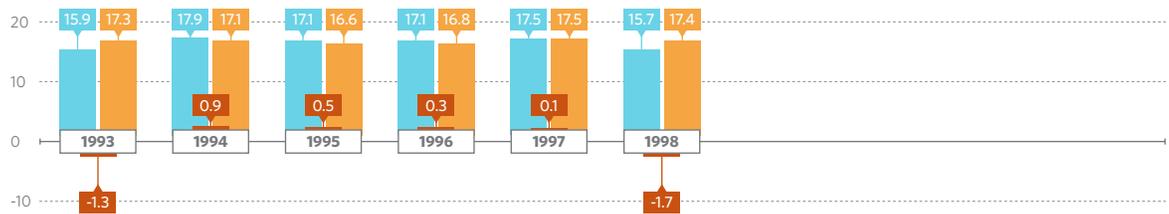
Fiscal Operations



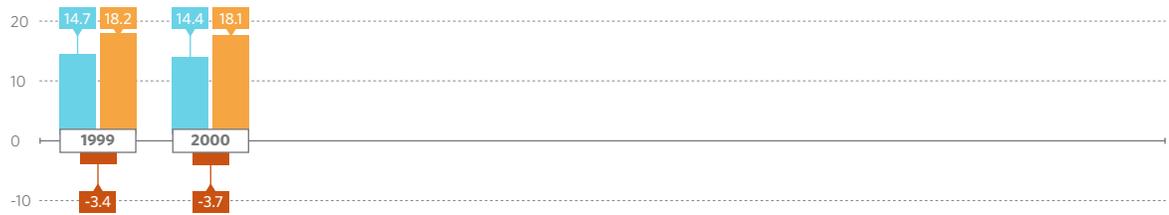
1986-1992
Corazon Aquino



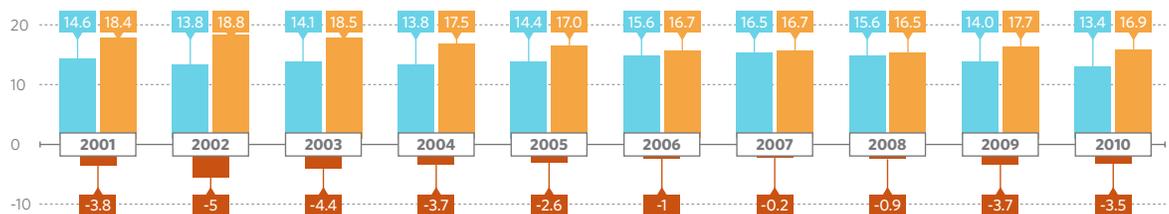
1993-1998
Fidel V. Ramos



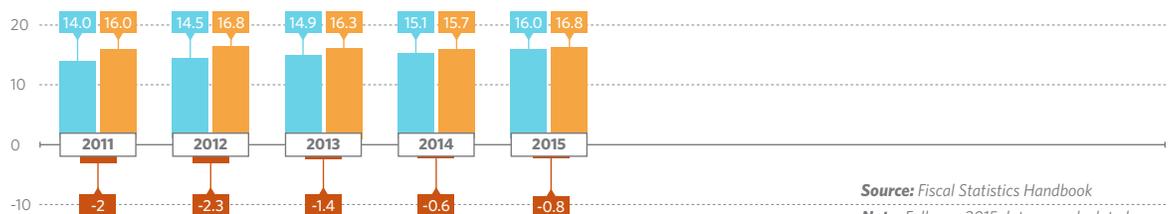
1999-2000
Joseph Estrada



2001-2010
Gloria Macapagal-Arroyo



2011-2015
Benigno Aquino III



Source: Fiscal Statistics Handbook

Note: Full year 2015 data are calculated as Jan-Nov actual data plus Dec estimates.

The Budget affects the economy because your taxes fund public services, such as education, that will enable Filipinos to be more productive and earn better in the future.

This year, the government will spend **P3 trillion**, contributing roughly **P19.50 in every P100 of the country's GDP**.

If this budget is equally distributed to the population, a total of **P29,075 will be spent for every Filipino**.

REVENUES

The Aquino Administration has efficiently collected more revenues without passing new taxes, except the Sin Tax Reform Law, and actively pursued smugglers and tax evaders.

DISBURSEMENTS*

The Aquino Administration has been able to reshape the government's budget priorities toward allocating more resources to social and economic services.

FISCAL DEFICIT**

The Aquino Administration has spent only within its means to lessen the country's outstanding debt from budget deficits. Thus, since 2011, the government has contained the deficit to within 2 percent of the GDP.

REVENUES

For this year, revenue collections aim to reach **17.5 percent of the GDP**. In the next two years, the government aims to collect taxes more efficiently from the country's total output.

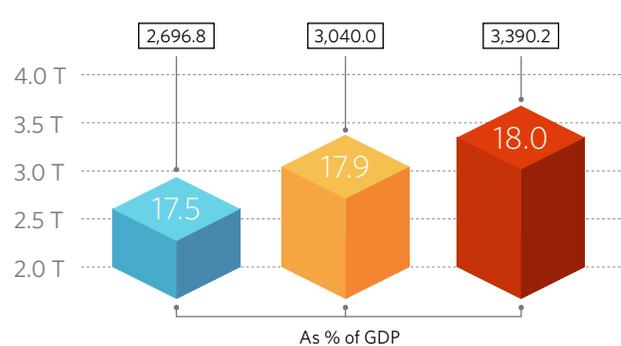
DISBURSEMENTS

Spending is expected to hit **19.5 percent of the GDP**. From 2016 to 2018, the government aims to contribute to growth by spending public resources more efficiently.

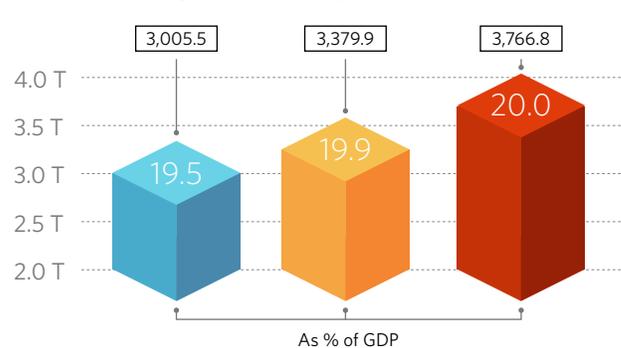
FISCAL DEFICIT

The deficit will remain within **2 percent of the GDP**. Between 2016 and 2018, the deficit will be kept within 2 percent of the GDP, thus reducing the need to borrow more.

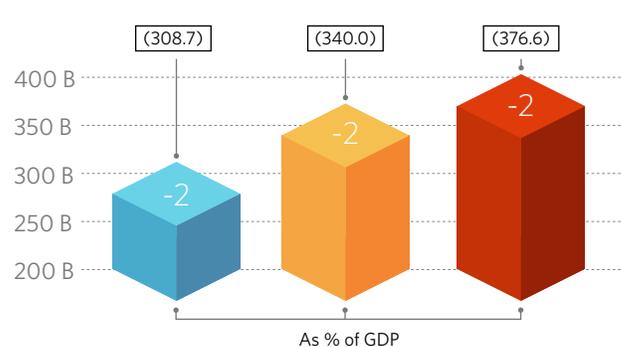
Revenues (in Billion Pesos)



Disbursements (in Billion Pesos)



Deficit (in Billion Pesos)



Note: Data are based on 2016 BESF forecasts and will be adjusted by DBCC according to recent macroeconomic developments

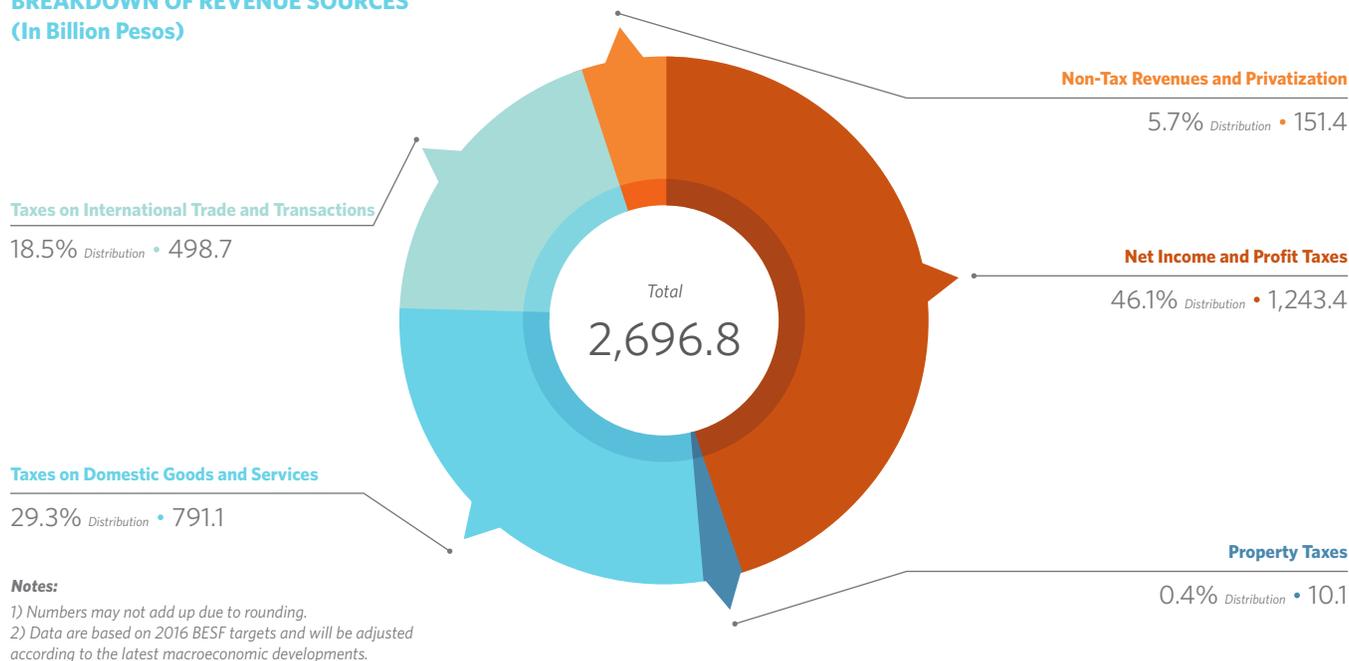
* Disbursements pertain to the actual payments of the government arising from its current and previous years' commitments. Obligation budget refers to the amount that the government is legally allowed to spend in a year.

** The government incurs a deficit when revenues fall short of disbursements. The annual two-percent cap is the rate at which the government can reduce its debt to a sustainable level.

REVENUES

The government expects to **raise P2.7 trillion** in revenues, the majority of which will come from your taxes.

BREAKDOWN OF REVENUE SOURCES (In Billion Pesos)



HOW REFORMS TRANSFORM

The Bureau of Customs has long been the face of corruption in government. Since the Aquino Administration assumed office, however, changes in leadership, personnel, and processes have been enacted and the following achievements have been made:

-  Reform-minded customs officials were appointed.
-  The Office of Revenue Agency Modernization, acting as a "change agent," was created.
-  The Customs Policy Research Office, the bureau's policy arm, was established.

Anecdotes of the unexplained wealth of Bureau of Internal Revenue (BIR) personnel, as well as cases of tax evasion and corruption during tax audits are known by all. In 2014, the bureau launched its Reform Master Plan and aimed to improve tax registration, audit, collection enforcement, and support services, among others.

The BIR has made these feats, among other accomplishments, possible:

-  **Improved taxpayer satisfaction and compliance:**
 - BIR Contact Center
 - eBIRForms
 - eLounges in Revenue District Offices
-  **Improved assistance, compliance, and enforcement:**
 - Electronic Tax Information System (eTIS) Project
 - Electronic Certificate Authorizing Registration (eCAR)
-  **Strengthened good governance:**
 - Strategic Performance Management System created to link individual performance to an agency's vision
 - Integrity Management Plan, a preventive anti-corruption measure, rolled out
-  **Improved integrity and accuracy of taxpayer database:**
 - Document processing centralized to Regional Offices
 - Asset Information Management

Source on BIR accomplishments: BIR Annual Report 2014

BORROWING AND DEBT

Because current revenues are unable to support inclusive growth, the government must borrow money to fund government services, pay loans, and improve service delivery.

This year, the government will **borrow P674.8 billion*** to cover the fiscal deficit and pay the principal of the country's loans.



Deficit
P308.7 billion to cover the budget deficit



Debt Amortization
P347.7 billion to amortize or pay off the country's debts

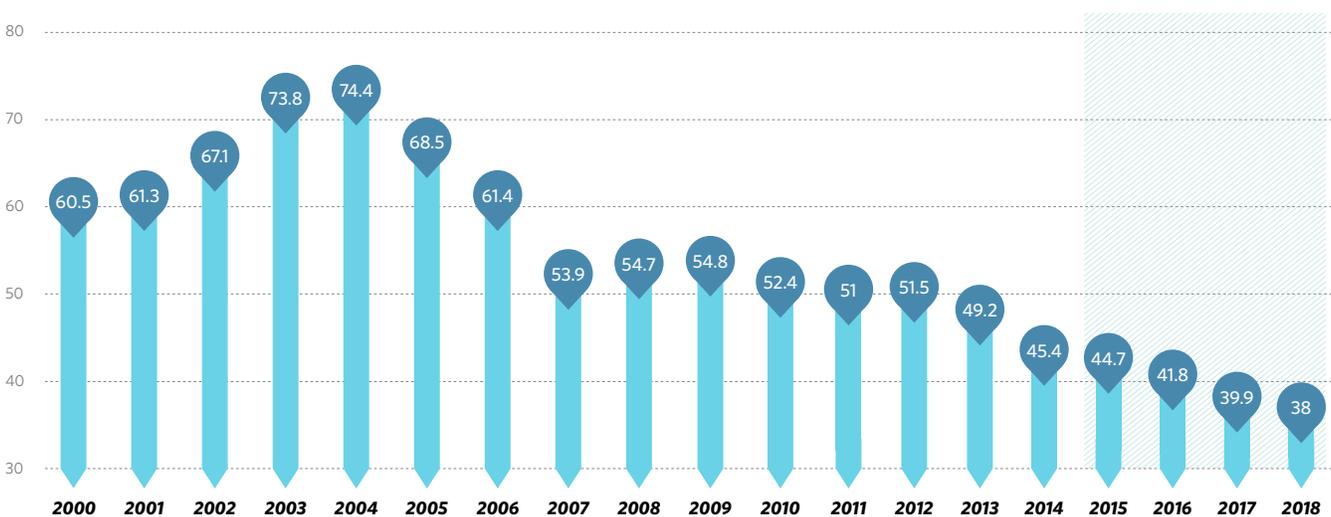
*Also includes P18.4 billion to manage the availability of cash

OUTSTANDING DEBT

The government is now in a better position to pay back its debt because it has improved revenue collections and kept additional borrowing in check.

This year, the government's outstanding debt is equivalent to 41.8 percent of the GDP, the lowest since 1989.

NG Outstanding Debt as % of GDP



Sources: Bureau of Treasury & DBM's Fiscal Statistics Handbook

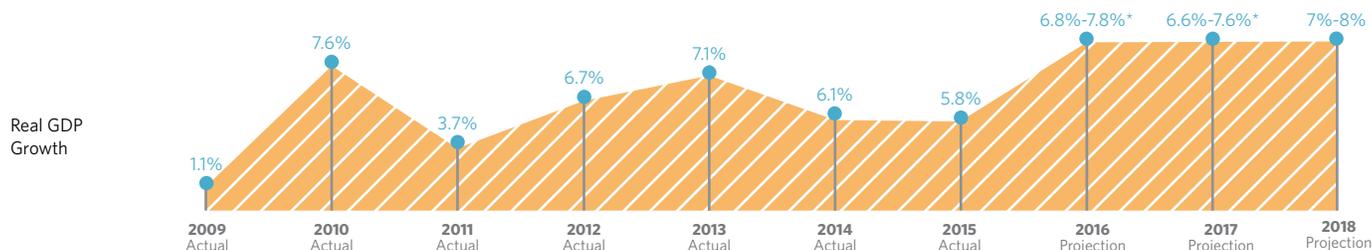
Note: Data are based on 2016 BESF targets and will be adjusted according to the latest macroeconomic developments

Based on program or projections

THE ECONOMY AND THE BUDGET

The economy affects the Budget. When the economy grows, people earn more, businesses produce and sell more goods and services, and the government collects more revenues.

When revenues increase, quality services are provided to more beneficiaries and there is less need to borrow from creditors.

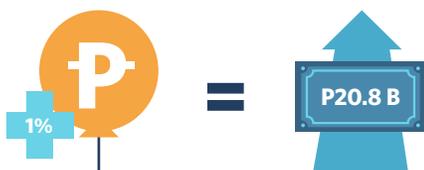


When the government spends enough, the economy grows. The amount of public spending depends on the following factors:

Inflation

Increases in prices boost revenues from goods and services taxed by the government. However, inflation should be controlled to keep prices stable and protect consumers' buying power. **For 2016, the government will keep the inflation rate at 2 to 4 percent.***

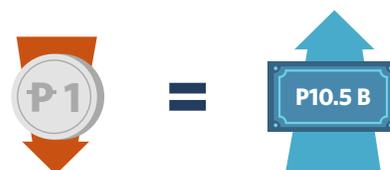
Every 1 percentage point increase in inflation rate equals an additional P20.8 billion in revenues.



Foreign Exchange

When the Peso depreciates against the US Dollar, the cost of foreign-denominated debts increases. **This year, foreign exchange should be maintained at P45 to P48 per US Dollar.***

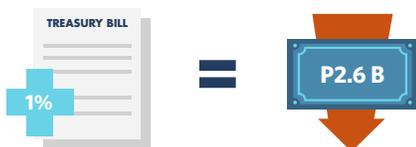
Every P1 depreciation equals P10.5 billion in revenues



Interest Rates

Increases in interest rates can push the cost of borrowed money upward. **For 2016, the domestic 364-day Treasury Bill Rate should be kept at 2.5 to 4 percent, and the benchmark LIBOR should be maintained within 1 to 2 percent.***

Every 1 percentage point increase in Treasury Bill Rate—the benchmark for domestic interest rates—equals an additional P2.6 billion in deficit.



Every 1 percentage point increase in LIBOR—the benchmark for international interest rates—equals an additional P4.2 billion in deficit.



Growth Rate of Imports

Increases in merchandise imports raise the country's revenues. **For 2016, the growth rate of imports on goods should grow by 10 percent.***

Every 1 percentage point increase in import growth rate equals an additional P4.3 billion in revenues



Source for Real GDP Growth: 2009-2013 Real GDP Growth from Philippine Statistics Authority; 2014 -2018 from Development Budget Coordination Committee (DBCC)

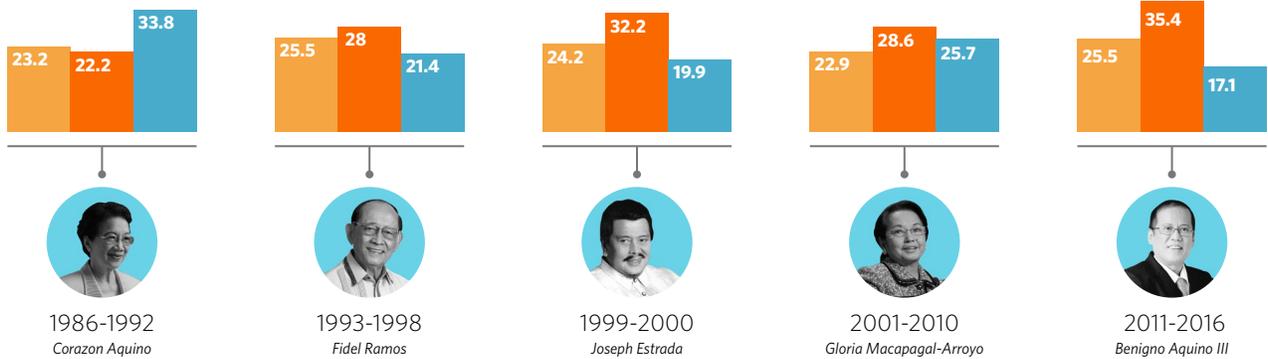
Notes: Icons are based on 2016 BESF targets and will be adjusted according to the latest macroeconomic developments. * Figures are based on the latest DBCC targets

BUDGET DIMENSIONS

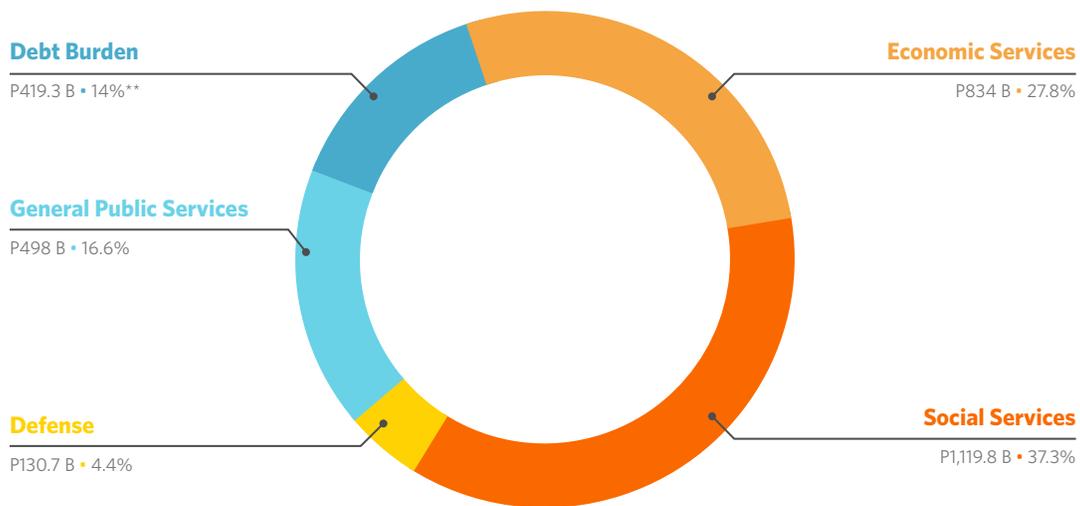
By Sector (Old System*)

No other administration since 1986 has given as much resources to social and economic services as the current one.

Average % Share of Sectors to Total Budget



For the first time in 30 years, the Budget will provide the highest allocations to social and economic services by introducing budget reforms and reducing the debt burden. For 2016, P65 in every P100 of the National Budget will be spent on social and economic services to continue fostering inclusive growth.



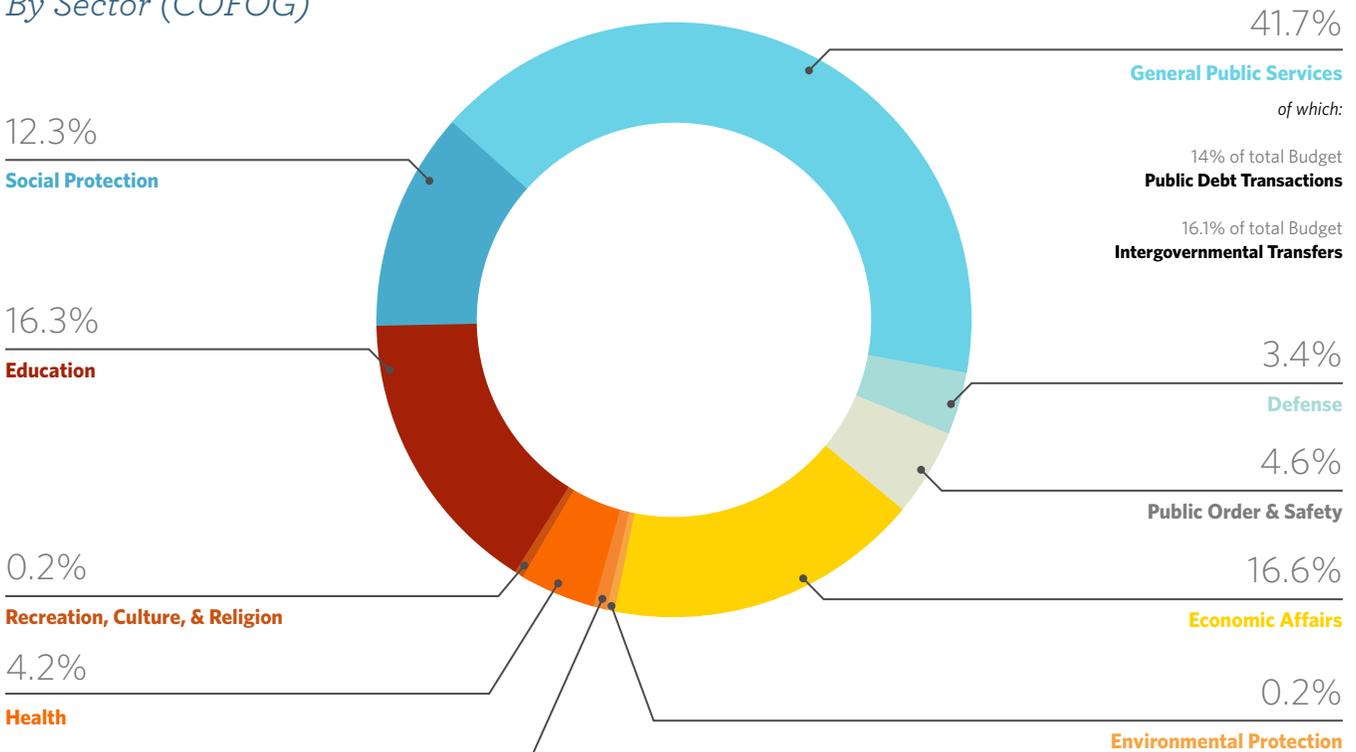
Note: Numbers may not add up due to rounding off

* Figures are computed using the old method, where agency budgets fall under the sectors they represent.
 **Debt Burden accounts for Interest Payments (13.09%) and Net Lending to Government Corporation (0.88%).

BUDGET DIMENSIONS

By Sector (COFOG)

The 2016 Budget funds important services to ensure that everyone can move up the economic ladder. Using the Classification of the Functions of Government (COFOG) system (see box in page 13), half of the Budget was allocated to social protection, health, education, and economic affairs.



Note: Numbers may not add up due to rounding off; percentages are based on the total budget.

41.7% P1,250.6 B
General Public Services

of which:

- General Services**
P258.3 B • 8.6%
- Public Debt Transactions**
P419.3 B • 14%
- Intergovernmental Transfers**
P483.8 B • 16.1%

16.6% P499.2 B
Economic Affairs

of which:

- Agriculture, Forestry, Fishing, & Hunting**
P107.8 B • 3.6%
- Transport**
P347.7 B • 11.6%

12.3% P370.4 B
Social Protection

of which:

- Old-age Pensions**
P117.2 B • 3.9%
- Housing Development**
P32.5 B • 1.1%
- Conditional Cash Transfers**
P62.7 B • 2.1%

4.6% P137.7 B
Public Order & Safety

of which:

- Police Services**
P92.5 B • 3.1%
- Law Courts**
P19 B • 0.6%

0.2% P6.7 B
Environmental Protection

0.5% P14.3 B
Housing & Community Amenities

16.3% P490.6 B
Education

of which:

- Basic Education (pre-primary, primary, & secondary)**
P315.2 B • 10.5%
- Tertiary Education**
P37.3 B • 1.2%
- School Buildings**
P91.2 B • 3%

3.4% P100.5 B
Defense

4.2% P125.4 B
Health

0.2% P6.4 B
Recreation, Culture, & Religion

These five sectors benefit society as a whole.



General Public Services

This sector accounts for general administrative services, such as lawmaking, fiscal management, foreign affairs, governance, and other regulatory services. This sector also includes debt servicing and internal revenue allotments (IRA) for Local Government Units (LGUs).



Public Order and Safety

This sector strengthens law enforcement, upholds the rule of law, and ensures public safety.



Economic Affairs

This sector promotes economic growth, industry competitiveness, and job creation.



Environmental Protection

This sector promotes pollution reduction and biodiversity protection.

Note: The budget for this sector does not represent the total budget for climate change adaptation and disaster risk reduction (see pages 60-65).



Defense

This sector protects the country from security threats.

These five sectors directly benefit individual citizens.



Housing and Community Amenities

This sector provides housing and considers community needs, such as potable water.*



Education

This sector ensures equal access to primary, secondary, and tertiary education.



Health

This sector ensures access to primary health care, quality hospital care, health insurance, and quality health commodities and facilities.



Social Protection

This sector provides social safety nets, such as conditional cash transfers and social pensions.*

**Note: The budget for socialized housing is lodged under the social protection sector.*



Recreation, Culture, and Religion

This sector promotes the country's national identity by promoting cultural heritage and sports.

WHAT IS COFOG?

The COFOG is an international standard in budgeting adopted by the Philippines in 2015. It is used to assign portions of the budget to a sector according to the total budgets of agencies falling under this sector. As an international standard, COFOG reflects the contributions of each agency to multiple sectors. Prior to COFOG, for instance, the entire Department of Labor and Employment (DOLE) budget was categorized under the Social Services sector even if it also contributed to General Public Services and Economic Services.



BUDGET DIMENSIONS

By Expense Class

To appreciate how the Budget works, one can look at what the government pays for. This year, the government set aside 25 percent of the National Budget to spend on infrastructure and another 27 percent to pay for government salaries and other human resource requirements.

PARTICULARS (in Billion Pesos)	2015 Adjusted	2016 GAA	Growth Rate
CURRENT OPERATING EXPENDITURES	1,911.44	2,101.75	↑ 9.96%
Personnel Services	745.96	811.79	8.82%
Maintenance and Other Operating Expenses	463.33	524.09	13.11%
Financial Expenses	1.68	1.66	-1.19%
Allotment to LGUs (IRA)	311.89	342.90	9.94%
Subsidy to Government Corporations	15.72	28.52	81.42%
Interest Payments	372.86	392.80	5.35%
CAPITAL OUTLAYS	668.06	873.55	↑ 30.76%
Infrastructure	595.77	759.58	27.50%
Special Shares to LGUs	25.23	35.92	42.37%
Equity to Government Corporations	1.04	8.96	761.54%
Other Capital Outlays	46.02	69.09	50.13%
NET LENDING	26.50	26.50	0%
Total	2,606.0	3,001.8	15.19%



Personnel Services

This expense covers the salaries, wages, and compensation of permanent, temporary, contractual, and casual workers. This expense was increased by **8.8 percent** to bring government salaries up to par with the private sector, provide performance bonuses to motivate employees, and hire more teachers, nurses, policemen, and other staff critical to service delivery.



Maintenance and Other Operating Expenses

This expense includes spending for goods and services such as supplies, utilities, and professional services necessary to keep the government operating daily. The 13.1-percent increase in this expense addresses the growing

needs of the K to 12 Education Program, regular DPWH maintenance work, and election requirements, among others. Conditional cash transfers and sustainable livelihood are also funded by this expense.



Allocations to LGUs

This expense takes into account the IRA and other shares in the national revenue of LGUs. This expense grew by 12.39 percent* because of higher revenue collections in 2013—the base year for determining the IRA for 2016—and additional performance-based allocations to LGUs.



Equity to Government Corporations

This expense seeks to provide additional capital to government-owned and

controlled corporations, as well as subsidies to service-oriented delivery agencies.



Infrastructure and Other Capital Outlays

This expense, which increased by 29.1 percent**, pays for capital goods that create additional government assets. Classrooms, health stations, roads and bridges, and other transport infrastructure are prime examples of this expense.

Notes:

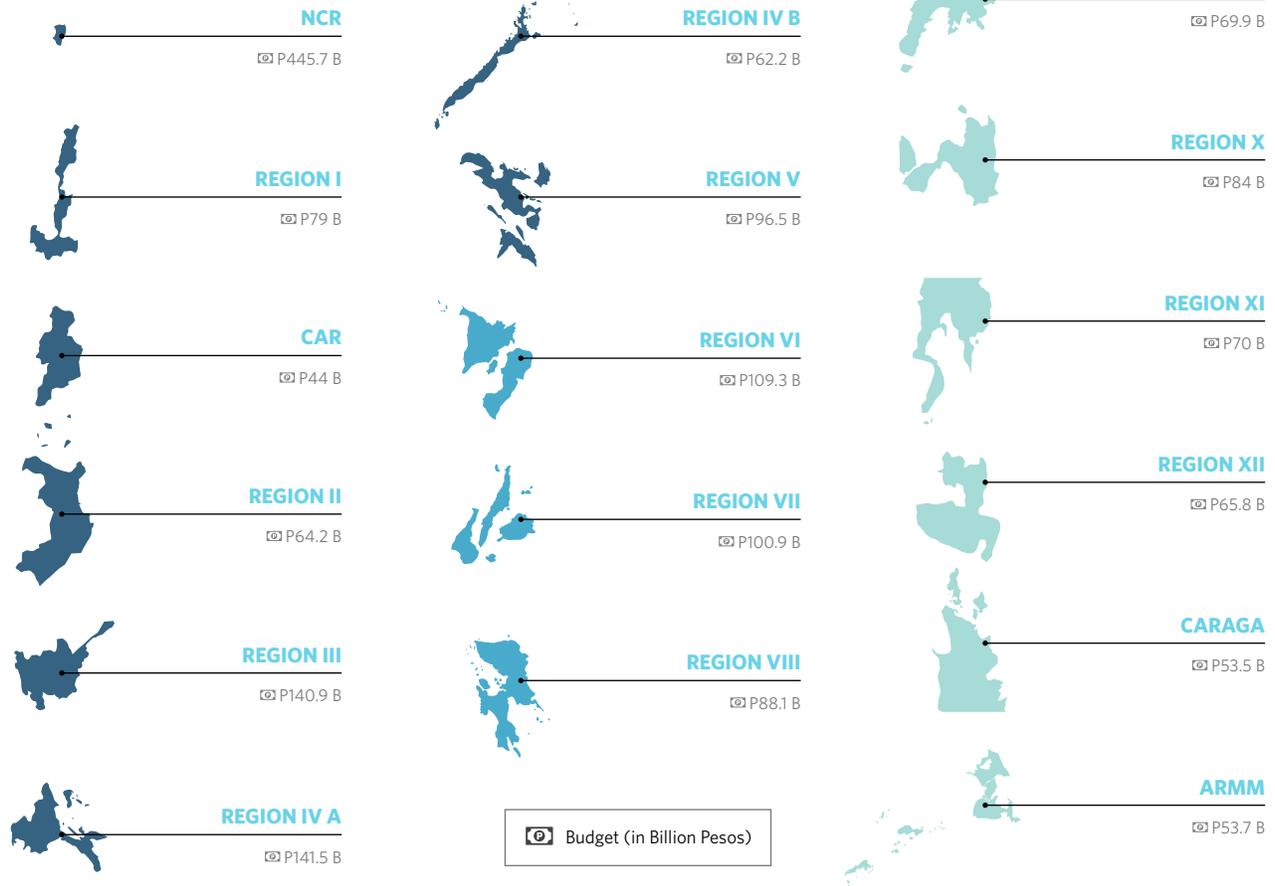
* Accounts for IRA and Special Shares to LGUs

**Accounts for Infrastructure and Other Capital Outlays

BUDGET DIMENSIONS

Building an inclusive economy means distributing resources equitably to various regions, especially the poorest ones. Thus, P59 in every P100 of the Budget is set aside for various regions.

By Region



Notes:

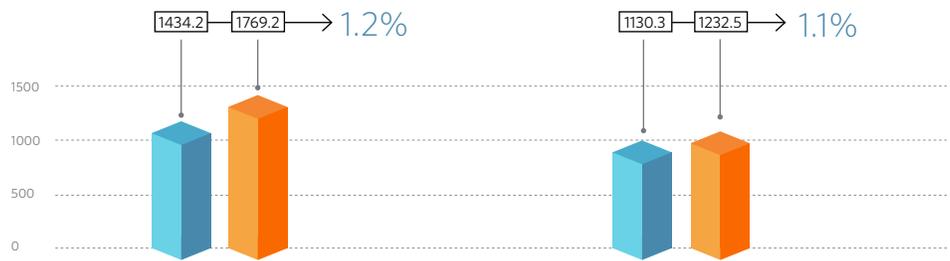
*As the Unified Account Code Structure is implemented, the breakdown of the Budget by region is based on the location of the implementing units and the locations of programs and projects.

**The Budget for the NCR includes allocations for national government offices located in this region, such as the offices of the President, the Vice President, and Legislature.

***"Nationwide" refers solely to multi-user Special Purpose Funds.

****"Central Office" refers to allocations managed by the central office of each department and agency.

Note: Numbers may not add up due to rounding off.



Regionalized Budget

NCR**	P416.7 B	P445.7 B	↑ 7%
Luzon	P450 B	P628.3 B	↑ 39.6%
Visayas	P243.5 B	P298.3 B	↑ 22.5%
Mindanao	P324 B	P396.9 B	↑ 22.5%

Non-Regionalized Budget

Nationwide***	P660.3 B	P747.7 B	↑ 13.2%
Central Office****	P470 B	P484.8 B	↑ 3.2%



BUDGET DIMENSIONS

By Department and SPFs

DEPARTMENTS	Budget (in Thousand Pesos)
Congress of the Philippines	13,883,661
Office of the President	2,860,076
Office of the Vice President	503,829
Department of Agrarian Reform	10,386,022
Department of Agriculture	48,942,572
Department of Budget and Management	1,422,613
Department of Education	433,383,160
State Universities and Colleges	49,661,330
Department of Energy	1,865,939
Department of Environment and Natural Resources	22,270,376
Department of Finance	20,219,965
Department of Foreign Affairs	20,777,044
Department of Health	124,954,946
Department of the Interior and Local Government	125,399,335
Department of Justice	13,782,192
Department of Labor and Employment	18,773,305
Department of National Defense	117,733,660
Department of Public Works and Highways	397,108,480
Department of Science and Technology	18,217,101
Department of Social Welfare and Development	110,905,794
Department of Tourism	3,644,611
Department of Trade and Industry	4,301,046
Department of Transportation and Communications	44,298,274
National Economic and Development Authority	5,786,782
Presidential Communications Operations Office	1,245,662
Other Executive Offices	20,453,645
Autonomous Region in Muslim Mindanao	29,412,953
Joint Legislative-Executive Councils	2,883
The Judiciary	26,790,898
Civil Service Commission	1,317,005
Commission on Audit	9,334,560
Commission on Elections	16,155,045
Office of the Ombudsman	2,063,013
Commission on Human Rights	460,026
DEPARTMENT BUDGETS	1,718,317,803
SPECIAL PURPOSE FUNDS <i>See additional discussions in the next page</i>	1,283,482,197
Grand Total	3,001,800,000
UNPROGRAMMED FUND	67,500,000

Note: The budgets of the departments described here may differ from those in pages 20 and 21. This table only shows agency-specific budgets, while figures for the Top Ten Departments in the said pages include allocations from or in Special Purpose Funds.

SPECIAL PURPOSE FUNDS

Agencies also receive Special Purpose Funds (SPFs), which are set aside for specific purposes. For the 2016 Budget, the government has reduced the number of SPFs, with some having been lodged in agencies' specific budgets.

LUMP SUM SPFs

These funds could not be broken down into specific items when the Executive Branch prepared the 2016 Budget. Some projects can only be identified once the Budget has been implemented.

National Disaster Risk Reduction and Management Fund
This fund is used to respond to calamities and disasters. Lodged under this fund is the P18.9 billion budget for the rehabilitation and reconstruction of communities affected by Typhoon Yolanda. Another P1 billion was set aside for the People's Survival Fund, which finances climate change adaptation projects.

Contingent Fund
This fund is used to implement President-approved projects and programs that are urgently needed during the year.

DISAGGREGATED SPFs

SPFs previously not broken down (e.g. personnel benefits and pensions) have been included in the budgets of agencies for greater transparency.

Miscellaneous Personnel Benefits Fund (MPBF)
This SPF is used to pay for the performance bonuses of employees, fill up unfilled positions, and create new positions, among others. The MPBF has been reduced by 18 percent from P117 billion in 2015 to P96 billion this year.

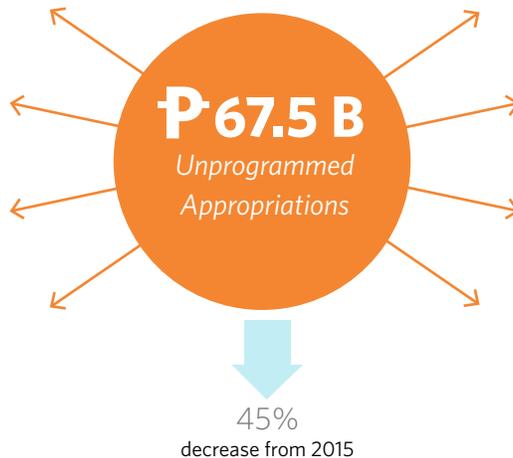
Pension and Gratuity Fund
This SPF is used to pay for the pensions of uniformed personnel, retirement and terminal leave benefits, and separation pay, among others.

Budgetary Support to Government Corporations
This SPF is used to support government corporations in the form of equities and subsidies.

UNPROGRAMMED APPROPRIATIONS

Besides SPFs and regular budgets, government agencies can receive additional funding from Unprogrammed Appropriations, which supports priority programs when additional revenues (e.g., excess revenue collection from non-tax sources and new revenue collections) are collected and when newly approved loans are secured.

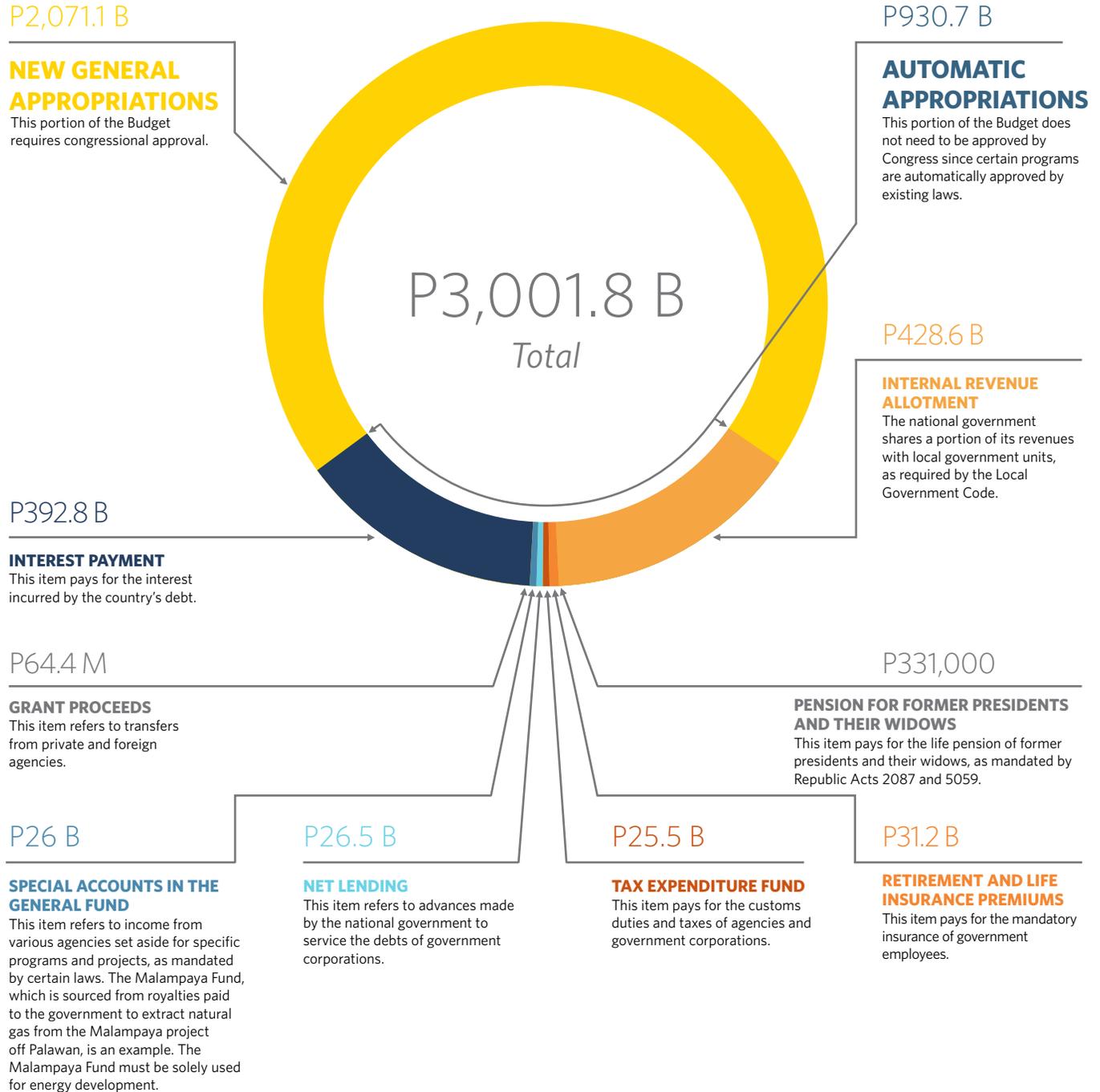
- Support for Infrastructure and Social Programs **P25 B**
- AFP Modernization Programs **P10 B**
- Support for Foreign-Assisted Projects **P1.5 B**
- Total Administrative Disability of Living Post-World War II veterans **P1.3 B**



- Fund Adjustments for the Share of ARMM Pursuant to RA 9054 **P1.5 B**
- Fund Adjustments for Use of Excess Income by Agencies **P200 M**
- Risk Management Program **P800 M**
- Landbank of the Philippines-Loan Portfolio **P6 B**

NEW GENERAL AND AUTOMATIC APPROPRIATIONS

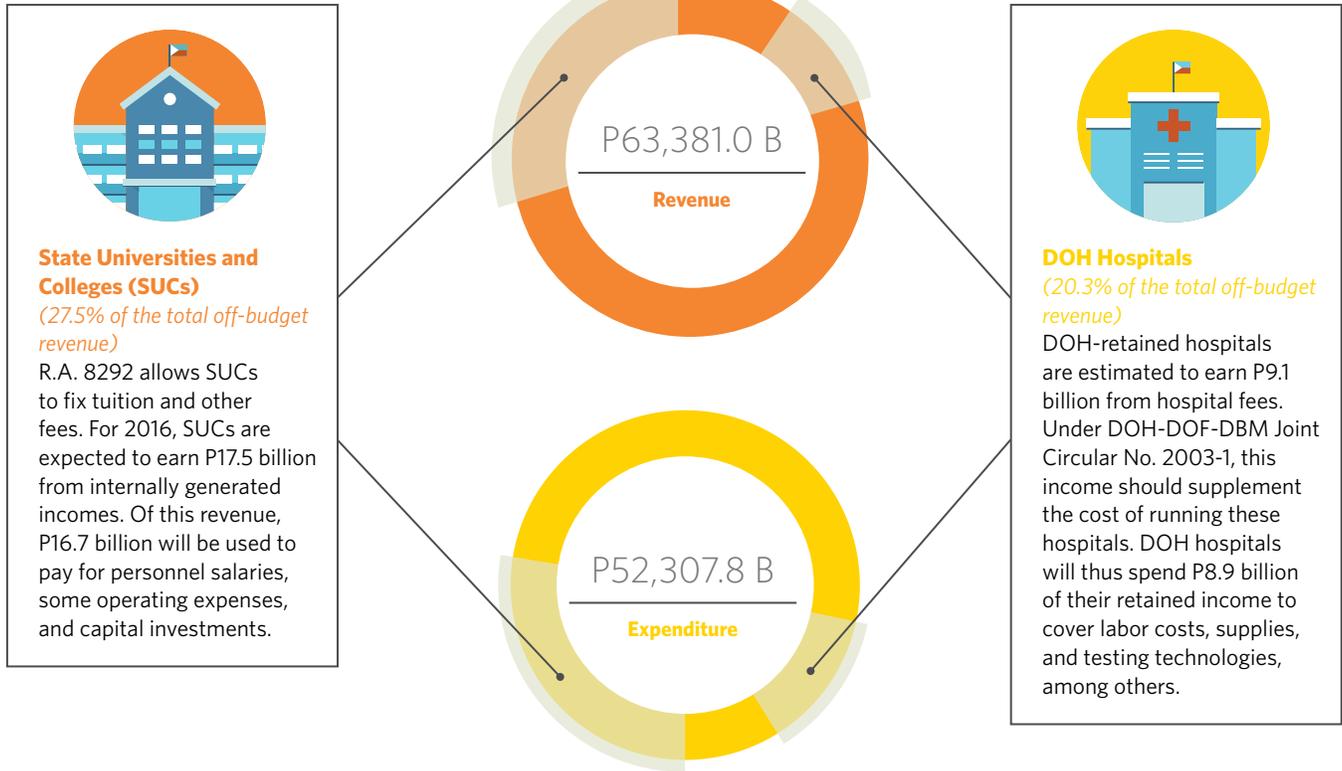
The 2016 Budget is composed of New General Appropriations and Automatic Appropriations



OFF-BUDGET ACCOUNTS

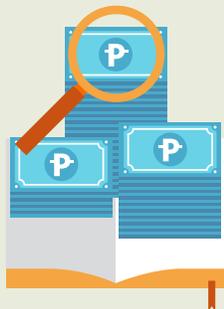
Some government agencies will spend P52.3 billion of their estimated P63.4 billion retained income and other specific revenues through “off-budget” accounts. This income should only be used for specific purposes, such as supplementing operational expenses, as determined by certain laws (see box).

Total of All Departments (In Million Pesos)



DID YOU KNOW?

As of end-2014, off-budget accounts have a balance of P122.2 billion. Of these, the largest balances are from SUCs.



WHAT ARE OFF-BUDGET ACCOUNTS?

Off-budget accounts detail the revenues and incomes of agencies outside the Budget. These items are used for funding or augmenting certain expenditures as prescribed by law. Off-budget accounts are categorized into: 1) retained income/receipts; 2) revolving funds; and 3) receipts from borrowings by the Bureau of Treasury (BTr). These funds are not included in the General Fund—the pool of funds being managed by the BTr.

Like all public funds, the Commission on Audit (COA) inspects the collection and use of funds under off-budget accounts.

TOP 10 DEPARTMENTS



54 in every P100 of the National Budget will go to the top ten departments critical to sustaining inclusive development.



1

Department of Education



2

Department of Public Works and Highways



3

Department of National Defense



4

Department of the Interior and Local Government

2015 Grand Total	P398,110,695	P316,808,825	P154,224,444	P148,357,439
Agency Specific Budget	P411,905,257	P384,287,164	P117,521,116	P124,229,290
Automatic Appropriations: Retirement and Life Insurance Premiums, Grant Proceeds, & Special Accounts in the General Fund	P21,477,903	P12,821,316	P212,544	P1,170,045
Subtotal	P433,383,160	P397,108,480	P117,733,660	P125,399,335

Provisions under/ Transfers for Special Purpose Funds

Pension and Gratuity Fund	P2,518,807	P1,214,208	P56,758,338	P27,502,392
Miscellaneous Personnel Benefits Fund	P559,896	P735,164	P682,353	P1,640,873
Budgetary Support to Government Corporations		P1,394,547		
Subtotal	P3,078,703	P3,343,919	P57,440,691	P29,143,265

2016 Grand Total	P436,461,863	P400,452,399	P175,174,351	P154,542,600
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5

Department of Health



6

Department of Social Welfare and Development



7

Department of Agriculture (including FPA*)



8

Department of Transportation and Communications



9

Department of Finance



10

Department of Environment and Natural Resources

P103,453,291	P108,379,871	P90,811,846	P61,033,025	P18,357,715	P22,081,428
P123,510,788	P110,816,621	P48,523,415	P42,680,486	P 18,742,524	P21,843,120
P1,444,158	P89,173	P498,548	P1,617,788	P1,477,441	P427,256
P124,954,946	P110,905,794	P49,021,963	P44,298,274	P20,219,965	P22,270,376

P337,064		P540,805	P882,494	P175,784	P194,280
P701,645	P85,345	P1,091,995	P585,525	P4,748,519	P2,287,387
P2,469,331		P43,312,975	P2,742,886	P8,029,000	
P3,508,040	P85,345	P44,945,775	P4,210,905	P12,953,303	P2,481,667

P128,462,986	P110,991,139	P93,967,738	P48,509,179	P33,173,268	P24,752,043
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*Fertilizer and Pesticide Authority

BUDGET PRIORITIES FRAMEWORK

Five Priority Programs

For every P10 of the P3-trillion Budget, P8 will fund ongoing programs and projects, including salaries and operating expenses.

The remaining P2 or about P582.7 billion, also called the fiscal space, will expand existing programs that promote inclusive growth or fund new development programs and projects.

To spend the fiscal space effectively, the government has detailed how the five most important programs described in the Budget Priorities Framework will be funded.

These programs aim to build an economy where everyone contributes to the country's progress.



Pursuing Good Governance

Good Governance and Anti-Corruption

Well-governed societies move farther ahead. The Budget will improve the government's processes, help fight corruption, and create more opportunities for citizen's participation.



Creating Equal Opportunities for All

Social Protection and Social Services

No one—regardless of birth, gender, or geography—will be left behind as the country moves forward. The Budget will expand social safety nets and improve the delivery of social services.



Sustaining Rapid Growth Momentum

Economic Expansion and Job Creation

An expanding economy creates more jobs and livelihood. The Budget will connect people to greater opportunities by building infrastructure and supporting key industries such as manufacturing, tourism, and agriculture.



Managing Disaster Risk

Climate Change Adaptation and Disaster Risk Reduction

Disasters and calamities threaten development. The Budget will make infrastructure climate-proof and improve the resilience of communities affected by or at risk of calamities.



Forging Lasting Peace and Security

Peace and Security

Development thrives in peaceful communities. The Budget will support peace negotiations, reduce crime, and strengthen territorial defense.

BUDGET PRIORITIES FRAMEWORK

44 Focus Geographic Areas

Besides being funded by the Budget, crucial services must be delivered especially to the poor and disadvantaged.

The 2016 Budget puts forward the needs of the 44 poorest and most disaster-prone provinces of the country.

These provinces were prioritized in the fiscal space because they have the potential to contribute the most to achieving development that includes everyone.



Provinces with a High Poverty Magnitude

Provinces with the largest number of poor households

Provinces can gain irreversible progress when growth begins within the community. Investing in the basic needs of the poor will help them land jobs, thus enabling them to participate in pursuing development.



Provinces with High Poverty Incidence

Provinces with the largest proportion of poor to total population

Such provinces have small populations and are located in remote areas. As local industries take off, the poor need social safety nets to depend on. Programs that connect the poor to growth centers and help them climb the economic ladder must be pursued.



Provinces Vulnerable to Shocks and Disasters

Provinces that are prone to calamities

When calamities and disasters strike, the poor may slip further into poverty and the marginally poor may fall below the poverty line. Thus, targeted provinces will benefit from programs that mitigate disaster risk, diversify sources of income, and provide social protection.

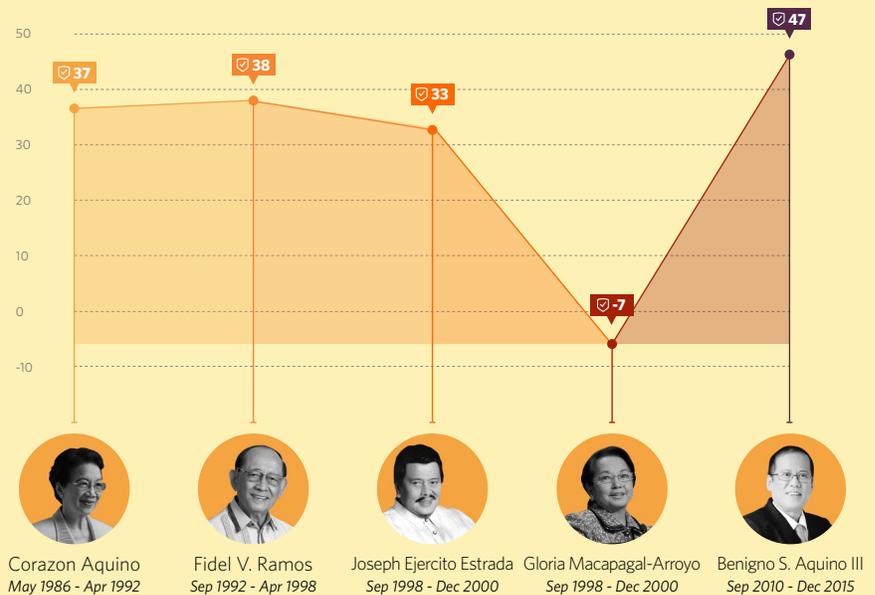
GOOD GOVERNANCE AND RULE OF LAW

A strong economy hinges on a political system that delivers swift justice and practices good governance.



RENEWED PUBLIC TRUST

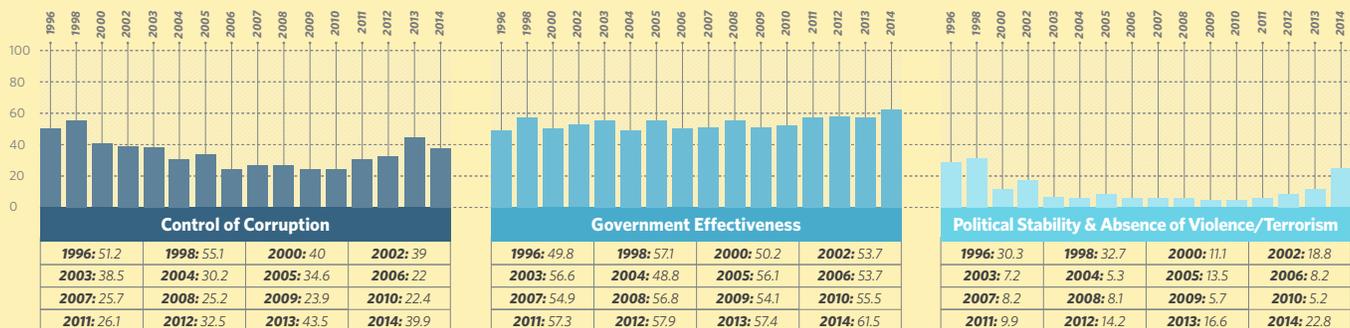
Campaigning on the platform of *Tuwid na Daan*, the Aquino Administration has enjoyed trust and confidence. This renewed trust has helped the government institute critical reforms.



✓ Average Net Satisfaction Rating of the President *Source: Social Weather Stations*

Through the Administration's reforms, the state of governance has greatly improved, especially in terms of fighting corruption and promoting government effectiveness.

Percentile Ranks in World Governance Indicators (1996-2006)



Note: In percentile rank terms from 0 to 100, a higher value corresponds to better outcomes.

Confidence in the Philippines is affirmed by a total of 24 positive credit upgrades, the most gained by any country in the last five years.

MOODY'S Ba3 → Baa2
2009 2014

FITCH BB → BBB-
2009 2015

S&P BB- → BBB
2009 2015

NICE BB+ → BBB
2011 2016



FIGHTING CORRUPTION

The government's efforts to prosecute the corrupt have improved, as shown by the number of cases disposed by Sandiganbayan.

Total number of cases filed in Sandiganbayan every year



DELIVERY OF JUSTICE

The country's court system has stepped up its efforts to reduce its case backlog.

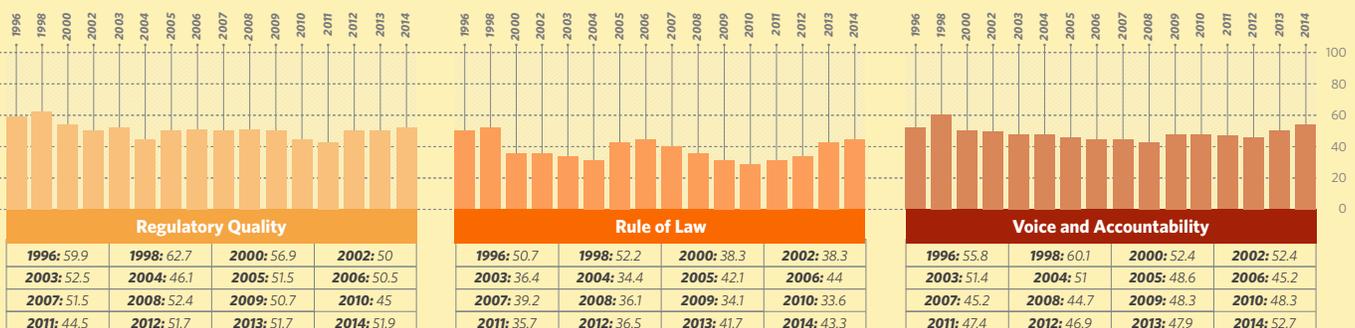
Note: A ratio of less than 1 reflects an INCREASING backlog. A ratio of greater than 1 reflects a DECREASING backlog. A ratio equal to 1 means the backlog is maintained.



Source: Philippine Statistics Authority

More indigents have been provided with free legal services through the Public Attorney's Office (PAO).

1 person icon = 1 million Clientele Assisted by PAO



Source: World Bank, World Governance Indicators

Poverty is reduced when the proper resources are extended to the poor and needy. The economy also grows steadily when the rule of law prevails.

The Budget funds programs that pursue good governance and strengthen the rule of law. This regime of good governance creates a political environment that promotes inclusive growth.



Clean and Honest Elections

To ensure that Filipinos elect the public servants they truly deserve, the **Commission on Elections (COMELEC)** commits to run free, orderly, honest, and credible elections:

- All voters' registrations successfully processed
- Voters' turnout increased by 5 percent
- The resolution of electoral protests within the prescribed period increased by 40 percent



Fighting Corruption

The **Office of the Ombudsman** seeks to pursue transparent and accountable governance by investigating graft allegations and corrupt public servants.



20,064
grievances and
complaints acted
upon



4,275
fact finding
investigations
completed



3,664
preliminary
investigations
conducted



3,966
administrative
cases decided/
adjudicated

The **Sandiganbayan** seeks to render speedy and fair judgment of corrupt practices committed by public servants.



418
cases disposed



3,480
cases processed



Swift Delivery of Justice

The **Supreme Court of the Philippines and Lower Courts** commit to act on cases independently, effectively, and efficiently.



Supreme Court
42 in every 100 cases
disposed



Regional Trial Courts
28 in every 100 cases
disposed



Metropolitan Trial
Courts
67 in every 100 cases
disposed



Municipal Trial Courts
in Cities
53 in every 100 cases disposed



Municipal Circuit Trial
Courts
46 in every 100 cases disposed



Municipal Trial Courts
45 in every 100 cases
disposed



Sharia District Courts
42 in every 100 cases
disposed



Sharia Circuit Courts
29 in every 100 cases
disposed



Child and Family Courts
33 in every 100 cases
disposed

The **Department of Justice (DOJ)** also commits to serving justice:

- 75 in every 100 cases prosecuted
- 97 in every 100 legal services rendered within 15 working days from receipt of request

The **National Bureau of Investigation (NBI)** ensures efficient and thorough investigations:

- 41,395 cases with final recommendations within the prescribed period
- Number of cases recommended for prosecution increased by 5 percent from 973 to 1,022

PAO seeks to provide effective legal services to indigents and other qualified individuals:

- Number of cases judged favorably increased by 7 percent to 258,502
- Number of requests for legal assistance or representation acted upon within two working days increased by 5 percent to 421,756



Improved Revenue Collection

The **BOC** seeks to improve revenue collection to strengthen the government's fiscal stance:

- Collection targets increased
- Sales proceeds from forfeited and abandoned goods increased by 40 percent over 2015

The **BIR** commits to contributing to the government's revenues to ensure that programs for inclusive growth are adequately funded:

- Collection targets achieved
- Number of newly-registered business taxpayers increased by 10 percent
- 3 tax evasion cases filed before the DOJ every month



Ease of Doing Business

The **DTI** commits to improve the business climate in the Philippines:

- The Philippines ranks in the Upper Third in the World Economic Forum's Global Competitiveness Index

The **Department of Foreign Affairs** intends to strengthen foreign relations and consular services:

- Greater than satisfactory representation of Philippine positions in international negotiations and fora
- Client satisfaction rating has increased by at least 5 percent every year



Citizen Empowerment

The **Department of Budget and Management (DBM)** seeks to empower citizens by introducing initiatives in transparent and participatory budgeting:

- Funds for Bottom-Up Budgeting have increased by 25 percent
- 8 in 10 reported Local Government Support Fund projects are disbursed

The Budget ensures that government institutions deliver credible elections and fair judgment.



Clean and Honest Elections

Your vote shapes the next six years of governance. To ensure peaceful and honest elections, the Budget allocates **P13.5 billion** to the following:

P6.8 B

to the 2016 National and Local Elections

P6.5 B

to the Sangguniang Kabataan and Barangay Elections

P0.2 B

to Overseas Absentee Voting



Fighting Corruption

Corruption deprives people of resources. The Budget strengthens its efforts to fight graft and corruption by providing:

P660.6 M

to the Office of Ombudsman to resolve 20,064 complaints, finish 4,275 fact-finding investigations, and put 2,821 cases on trial

P374.2 M

to the Sandiganbayan to dispose 418 cases, receive and process 3,480 cases, and dispose 12 percent of cases



Swift Delivery of Justice

When justice is delayed, the unscrupulous and corrupt benefit while victims wait in agony. The Budget helps the poor obtain legal services and the courts dispose cases as soon as possible.

P210 B
for the construction and repair of justice halls nationwide

The Judiciary will receive **P26 billion** to strengthen the rule of law. Some key programs to be funded by this Budget include the following:

- P2.3 B**
to reduce the reliance of lower courts on LGU support for operating expenses
- P1.5 B**
to develop information communication technology
- P1.2 B**
to pay for a Fort Bonifacio property to establish the new Supreme Court
- P239 M**
to hire officers who can help decongest case backlogs

The DOJ was funded **P13.3 billion** to ensure the swift administration of justice. The Budget provides:

- P3.2 B**
to investigate and resolve 320,000 criminal complaints
- P145 M**
to act on 20,000 requests for legal services



PAO was allocated **P2 billion** to provide indigents with free legal services:

- to serve 5 million clients
- to provide 1.9 million legal advisories



The NBI received **P1.2 billion**:

- to process 5.5 million applications for clearance
- to act on 53,700 investigations

The Budget supports the efficient management of the country's finances and ensures ease of doing business.



Improve Revenue Collection

Higher collections sustain growing demands for better public services. The Budget has set aside:

- P5.5 B**
for the BIR to collect P2 trillion in revenues
- P1.9 B**
for the BOC to collect P456.5 billion in revenues



Manage Public Finance

Resources must be spent on the right priorities and with measurable results. The Budget puts aside the following:

- P3.5 B**
for the COA to conduct 24,020 audits, 131 special audits, and 76 fraud audits
- P726.6 M**
for the Bureau of the Treasury to implement Treasury Single Account, a unified and real-time portal for cash management
- P12.5 M**
for the DBM to set up testing and training facilities for Public Financial Management
- P4.5 M**
for the DBM to build the Comprehensive Human Resource Information System (CHRIS), a web-based system for managing human resources and payroll



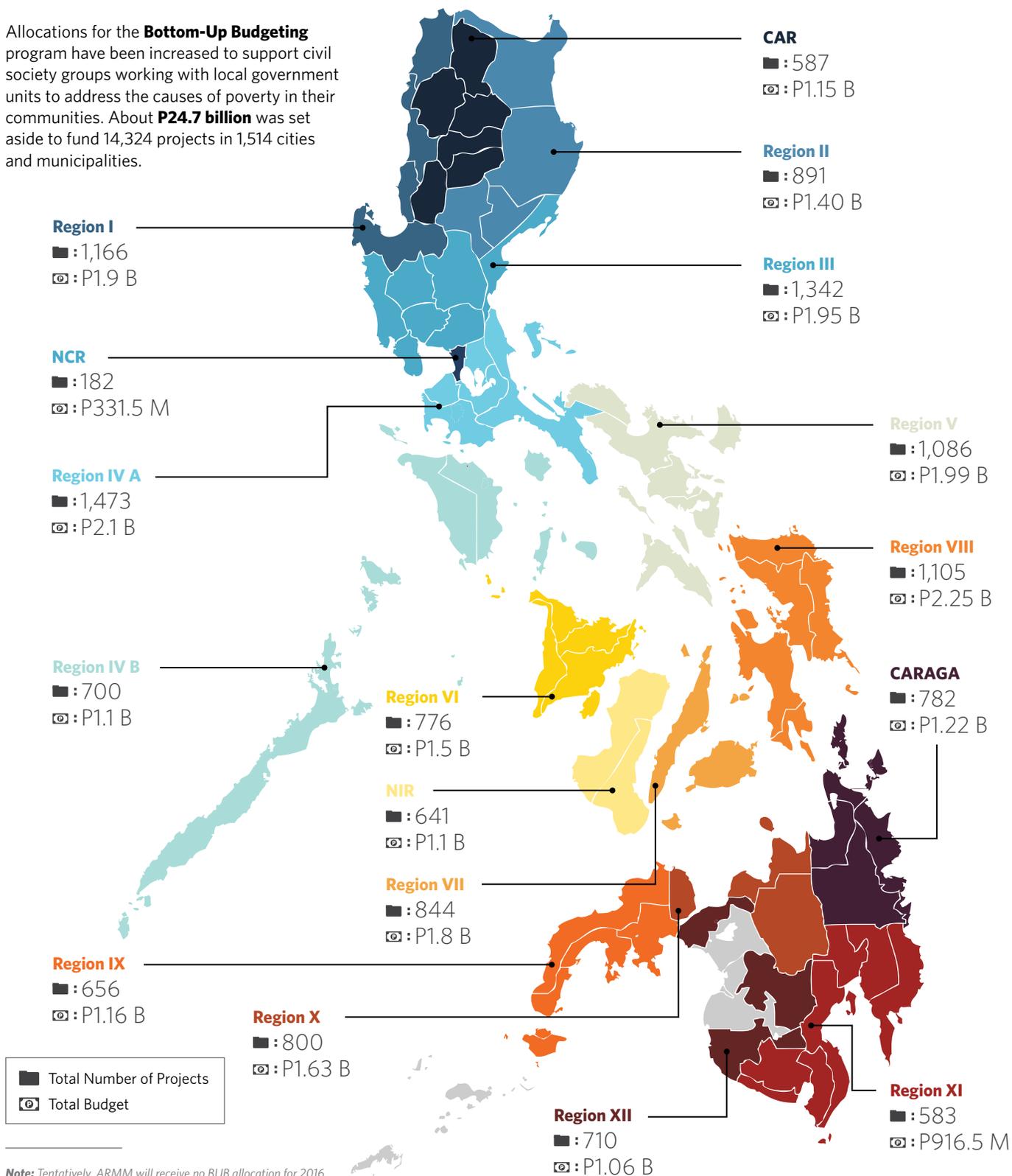
Ease of Doing Business

Businesses can earn more and create more jobs when transactions are done with ease. Thus, this Budget funds the following:

- P10.8 B**
for the DFA to assist 20,000 overseas Filipinos and issue 3.9 million consular and legal documents
- P164 M**
for the DTI to process 374,200 applications for business names and 34,300 applications for licenses, permits, and registrations
- P132.8 M**
for the Department of Finance to approve and issue 11,500 registrations and licenses and monitor 70,780 target entities/reports/disclosures

The Budget empowers citizens to decide where their taxes go.

Allocations for the **Bottom-Up Budgeting** program have been increased to support civil society groups working with local government units to address the causes of poverty in their communities. About **P24.7 billion** was set aside to fund 14,324 projects in 1,514 cities and municipalities.



Note: Tentatively, ARMM will receive no BUB allocation for 2016 in anticipation of the passage of the Bangsamoro Basic Law.

SOCIAL PROTECTION & SOCIAL SERVICES

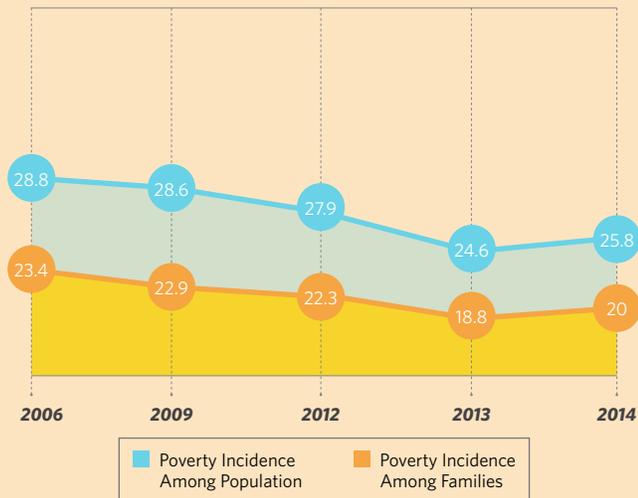
Everyone should share in the country's progress. Thus, the poor and marginalized must be lifted out of poverty to enjoy the benefits of a growing economy.

Fewer Filipinos are considered poor now than in previous decades.

Full-Year Poverty Statistics



First Semester Poverty Statistics

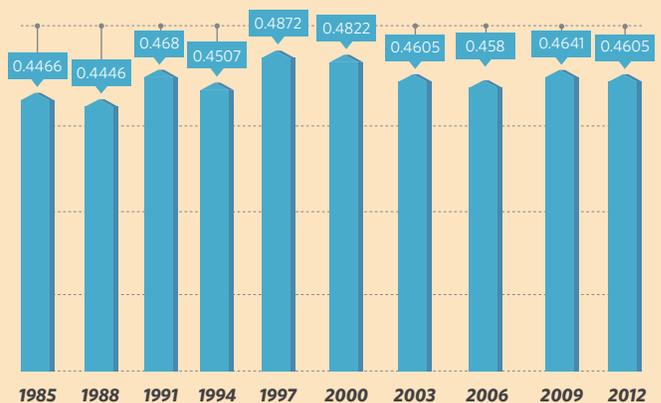


Source: Philippine Statistics Authority

Through its various social safety nets and social services, the Aquino Administration has managed to make an impact on reducing poverty.

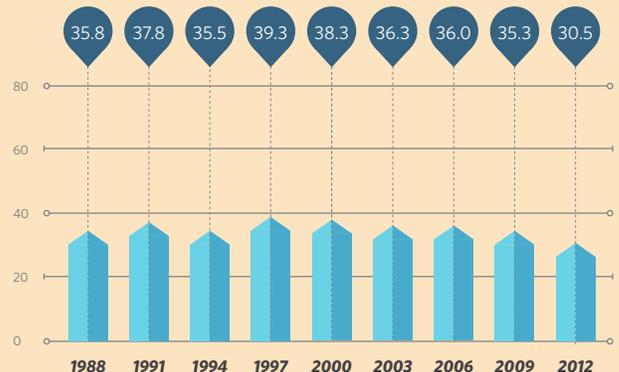
The Gini Coefficient is a measure of income inequality, where a value closer to zero means less inequality. After a period of high inequality in the late 90s, the country's situation is now faring marginally better.

Gini Coefficient



The decreasing share of total income of the top 10 percent richest families in the country also means that the gap between the rich and the poor is narrowing.

Share of Top 10% Richest Families to Total Income



Source: Family Income and Expenditure Survey, Philippine Statistics Authority

The Aquino Administration's banner programs in Social Protection have improved the people's access to basic needs. At the same time, these programs have reduced the poor's vulnerability to shocks and dangers.

Since 2008, the Conditional Cash Transfer (CCT) Program has provided monetary support to poor families in exchange for education and health commitments.

777,505
Households • 2009

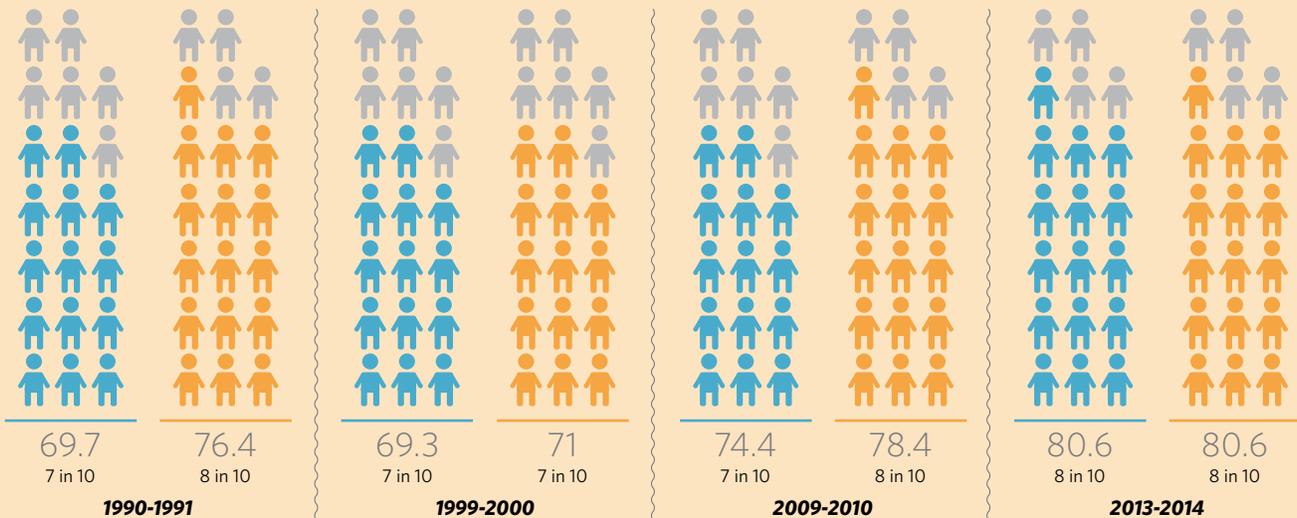


4.5 M
Households • 2014



Through the Administration's K to 12 Education policy, the knowledge and skills of Filipino youth have become more in line with the requirements of the available opportunities.

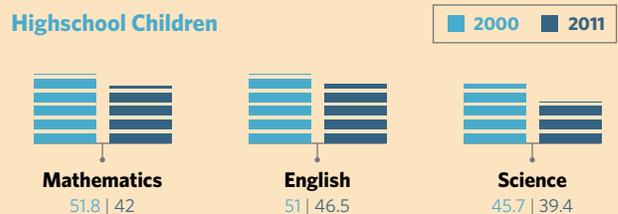
Because of the K to 12 program, the government will see more Grades 1 to 7 students finish the required number of years in school.



Test scores for the National Achievement Test for elementary students have improved over the past decade.



The government also expects to see improvements in the test scores of high school students.



More Filipinos now have better access to health services because of the government's Universal Health Care Program.



HIV and AIDS
Number of persons with HIV remains below 1 percent of the population.



Malaria mortality rate
From 1.4 percent in 1990 to 0.01 percent in 2013



Tuberculosis detection rate
From 53 percent in 2001 to 83 percent in 2014



Persons covered by PhilHealth
From 38 percent in 2000 to 88 percent in the second quarter of 2015



Nutrition of children
Prevalence of underweight 0-5 year-olds decreased from 23.8% in 1993 to 19.9% in 2013

Fewer infants are dying during child birth.



Infant Mortality
From 14 in every 1000 live births in 1995 to 9 in every 1000 in 2012.

More births are now attended by health professionals and delivered in health facilities.



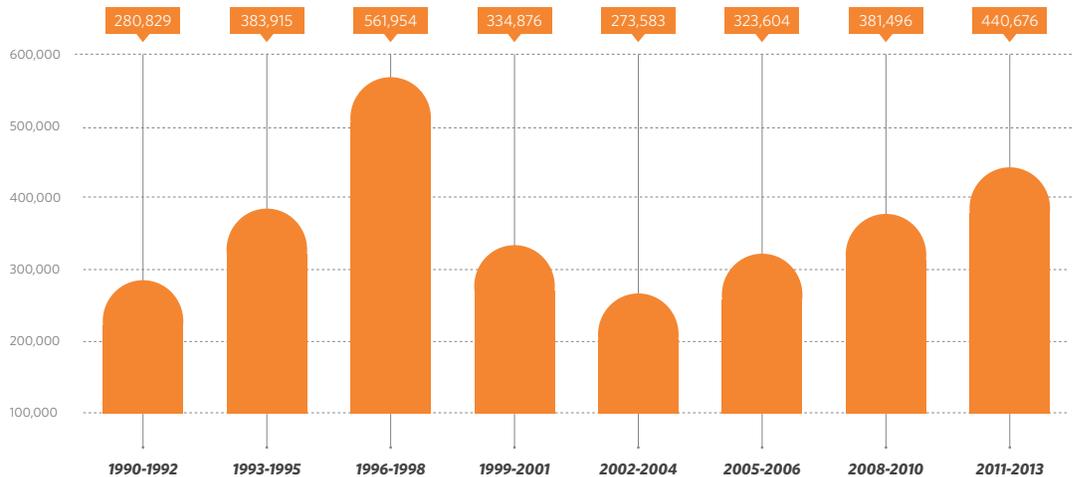
Source: Department of Health



Giving everyone a chance at a better life means ensuring they can provide for their own needs, like a place they can call home.

The Aquino Administration has provided socialized housing to informal settlers, as well as safer resettlements for victims of calamities.

Total households provided with housing units or loans administered by the government



Source: Philippine Statistics Authority



The poor are at the greatest risk from disasters and calamities.

Reducing this vulnerability requires extensive social protection that they can depend on when crises strike.

This year, the **Department of Social Welfare and Development (DSWD)** commits to uplift the well-being of the poor:

- 1 million Pantawid Pamilya families will rise from survival to subsistence
- 150,000 Pantawid Pamilya families will rise from subsistence to self-sufficiency
- 9 in every 10 identified poor families will receive at least 2 social services



The **DSWD** also commits to protect the rights and interests of the most vulnerable sectors:

- 9 in every 10 daycare children will gain weight through proper nourishment.

The Budget expands the government's support for the welfare of the poor and disadvantaged.

PANTAWID PAMILYANG PILIPINO PROGRAM (4Ps)

Through financial incentives, the 4Ps allows poor families to send their children to school and mothers and their children to health checkups.



Modified CCT

The modified CCT helps itinerants, homeless families, indigenous

people, and families in need of greater protection by providing additional assistance packages. The 2016 Budget allocates **P3.3 billion** to help 218,377 households.



Regular CCT

The regular CCT program will spend **P59.4 billion** to support

4.4 million poor households. The education of about 1.2 million beneficiaries aged 15 to 18 years old will be supported by a budget of P5.2 billion.

Community-Driven Development

Through the KALAHÍ-CIDDS National Community-Driven Development, communities and their local governments can choose, design, and implement projects that address their specific needs.

For this year, **P11 billion** will fund **7,713 projects**.



Sustainable Livelihood Program

Another **P9.6 billion** was allocated to:

- help 170,470 families put up micro-enterprise businesses
- provide technical-vocational training to 208,352 families



Social Pension for Indigent Senior Citizens

A total of 1,368,941 indigent senior citizens aged 60 years old and above will receive a monthly pension of P500. The Budget sets aside **P7.5 billion** for this program.

BASIC EDUCATION

Investing in the education of the youth is an investment in the future of the country.

The Budget seeks to invest in the country's human capital by funding the K to 12 Education Program, a reform that seeks to revamp the current curriculum, enhance education facilities, and improve teachers' skills.



The **Department of Education (DepEd)** ensures that all Filipinos have access to quality basic education.



■ 99 in every 100 students who should be in grade school must be enrolled.



■ 99 in every 100 students who should be in high school must be enrolled.



■ 83 in every 100 Grade 1 enrollees must reach the required final grade in the elementary level.



■ 80 in every 100 Grade 7 enrollees must reach the required final grade in the secondary level.



The **DepEd** also ensures that learners are better prepared for further education and future work by fully implementing the K to 12 Basic Education Program.



■ The scores of Grade 10 students in their National Achievement Tests should increase by 6 percent.



■ The number of Alternative Learning System completers passing the Accreditation and Equivalency Test should increase by 2 percent.

To finance the K to 12 Education Program, the Budget seeks to address additional input gaps, hire sufficient manpower, and provide adequate materials for learners.



P61.8 B

Basic Education Facilities

To construct 43,000 classrooms—the **majority of which will fill the classroom demand for senior high school.**



P4.2 B

Textbooks and Instructional Materials

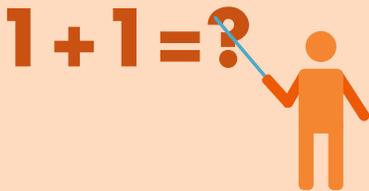
To procure an estimated 103.2 million textbooks and learning materials—**68.3 million of which will be for Grades 11 and 12.**



P6.8 B

Computerization Program

To buy 7,368 information and communication technology packages—**6,653 of which will go to senior high schools nationwide.**



P13.5 B

Hiring of Teachers

To hire 62,320 teaching personnel—**including 40,320 teachers for senior high school.**



P445.5 M

Alternative Learning System

To support the education of students who drop out or cannot enroll in regular classes.



P21.2 B

Government Assistance to Students and Teachers in Private Education

To subsidize the tuition of 1.8 million grantees who wish to pursue secondary education in private schools.

UNIVERSAL HEALTH CARE

Getting sick is a financial burden to the poor because they lack health insurance and live in remote areas without health stations or, worse, a health worker.

The Budget provides additional funds to the Universal Health Care Program to allow everyone, especially the poor, access to the best care from the best possible health providers.



The **Department of Health (DOH)** seeks to improve preventive primary health care services:

- 95 in every 100 children receive full immunization before turning 1 year old.
- 8 in every 10 births are delivered in health facilities.
- 9 in every 10 cases of tuberculosis are successfully treated.



Access to quality hospital services will greatly improve:

- The net death rate in DOH-retained hospitals is 2.5 percent.
- DOH Specialty Hospitals and regional hospitals report an 85 percent bed occupancy rate.
- Hospitals keep infection rates to less than 2 percent.



The **DOH** commits to provide safe and quality health commodities, devices, and facilities:

- Health facilities found with violations should be equal to or less than 1 percent.
- Only 2 percent or less of all inspected establishments selling food items, drugs, cosmetics, medical devices, and household urban hazardous substances or pesticides have been found with violations.
- 65 in every 100 manufacturing facilities observe Current Good Manufacturing Practice regulations.



Most importantly, the **DOH** pledges to provide greater access to social health insurance:

- All indigent families under the National Household Targeting System for Poverty Reduction are covered by Philhealth.
- 75-percent utilization rate of the Primary Care Benefit package

By funding the Universal Health Care Program, the Budget aims to keep Filipinos healthy so that they spend less on their health costs and become more productive at work or in life.



Health Insurance for the Poor

The poor and disadvantaged have less access to quality healthcare because they lack money or insurance.

Thus, **P43.8 billion** will subsidize the premiums of 15.4 million indigent families and 2.8 million senior citizens.



Health and Human Resource

The poor often suffer from illnesses without ever seeing a health professional. Thus, a budget of **P7.1 billion** will address the lack of health professionals by hiring:



Doctors
946



Nurses
15,727



Midwives
3,100



Dentists
324



Public Health Associates
713



Medical Technologists
308



Health Facilities Enhancement Program

The poor cannot avail of regular checkups if hospitals and health centers do not exist near or within their communities.

Thus, **P26.9 billion** will:

- Upgrade 3,886 birthing facilities and 796 PHIC-TSEKAP-accredited barangay health stations (BHSs);
- Construct 3,200 school-based BHSs; and
- Construct and repair 2,623 rural health units.



First 1,000 Days Intervention Package

The Budget allocates **P3.5 billion** to this program to give each child a chance to survive his or her first three years of life through better social protection, health and nutrition, and education.



Family Planning and Responsible Parenting

The need for family planning is apparent among the poor and adolescents.

The Budget provides **P2.3 billion**:

- To provide micronutrient supplements to 4.4 million children; and
- To give family planning products to 2.7 million women.



Public Health Programs

Health programs funded by the government are mostly accessible to the poor. The Budget further improves the reach and quality of public health programs by funding the following:

P4 B

National Immunization Program: To provide full immunization to 2.2 million children and pneumococcal vaccines to 1.4 million senior citizens and 429,000 infants

P1.1 B

TB Control: To treat 253,381 cases

P793 M

Treatment of Public Health Diseases: To treat 3,885 malaria cases, 2.5 million schistosomiasis cases, and 17.9 million filariasis cases

P1.1 B

Prevention of Other Infectious Diseases: To diagnose and provide antiretroviral drugs to an additional 35,000 HIV and AIDS cases, among others

SOCIALIZED HOUSING

Quality affordable homes enable the poor to live decently and protect them from dangers of climate change.

The **National Housing Authority (NHA)** commits to build adequate housing for homeless low-income families:



■ 118,498 housing units constructed



■ 26 percent of the PDP Target for housing between 2011 and 2016 achieved

The **Social Housing Finance Corporation (SHFC)** aims to improve the access of low-income families to reasonable home financing:



■ 1,882 underprivileged and homeless families of legally organized associations living in danger zones assisted through the High Density Housing Program



■ 2.3 percent of the target number of families to be assisted with acquiring socialized housing as stated in the Property Disposition Program

The Budget prioritizes Socialized Housing to provide the poor and vulnerable with decent housing.



Housing for Informal Settlers

P4.3 B

will help the NHA relocate 12,148 informal settler families (ISFs) in danger zones around Metro Manila.

P909 M

will help the SHFC fund the relocation of 1,882 ISFs in danger zones around Metro Manila.



Housing for Victims of Calamities

P25.6 B

will provide housing to 87,405 indigent beneficiaries affected by Typhoon Yolanda.



Regular Housing Programs

P1.0 B

will help 19,015 residents in depressed areas own lots under the Community Mortgage Program.

P577 M

will support 7,215 beneficiaries of the NHA's Resettlement Program, which seeks to acquire and develop land to house families displaced from public infrastructure project sites and danger zones.

ECONOMIC EXPANSION

For everyone to share in the country's progress, the economy must grow in a way that provides decent jobs and gives equal opportunities to all.

The economy has grown much faster over the past five years than in the last three decades.

AVERAGE GDP GROWTH Source: PSA



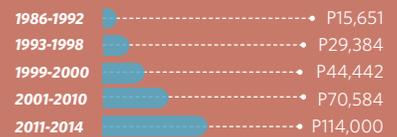
Increasing growth leads to increasing employment.

UNEMPLOYMENT RATE



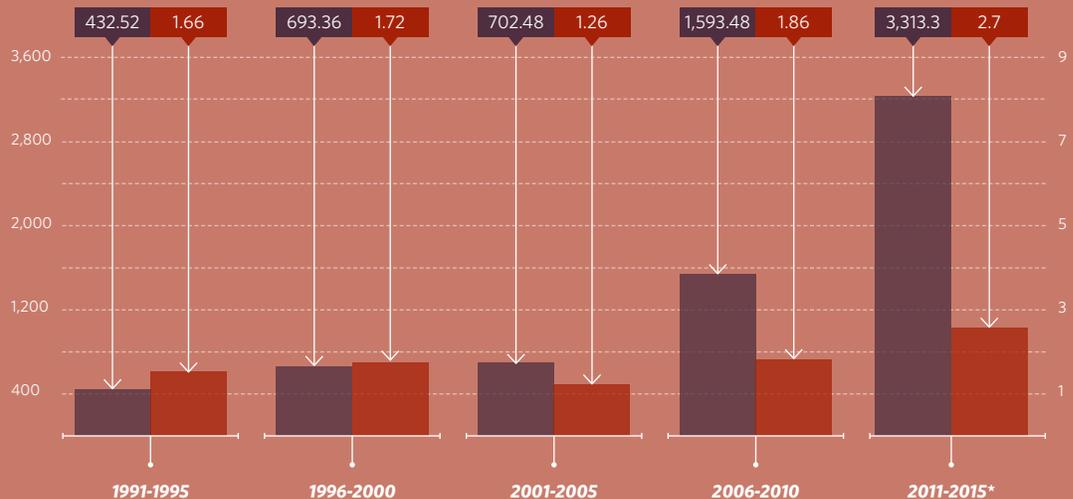
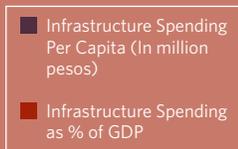
This growth also translates into a higher standard of living.

AVERAGE GDP PER CAPITA (CURRENT PRICES)



The economy has grown quickly because the Aquino Administration has invested in the country's infrastructure, tourism, agriculture, and manufacturing sectors.

Over the last three decades—and four administrations—the country's spending for infrastructure has yet to reach 5 percent of its GDP, the international benchmark.



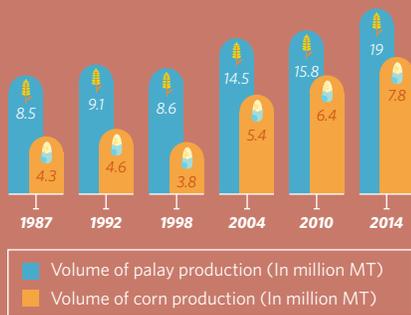
*All figures are actual amounts; the budget for 2015 is based on the Enacted Budget.

The growth in infrastructure spending has made the following possible:

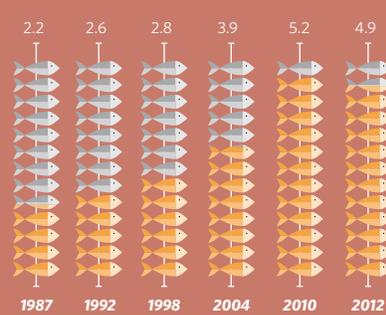


The agriculture and fisheries sector is more productive than ever. Farmers harvest more crops and fisherfolk catch more fish.

PALAY AND CORN (MT)



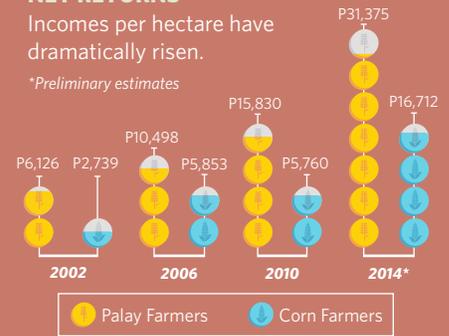
FISH (MILLION MT)



NET RETURNS

Incomes per hectare have dramatically risen.

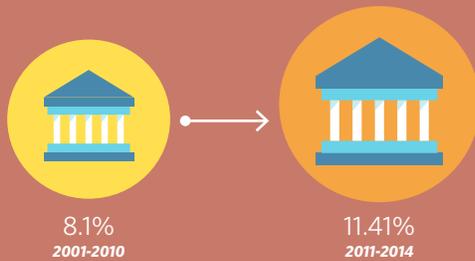
*Preliminary estimates



This growth is due to the national government's increased spending on the sector.

AVERAGE ANNUAL GROWTH RATE OF NG EXPENDITURES IN AGRICULTURE

Sources: PSA



The country has gained immensely from its tourist sector. Tourists are coming in droves yearly and spending millions, thus contributing to the economy's growth.



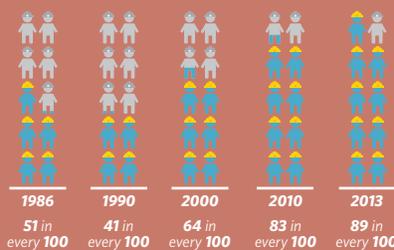
The manufacturing sector saw marked revival as the Aquino Administration has made it a priority from Day 1.

CONTRIBUTIONS OF MANUFACTURING GROSS VALUE ADDED TO GDP (IN PERCENT):

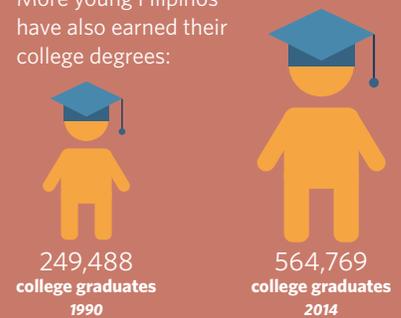


To support the revival of the manufacturing sector, more workers are getting quality college education and training.

The number of workers certified for Technical-Vocational Training has steadily increased:



More young Filipinos have also earned their college degrees:



Sources for all data: PSA

TRANSPORTATION DEVELOPMENT

The economy grows faster when more products are easily transported to markets and people are linked to opportunities.

Thus, the Budget aims to spend an equivalent of 5 percent of the country's GDP to boost infrastructure.

The **Department of Transportation and Communication (DOTC)** commits to reduce transport-related incidents:

from 53 to 52 incidents in air transport



from 11,130 to 10,907 incidents in land transport

from 544 to 517 incidents in maritime transport



The **DPWH** intends to connect markets and production areas through safe and reliable road networks:

Travel time will be reduced by 20 percent.

The roughness index of 6,600 kilometers of roads will be improved.

1 in 100 national roads will get a 3 or 4-star rating.



As committed by the **DOTC**, road users will travel safely in 2016:

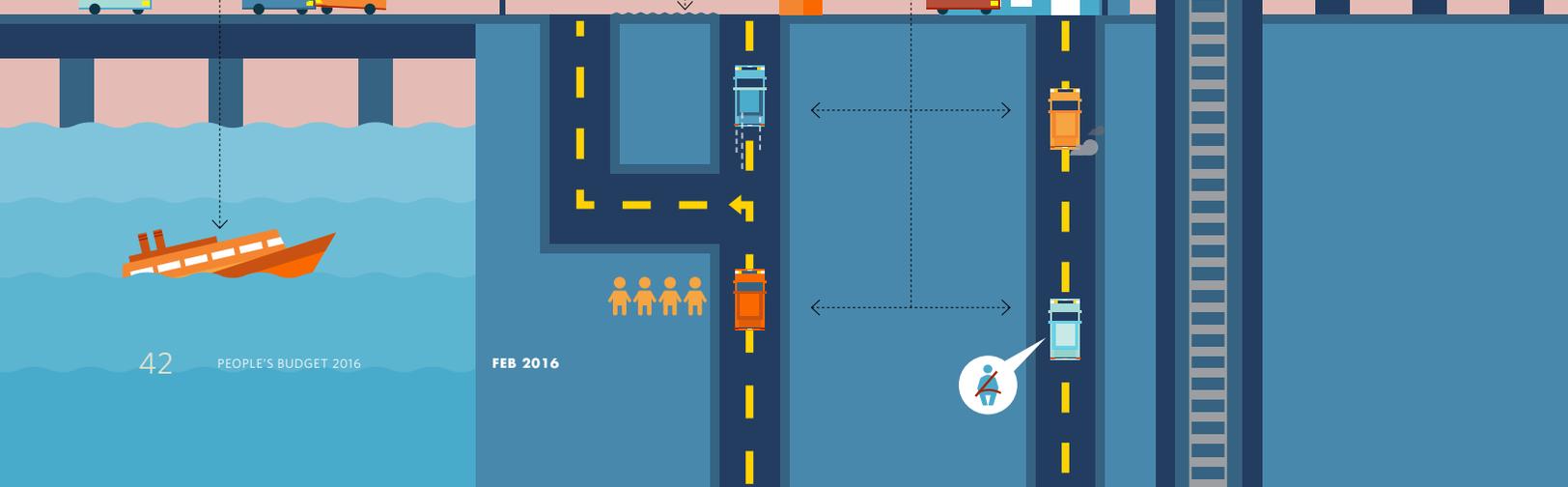
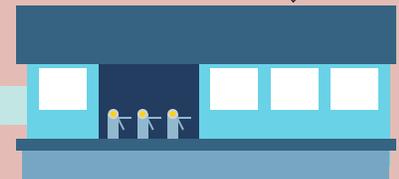
LTFRB: Number of offending franchise holders will decrease to 9,900.

LTO: Number of apprehensions for colorum, smoke belching, seat belt, and speeding, among others, will decrease to 985,223.

The **DOTC** commits to improve transfer time in rail transport:

Transfer times will be reduced from 10 minutes to 5 minutes.

The load factor of the MRT will decrease from 171.4 to 157.7



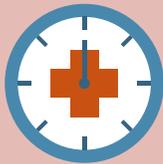
The **Philippine National Railways (PNR)** ensures safe and reliable rail services:

The number of PNR riders will increase to 37.2 million.

Train trips will increase to 42,372.

PNR rides will be more affordable by 40 percent.

The **Light Rail Transit Authority (LRTA)** pledges to provide better services for safer and faster transport of public commuters and produce:



Response time during medical emergencies:

- LRT 1** 3 minutes
- LRT 2** 2 minutes



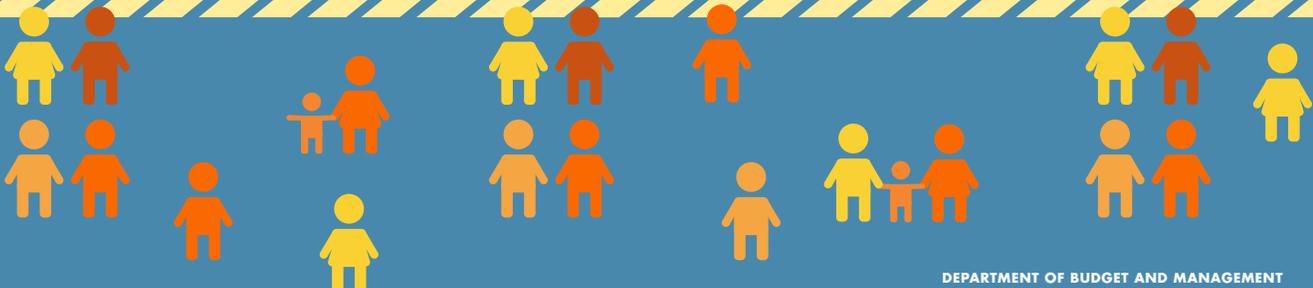
Interruption time per incident:

- LRT 1** At most 10.5 minutes
- LRT 2** At most 14.5 minutes



Number of minutes of train headway during peak hours:

- LRT 1** 3-4 minutes
- LRT 2** 5-6 minutes



ROAD TRANSPORT

Roads connect people and products to growth centers where opportunities abound. Thus, **P393.2 billion** will be set aside to improve road transport.

Of this amount, **P264 billion** will help the DPWH pave **31,242 kilometers of national roads, help build local roads, and make all bridges permanent.**

Another **P1.8 billion** will help the DOTC decongest roads:



P1.3 B for the Cebu Bus Rapid Transit Project



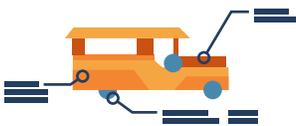
P188 M for the Metro Manila BRT-Line 1



P20 M for the Metro Manila BRT-Line 2



P2.8 B for the Integrated Transport Systems Project



P251 M
For PUV Rationalization



P200 M
For the PPP Strategic Fund

AIR TRANSPORT

The country's airports serve as gateways to its tourist destinations. Thus, **P9.3 billion** will improve airport facilities.



P2.1 B for the Clark International Airport New Terminal Building



P2.1 B for the New Bohol (Panglao) Airport



P1 B for the Camarines Sur (Naga) Airport



P578 M for the Sanga-Sanga (Tawi-Tawi) Airport



P700 M for Regional Airport Projects (PPP)

Railways provide alternative means to transport public commuters and cargo.

Thus, **P10.2 billion** has been lodged under the DOTC, LRTA, and PNR to improve mass railways.



P8 B To extend and rehabilitate LRT 1 and 2



P2.3 B For PNR North-South Projects and other repair and expansion projects



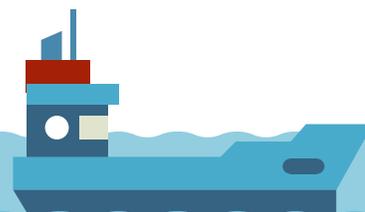
In addition, **P3.6 B** As an MRT 3 subsidy

Maritime Transport

Increases in cargo shipments require building, repairing, and rehabilitating seaports across the archipelago. Thus, **P2.6 billion** will fund the following:

P1.5 B
to build and improve various ports and wharves

P800 M
for the Maritime Safety Capability Improvement Project



AGRICULTURE DEVELOPMENT

The agriculture and fisheries sector must grow rapidly to help the economy achieve a high growth trajectory.

The Budget funds the Agriculture Development Program, which aims to raise farmer incomes, increase yields, and make farming communities resilient to calamities.

Thus, the **Department of Agriculture (DA)** aims to increase this sector's productivity.

Raise yields and production of commodities for food security:



Palay (MT/ha):
from **4 to 4.08**



White Corn (MT/ha):
from **1.75 to 2.26**



Cassava (MT/ha):
from **11.72 to 15.76**



Bangus ('000 MT):
from **401.97 to 459**



Tilapia ('000 MT):
from **313.38 to 353**

Raise yields and production of major commodities:



Yellow Corn (MT/ha):
from **4.17 to 5.16**



Coffee (MT/ha):
from **.64 to .72**



Cacao (MT/ha):
from **.45 to .62**



Rubber (MT/ha):
from **2.08 to 2.51**



Hog (million MT):
from **2.03 to 2.10**



Chicken (million MT):
from **1.57 to 1.82**

Raise yields and production of export commodities:



Banana (MT/ha):
from **20.7 to 21.12**



Pineapple (MT/ha):
from **40.67 to 44.09**



Mango (MT/ha):
from **4.71 to 4.73**



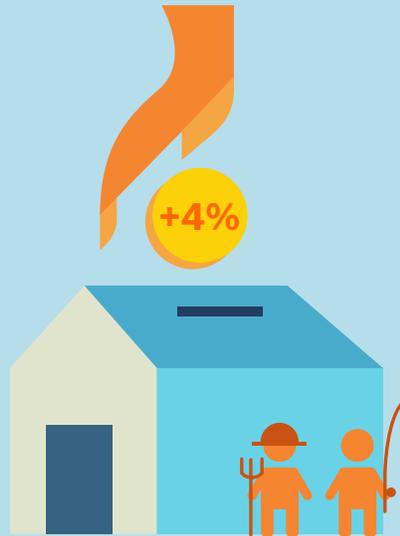
Abaca (MT/ha):
from **.50 to .64**



Seaweeds (million MT/ha):
from **1.55 to 1.71**

Note: Data on production volume on this page are different from the data on page 48. Some of the data on this page pertain to production per hectare, while the data on page 48 account for total volume production.

The **DA** links the agriculture and fisheries sector to the industry and services sectors to help underemployed farmers find additional work and other farmers obtain high-paying jobs.



Average income of households in the sector should increase by 2 to 4 percent in 2016 from P17,582 in 2009.

The **National Irrigation Administration (NIA)** seeks to increase agricultural production by enhancing irrigation facilities and services:



■ 1,127,387 beneficiaries will receive irrigation support.



■ 916,059 hectares of land will be irrigated during the dry season.



■ 941,380 hectares of land will be irrigated during the wet season.

The **National Food Authority (NFA)** aims to sustain food sufficiency by maintaining an adequate rice buffer:



■ 15-day daily rice consumption (DRC) requirement buffer stock maintained at any given time



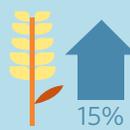
■ 30-day DRC buffer maintained by June 30/July 1

The **Department of Agrarian Reform (DAR)** commits to improve the land tenure security of agrarian reform beneficiaries (ARBs):

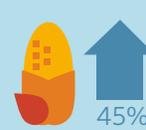


■ 69 in every 100 ARBs will receive their Emancipation Patents/Certificate of Land Ownership Award.

The **DAR** also aims to boost the productivity and incomes of ARBs:



■ Irrigated rice yield of ARBs 15 percent above the national average



■ Corn yield of ARBs 45 percent above the national average

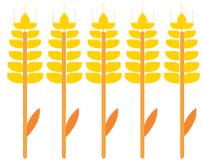


■ 10 percent increase in the annual income of ARBs compared with that in 2015

The Budget seeks to increase agricultural yields and raise farmer incomes by improving the country's infrastructure, boosting farmer capacities, linking the sector to the industry, and redistributing farmlands.

AGRICULTURE COMMODITY PROGRAM

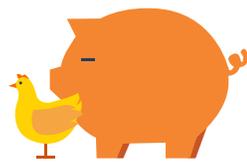
The sector must grow rapidly so that fewer people need to work in farms but the sector still produces enough for the country.



Rice Program

P7.1 B

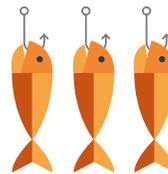
will fund extension work for underserved farming areas, intensify rice research and technology development, and **increase production to 20.09 million MT.**



Livestock and Poultry Program

P1.2 B

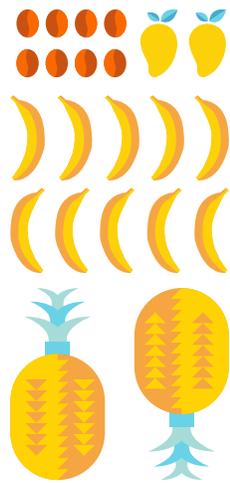
will boost production of **2.10 million MT of hog** and **1.82 million MT of chicken.**



Fisheries Program

P4.5 B

will help fisherfolk produce **4.92 million MT of fish and other resources.**



High Value Commodity Crops Program

P2.9 B

will produce crops with high market and export value especially in poor areas.

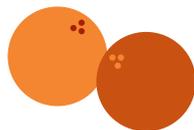
Quality planting materials and production facilities will be used to produce **9.5 million MT of banana, 2.7 million MT of pineapple, 892 thousand MT of mango, 513 thousand MT of rubber, 87 thousand MT of coffee, and 10 thousand MT of cacao.**



Corn Program

P2.3 B

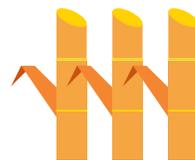
to produce **3.08 million MT of white corn** and **6.78 million MT of yellow corn.** This budget will expand the use of hybrid corn, cassava, and other feed crops, buy quality planting materials and cost-reducing technologies, and establish postharvest facilities in major areas.



Coconut Program

P1.3 B

will be spent to uplift the well-being of coconut farmers and produce **2.11 million MT of copra.**



Sugar Industry Development

P1.8 B

will support the Block Farm Program, which aims to organize sugarcane farms, establish **76.2 kilometers of farm-to-mill roads, fund R&D work, provide access to credits, and build farmer capacity.**

AGRICULTURE INFRASTRUCTURE

Produce must be transported to markets on time. Thus, about **P35 billion** was set aside for the following projects:



AGRARIAN REFORM

Distributing the land they till leads to security of tenure for farmers.



TOURISM DEVELOPMENT

Tourism creates jobs and brings in revenues for the country.

The **Department of Tourism (DOT)** commits to building a globally competitive and innovative industry by improving tourism revenues, employment, and arrivals:



■ Tourism employment will reach 7.4 million in 2016.



■ Foreign arrivals will reach 10 million.



■ Domestic arrivals will reach 56.1 million.



■ Tourism Gross Value Added to the GDP will total P1.1 trillion.

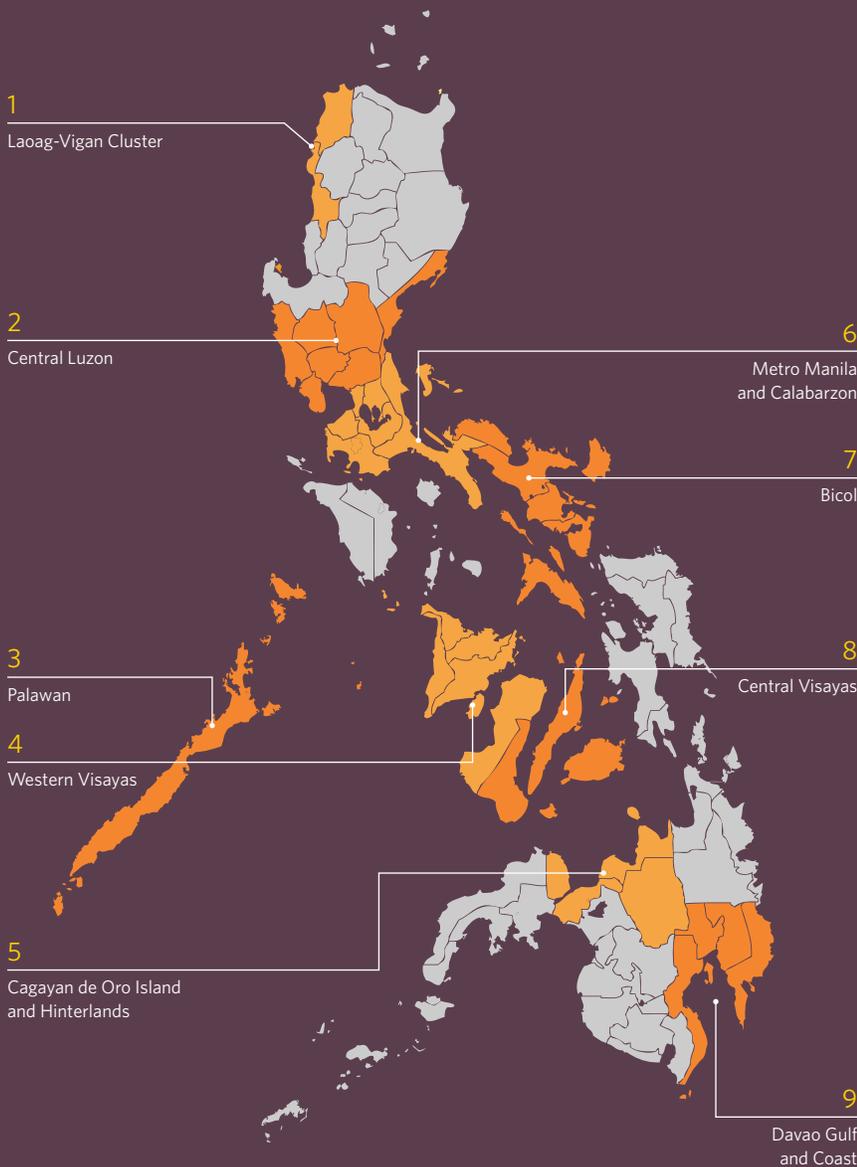
■ The **Tourism Promotions Board (TPB)** commits to make the Philippines a preferred destination to increase international and domestic arrivals:



■ At least 5 million tourists will come from markets abroad where the TPB will do its promotional work.

The Budget seeks to develop nine main cluster areas and other promising destinations through effective branding promotion and major improvement of the tourism infrastructure.

NINE CLUSTERS



TOURISM PROMOTIONS

Enticing tourists to travel around the country requires a promotional drive that effectively sells the Philippine brand and promotes the country's culture.

P2.7 B will fund the DOT's programs:

■ Branding Campaign
(P1.2 billion)

■ Market and Product Development
(P497 million)

P1.6 B will fund the services of the TPB.



TOURISM INFRASTRUCTURE*

Tourists can better appreciate the beauty of the country's wonders through its improved infrastructure.

P7 B will modernize airports.

P24 B will construct and improve **22.6 kilometers of roads** leading to tourist destinations.

P112 M will develop seaports.

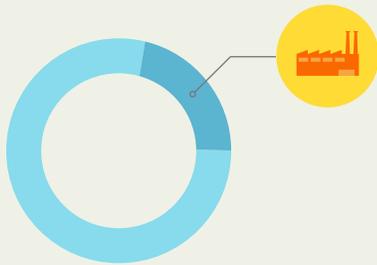
*Budget is included in the Transport Development Program

MANUFACTURING RESURGENCE

The manufacturing sector demonstrates great potential for innovation, contributes to the economy, and links well with the agriculture sector—the main livelihood of the majority of poor Filipinos.

The Budget revives the manufacturing sector to boost the economy's growth.

The **Department of Trade and Industry (DTI)** commits to develop competitive industries that are crucial to the country's industrialization:



■ 24 percent of the GDP will come from the manufacturing sector.

DTI ensures the development of Micro, Small, and Medium Enterprises (MSMEs):



■ 106,884 MSMEs in the manufacturing, retail trade, construction, and services sectors will be assisted.

The **DTI** also commits to increase investments:



■ P678.6 million in total approved investments from foreign and Filipino nationals



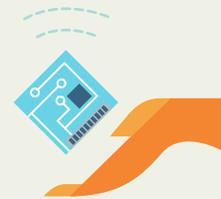
The Budget will revitalize the manufacturing sector by helping enterprises run efficiently and bringing electricity to potential market areas, among others.



DTI'S NEGOSYO CENTERS PROGRAM

P394 M

will establish 168 Negosyo Centers, which can assist 16,800 MSMEs.



DOST'S SMALL ENTERPRISE TECHNOLOGY UPGRADING PROGRAM

P780 M

will provide 2,150 firms with technology and innovation assistance.



NEA'S SITIO ELECTRIFICATION PROGRAM

P1.8 B

will bring energy to 3,150 sitios.



DOE'S HOUSEHOLD ELECTRIFICATION PROGRAM IN OFF-GRID AREAS

P169 M

will energize 5,400 households.



TECHVOC & HIGHER EDUCATION

TERTIARY EDUCATION

Building competitive industries demands competent manpower. Thus, the Budget allots a sizeable amount to educate and train the country's human capital.



The **Commission on Higher Education (CHED)** aims to provide quality education aligned with the goals of inclusive growth for 2016:

- The number of **Higher Education Institutions (HEIs)** complying with CHED's minimum standards will increase by at least 3 percent from 1,640.
- The number of HEIs implementing strategies in CHED's priority programs will increase by at least 1 percent from 556.

The **CHED** also seeks to provide deserving students with quality tertiary education:

- Scholarship grantees who complete their courses in priority programs will increase by at least 1 percent from 13,937.

The **CHED** commits to conduct research and extension work directed towards meeting the needs of agro-industrialization:

- The number of funded research and extension works recognized by CHED will increase by at least 3 percent from 70.



The **University of the Philippines (UP)*** will provide quality education relevant to achieving inclusive growth:

- The average passing rate of UP graduates in programs with licensure exam will increase from 79.8 percent to 85.5 percent.
- 2,025 ■ Number of graduates employed in jobs related to their degree

UP seeks to provide greater opportunities to deserving Iskolars ng Bayan:

- 14,807 ■ Students in priority programs awarded financial aid

UP will also promote quality research encouraging economic productivity and innovation:

- 18 R&D outputs applied for patenting
- 27 R&D outputs used by industries, LGUs, or communities
- 8 R&D outputs patented or commercialized
- 48 R&D works in agro-industry published in CHED-recognized refereed journals

** UP is cited here as an example; other SUCs have different targets.*

TECHNICAL-VOCATIONAL EDUCATION

The **Technical Education and Skills Development Authority (TESDA)** seeks to make Technical and Vocational Education and Training (TVET) graduates employable.



- 85 in every 100 TVET graduates receive certification.

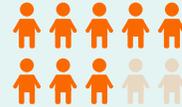


- 63 in every 100 Technical-Vocational graduates are employed.

The **Department of Labor and Employment (DOLE)** will ensure that workers are able to find employment:



Beneficiaries under the Special Program for the Employment of Students who graduate from technical-vocational or tertiary programs will increase by 1 to 2 percent this year.



8 in every 10 jobseekers are placed for employment.

The Budget aims to enhance the knowledge and skills of the country's workers who are well equipped to meet the demands of industries.

TECHNICAL-VOCATIONAL EDUCATION

Workers—especially those with technical-vocational training—get employed more easily. Through scholarships, students can get trainings required by the industry:



Training for Work Scholarship Program (TESDA)

P2.2 B will provide skills training to 232,210 enrollees and help 208,989 graduates.



Special Training for Employment Program (TESDA)

P566 M will help 41,524 beneficiaries get specialty trainings depending on the skills needed by their communities.



Private Education Student Financial Assistance (TESDA)

P200 M will provide P9,500 to 21,053 beneficiaries who will learn skills that are needed by emerging and in-demand jobs in both local and overseas markets.



JobStart Philippines (DOLE)

P107 M will give 3,200 youths access to technical and life skills training, workplace experiences, and mentoring.

TERTIARY EDUCATION

Poor but deserving students who wish to pursue higher education will receive scholarships to attend top universities and colleges:



Student Financial Assistance Program (CHED)

P2.3 B will support 166,906 students with scholarships, grants-in-aid, and loans.



Expanded Students' Grants-In-Aid Program for Poverty Alleviation (CHED)

P2.5 B will give 40,453 poor but deserving students the chance to take up priority programs identified by CHED in State Universities and Colleges (SUCs).



Tulong Dunong Program (DOST)

P853 M will extend financial assistance to 71,049 deserving students enrolled in SUCs.

DISASTER RISK REDUCTION

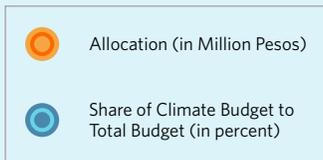
Protecting the environment ensures economic prosperity by helping communities at risk adapt to the “new normal” of disasters and mitigate the impacts of calamities.



Source: PSA



The government has allotted a larger budget to reduce disaster risk, climate-proof the country's infrastructure, and support victims of calamities.*

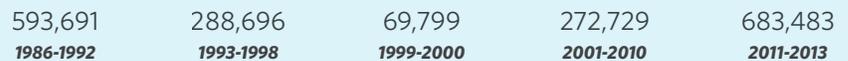


*2016 Figures are based on the proposed budget

Source: World Bank

The Aquino Administration has implemented a National Greening Program.

TOTAL AREA REFORESTED BY THE GOVERNMENT AND PRIVATE SECTOR (IN HECTARES)



Thus, the government and private sector have successfully reforested hundreds of hectares within the first 3 years of the Administration.

Source: PSA



BUILD BACK BETTER

The onslaught of recent calamities has urged the government to adopt the Build Back Better program, which seeks to rebuild public infrastructure and communities with better quality.



The **Department of the Interior and Local Government (DILG)** is committed to prepare communities for disasters:

- **5 percent more LGUs** will propose programs on Disaster Risk Reduction and Management and Climate Change Adaptation.

The **Office of the Civil Defense (OCD)** shall ensure that Disaster Risk Reduction and Management Councils (DRRMCs) of provinces, cities, and municipalities are strengthened:

- 80 percent of the total DRRMCs of 22 highly vulnerable provinces, 443 municipalities, 48 cities, and 12,391 communities located in the Major River Basins have increased their capability, preparedness, and responsiveness.

The **Department of Public Works and Highways (DPWH)** envisions a safer environment by protecting lives and properties within 18 major river basins and 38 principal rivers:

- Areas vulnerable to flooding will decrease by 1.8 percent.
- Number of casualties and amount of damages to properties will decrease by 1 percent.
- Areas inundated by flood will decrease by 1 percent.

¹ Former Calamity Fund

Through the Budget, proactive residents can build back better and safer communities ravaged by disasters.

Yolanda Comprehensive Rehabilitation and Reconstruction Program

Of the P38.9 billion from the NDRRMF, P18.9 billion will help Yolanda-affected communities. This budget will go to:

- | | |
|---|---|
|  <p>1
Department of Agriculture
P5.6 B</p> |  <p>7
Department of Trade and Industry
P803 M</p> |
|  <p>2
Department of Environment and Natural Resources
P420 M</p> |  <p>8
Department of Transportation and Communications
P1 B</p> |
|  <p>3
Department of Finance
P48 M</p> |  <p>9
Commission on Higher Education
P541 M</p> |
|  <p>4
Department of Health
P439 M</p> |  <p>10
Housing and Land Use Regulatory Board
P29 M</p> |
|  <p>5
Department of Labor and Employment
P1.1 B</p> |  <p>11
National Commission on Indigenous Peoples
P62 M</p> |
|  <p>6
Department of Tourism
P1.1 B</p> |  <p>12
Philippine Coconut Authority
P7.7 B</p> |

To improve the resilience of communities, the government intends to spend on activities related to preparing for and recovering from disasters:

P38.9 B was allocated to the National Disaster Risk Reduction and Management Fund (NDRRMF)¹.

Of which:

- **P1 billion** will be used for the People’s Survival Fund.
- **P18.9 billion** will be used to rehabilitate and reconstruct Yolanda-stricken communities.

P6.2 billion for the Quick Response Fund

This fund will help the DA, DepEd, DILG, DOH, DND-OCD, DPWH, DSWD, DOTC, and NIA bring disaster-stricken communities back to normalcy as soon as possible.

RISK RESILIENCY

The government has invested in programs that sustain a climate-resilient environment by strengthening the adaptive capacities of communities.

The Budget supports research and development of modern mapping and early warning systems, as well as the building of disaster-resilient infrastructure.



The **Department of Science and Technology (DOST)** commits to provide communities with important information to make them adequately prepared when disasters strike:

- 28 vulnerable provinces will have access to scientific weather-related information and services through the Philippine Atmospheric, Geophysical, and Astronomical Services Administration (PAGASA).



The **Metro Manila Development Authority (MMDA)** and **DPWH** will address flooding through efficient waste disposal:

- Flooded areas will be reduced by 10 percent.
- Flood waters will subside within 40 minutes to 1 hour.
- Waste diversion rate among LGUs will increase by 12 percent.



The **Department of Environment and Natural Resources (DENR)** will assist communities prone to earthquakes and landslides:

- 22,028 barangays will learn how to use geohazard mapping.



Communities should be able to stand on their own feet after the onslaught of disasters. The Budget aims to reduce flooding, replant deforested areas, and give communities maps and other information to respond to calamities quickly.



Flood Control and Drainage

- P59 B** will go to DPWH to construct and maintain 1,090 structures nationwide.
- P503.8 M** will help MMDA repair and construct 66 flood and drainage structures in Metro Manila.

These projects seek to lessen flooding in 18 major river basins, below-sea-level areas, and other critical areas.



National Greening Program

This program seeks to buffer the effects of air pollution, reduce downstream flooding, and prevent soil erosion.

- P8.2 B** will go to the DENR to buy 415.46 million seedlings to be planted over 246,524 hectares of land.



Clean Air Regulation

This program seeks to monitor air quality in major urban cities.

- P280 M** will be used to put up 28 real-time air quality monitoring stations.



Geohazard Assessment Program

This program supports the training of LGUs and communities to use data and mapping tools to better respond to disasters and calamities.

- P397 M** will be spent to:



- Educate 22,028 barangays on the use of geohazard maps.



- Conduct vulnerability and risk assessments of 200 municipalities.



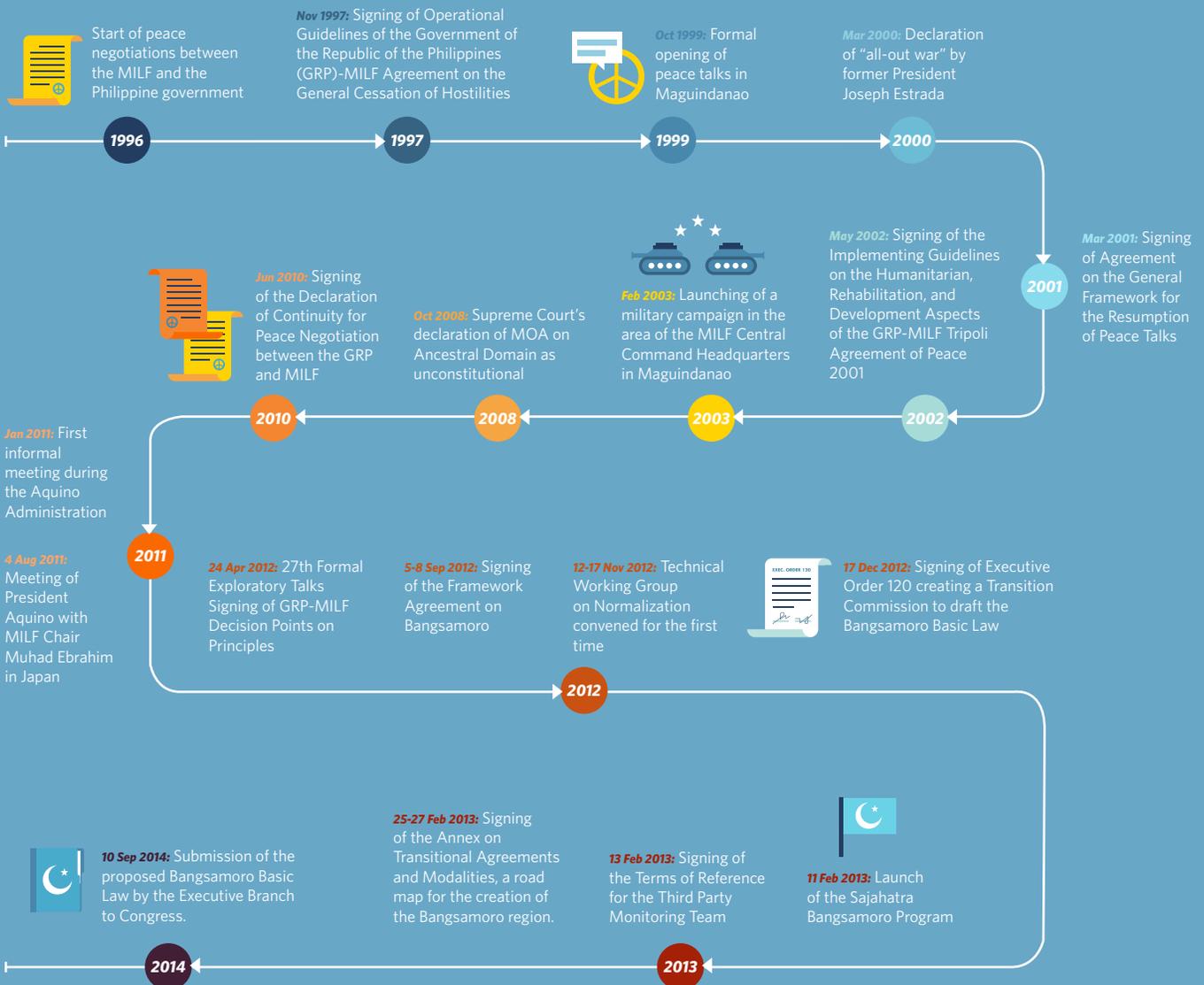
- Provide 101,000 copies of 1:10,000 maps.



- Conduct sub-surface assessment of 15 cities/municipalities.

PEACE AND SECURITY

The Aquino Administration has consistently pursued the peace process to help conflict-afflicted communities return to peaceful conditions. A key milestone of this initiative is the peace agreement with the Moro Islamic Liberation Front (MILF).



Source: OPAPP

Other peace negotiations are also ongoing with positive results.

Source: OPAPP

MNLF*	The government and the MNLF maintain a workable partnership to complete the implementation of agreements toward a comprehensive solution of the Bangsamoro issue.
CPP-NPA-NDF**	Efforts to move the peace negotiations forward are ongoing.
CBA-CPLA***	Closure Agreement signed; implementation is nearing completion.
RPM-P/RPA/ARB****	Both parties engage in efforts to prepare communities for the signing and implementation of the Closure Agreement.

IMPROVED POLICE VISIBILITY

Police forces can now better protect every citizen as the police-to-population ratio is close to the ideal: 1 police officer per 500 Filipinos.



Sources: PSA, PNP

*Moro National Liberation Front

**Communist Party of the Philippines-New People's Army-National Democratic Front

***Cordillera Bodong Administration-Cordillera People's Liberation Army

****Rebolusyonaryong Partido ng Manggagawa-Pilipinas/Revolutionary Proletarian Army/Alex Boncayao Brigade

PEACE AND DEVELOPMENT

To establish peace, the government aims to address factors contributing to internal armed conflicts effectively and immediately.

Communities in conflict areas will achieve their desired quality of life once the government settles internal conflict.

The government will continue to pursue peace negotiations with internal armed conflict groups through the OPAPP:



■ Peace talks with the CCP/NPA/NDF on reducing armed violence against civilians.



■ Negotiation with the MILF on the Bangsamoro Transition Authority.



■ Monitor Comprehensive Agreement on Bangsamoro.



■ Monitor implementation of the Annex of Normalization.



■ Representation of the MNLF in the Transition Authority.

Government agencies work together to deliver public services in conflict-stricken areas.



■ Strengthen institutions addressing concerns on human rights, indigenous peoples, mining, and agrarian reform.



■ 100 percent of peace process-related programs developed with conflict sensitive tool.



■ 100 percent of programmed PAMANA (Payapa at Masaganang Pamayanan) areas receive better basic services.



■ 100 percent of programs intended to develop resilient communities implemented.

While peace negotiations are underway, conflict-torn communities are being rebuilt so that they can return to normalcy.



Support for the Bangsamoro Peace Agreement

P388.3 million will provide opportunities to transitioning troops and displaced families through implementation of the Annex on Normalization.

The PAMANA Program

Communities turn into war zones because of poverty, inequality, and similar issues. Thus, about P12.8 billion will address the development needs of communities under conflict by funding the following:



PUBLIC SAFETY AND TERRITORIAL DEFENSE

A safe and secure environment is key to sustaining the country's social and economic gains.



The **Philippine National Police (PNP)** commits to bring peace to communities by improving community safety:

- 66 in every 100 Filipinos should feel safe based on the National Safety Index.
- The National Index Crime Rate should decrease to 37.11 percent from 39.06 percent.
- 30 in every 100 crimes should have been solved, based on the Crime Solution Efficiency Rate.



The **Bureau of Fire Protection (BFP)** seeks to protect communities from fire incidents:

- 0 to 1 fire incident per 10,000 population
- 0 to 1 loss of life per 200,000 population
- 0 to 1 injured per 100,000 population



The **Philippine Army, Philippine Air Force, and Philippine Navy** commit that all of their mobile units are mission ready.

- 90 percent of all Army Ground Force Units are provided to Unified Commands.
- 85 percent of all Air Force Units are provided to Unified Commands.
- 100 percent of all Navy Units are provided to Unified Commands.

Development can firmly take place in communities that are free from conflict.

The Budget maintains that development can only happen when communities are free from crime and external threats.

Public Order and Safety



PNP



P73.6 B

to conduct 7.2 million foot and 6.28 mobile patrols.



P609 M

to undertake 802,201 investigations.



BFP



P1.6 B

to conduct fire prevention programs.

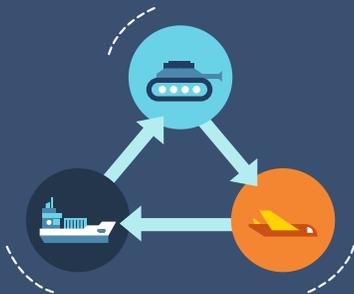


P7.7 B

to undertake fire suppression activities and investigations.

Strengthening Territorial Defense

The AFP will receive the following support:



Philippine Army

P47.5 B

to maintain 189 tactical battalions.



Philippine Air Force

P16.4 B

to maintain 140 supportable aircraft.



Philippine Navy

P16.3 B

to maintain 124 mission-ready fleet marine units.

THE BUDGET CYCLE

① PREPARATION



Budget Call

JAN OF PRIOR FISCAL YEAR (FY) V

Budget preparation starts with the Budget Call, which sets the parameters and procedures to guide agencies in preparing their respective proposed budgets. It includes the **Budget Priorities Framework**, which identifies priority programs and localities where resources must be focused on. A Fiscal Year is a period of twelve months for which a government plans its management of money.



Citizen Engagement

JAN-MAR OF PRIOR FY

Agencies engage citizens as they prepare their proposed budgets, through mechanisms like the **Budget Partnership Agreements** with civil society organizations and **Bottom-Up Budgeting**.



Program Budgeting

JAN OF PRIOR FY

Lead and contributing agencies for each program priority of the government (for example, tourism) meet and synergize their proposed agency budgets to meet targeted outcomes.



Agency Proposals

MARCH OF PRIOR FY

Agencies submit their proposed budgets through the **Online Submission of Budget Documents**, a facility recently established by the DBM.



Budget Hearings & Review

APR-JUNE OF PRIOR FY

Agencies defend their proposal during Technical Budget Hearings. After evaluating the proposals, the DBM technical bureaus present their recommendations to the Executive Review Board, which is composed of the DBM Secretary and senior officials.



Presentation to the President

JUNE OF PRIOR FY

The DBM, the Department of Finance, and the National Economic and Development Authority present the proposed Budget before the President and the Cabinet for discussion and approval.



Consolidation, Validation, Confirmation

JUNE OF PRIOR FY

The DBM validates the approved agency budgets and consolidates these into the Budget of Expenditures and Sources of Financing (BESF) and other budget documents.

④ ACCOUNTABILITY



Audit

WITHIN FOLLOWING FY

The Commission on Audit (COA) reviews the accounts of each agency to ensure their accountability in the use of public funds. The DBM uses CoA's Audit Reports in confirming agency performance, determining budgetary levels for agencies, and addressing issues in fund usage.



Mid-Year and Year-End Reports

BY SEPT OF FY AND WITHIN THE NEXT FY

The Development Budget Coordination Committee (DBCC) publishes reports on macroeconomic developments, the fiscal situation of the national government, and performance of key programs and projects.



Performance Review

THROUGHOUT

DBM technical bureaus perform regular reviews of the financial and physical performance of agencies against their targets. In addition, the DBM deploys **Account Management Teams** in key departments to closely monitor their performance and address bottlenecks proactively.



Public Disclosures

THROUGHOUT

Agencies publish the required reports and essential budget information on their websites through the **Transparency Seals**. The DBM, DoF, and NEDA regularly release reports on the status of budget implementation and the fiscal scenario.



Accountability Reports

MONTHLY OR QUARTERLY

Budget accountability starts with the setting of targets that agencies are to be held accountable for. With the Performance-Informed Budget, the GAA beginning 2014 now contains the targeted outcomes, outputs and performance indicators of each agency



Performance Targets

JAN OF FY (WITH GAA)

Agencies submit Financial Accountability Reports on a monthly or quarterly basis, as required by the DBM and the COA. The DBM also requires agencies to submit quarterly Physical Reports of Operation to report on the outputs delivered in the use of such funds.

② LEGISLATION



The President's Budget

JULY OF PRIOR FY

President Aquino has consistently submitted the proposed Budget a day after his State of the Nation Address, much earlier than the deadline set by the 1987 Constitution.



House Deliberations

AUG-OCT OF PRIOR FY

The House Committee on Appropriations holds public hearings on the proposed Budget. Afterward, it sponsors its recommended General Appropriations Bill (GAB) before the plenary. Once approved, the House transmits the GAB to the Senate.



Senate Deliberations

SEPT-NOV OF PRIOR FY

The Senate conducts its own committee hearings and plenary deliberations on the GAB. To expedite the process, the Senate Committee on Finance usually starts hearings well before the House formally submits the GAB.



Bicameral Deliberations

NOV-DEC OF PRIOR FY

After the House and Senate approve their versions of the GAB, they each form a panel of lawmakers that will constitute the Bicameral Conference Committee, which discusses and harmonizes conflicting provisions.



Ratification & Enrolment

DEC OF PRIOR FY

The Harmonized or "Bicam" version of the GAB is then submitted back to both Houses, which then vote to ratify the final GAB. Both houses then submit or "enrol" the ratified GAB to the President.



Enactment

DEC OF PRIOR FY

Budget legislation ends when the President signs the General Appropriations Act (GAA) into law. Prior to this, the President may veto or set conditions for implementation for certain items in the GAA; these conditions are included in the President's Veto Message.

③ EXECUTION



Cash Allocation

JAN (COMPREHENSIVE) AND THROUGHOUT

The DBM issues disbursement authorities, such as the Notice of Cash Allocation (NCA) to authorize an agency to pay the obligations it incurs.



Disbursement

THROUGHOUT

Monies are paid out from the Treasury to settle government obligations. With the **Expanded Modified Direct Payment Scheme**, most payment transactions of government will become checkless and cashless.



Obligation (Bidding & Award)

THROUGHOUT

Agencies incur liabilities, which the national government will pay for, as they implement programs, activities, and projects. Agencies incur obligations when, for instance, they hire new staff or enter into a contract with suppliers of goods and services (see also Early Bidding).



Allotment Release

JAN (COMPREHENSIVE) AND THROUGHOUT

The DBM issues allotments to agencies to authorize the latter to incur obligations. With the **GAA-as-Release Document**, the enacted Budget itself serves as the allotment release for all budget items except those contained in a negative list, which require a Special Allotment Release Order (SARO).



Budget Program

NOV-DEC OF PRIOR FY

Agencies submit Budget Execution Documents to outline their financial plans and performance targets for the year. The DBM consolidates these plans into the budget program, which breaks down the allotment and cash releases for each month of the year.



Early Bidding for Infrastructure

OCT-DEC OF PRIOR FY

The Department of Public Works and Highways (DPWH) and other agencies that implement infrastructure projects bid their projects before the GAA is enacted. Early bidding allows agencies to award their approved projects as early as day one of the new fiscal year.

WHERE'S THE BUDGET DATA?

Monitoring the spending performance of various agencies requires finding and tracking the data essential to your work.

Did you know that important budget documents had already been published online even before the government entered the Freedom of Information era?

Since 2012, the National Budget has mandated that agency publish key budget documents to enable you, the citizens, to hold government agencies accountable for responsible spending of public funds.

These documents, from agency's approved budget to project status report to contracts, are uploaded on each agency's **Transparency Seal**.

Find and click this button:



LIST OF INFORMATION YOU CAN FIND ON THE SEAL:



1. AGENCY'S INFORMATION

This document includes the mandates and functions of an agency and provides the names of its officials and their contact information.



2. PLANS AND REPORTS

These documents are made up of the various financial and physical reports of an agency.

Budget Execution Documents

These documents are submitted before an agency can execute its budget and serve as the plan or blueprint of the agency.



■ **Physical and Financial Plan:** Includes the physical targets of an agency's services and its corresponding budget in the current and prior years.



■ **Monthly Cash Program:** Provides the estimated monthly disbursement requirements of the operating units of a department or agency.



■ **List of Obligations (Not Yet Due and Demandable):** Details the liabilities the government must pay immediately or in the future.

8 ESSENTIAL BUDGET DOCUMENTS

Based on the 2015 Open Budget Survey (OBS), the Philippine government now makes adequate budget information available to the public and publishes the eight essential budget documents regularly. These documents enable you to monitor how public funds are collected, allocated, spent, and accounted for.

1

Budget Priorities Framework
This document defines the government's estimated revenues, expenditures, and debt based on assumed economic conditions, as well as the priority programs and provinces the government seeks to fund through the Budget that is being crafted. The OBS calls this document the Pre-Budget Statement.

2

The President's Budget
This set of documents is the Proposed National Budget submitted to Congress for approval; it includes:

- **President's Budget Message:** In this message, the President articulates the policy proposals and priorities reflected in the proposed Budget.
- **Budget of Expenditures and Sources of Financing:** Required by the Constitution, this document presents the Budget's macroeconomic assumptions, revenue and debt targets, and expenditures according to classification.
- **National Expenditure Program:** Published in the form of proposed legislation, this document contains the specific programs, activities, and projects of various agencies that require funding as well as the agencies' performance targets.
- **Staffing Summary:** This document provides information on the current manpower and unfilled positions in the government, including their costs.
- **Technical Notes to the Proposed Budget:** These notes explain the macroeconomic assumptions, fiscal targets, and expenditure priorities of the proposed Budget.
- **Fiscal Risks Statement:** This statement describes the economic, financial, and climate risks the government faces; measures to address these risks are also stated.

3

General Appropriations Act
Also called the Enacted Budget, the GAA is the Budget approved by Congress and signed into law by the President.

Budget and Financial Accountability Reports

These documents are submitted by an agency on a monthly or quarterly basis to describe how the agency spends its budget and how it performs.

Quarterly Financial Report of Operations

Shows how the agency spent its fund for the quarter.

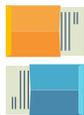
Quarterly Physical Report of Operations

Shows which projects the agency has completed/delivered for the quarter.

Quarterly Income Report: Details the actual collection of an agency.

Monthly Statement of Allotments, Obligations, and Balances: Shows the present releases of appropriations used by the agency.

Monthly Report of Disbursements: Reflects the agency's authorized disbursements for the month.



3. REPORT OF INCOME

This report shows the revenue earned by an agency, especially its sources of income, targets, and actual collection. Some agencies also post their income from off-budget accounts, e.g., the DPWH.



4. APPROVED BUDGETS AND TARGETS

This report describes the agency's fiscal program including target outputs for a given year.



5. MAJOR PROGRAMS AND PROJECTS

This report shows each agency's list of programs and projects in line with the five Key Result Areas of the Aquino Administration.



6. PROCUREMENT INFORMATION

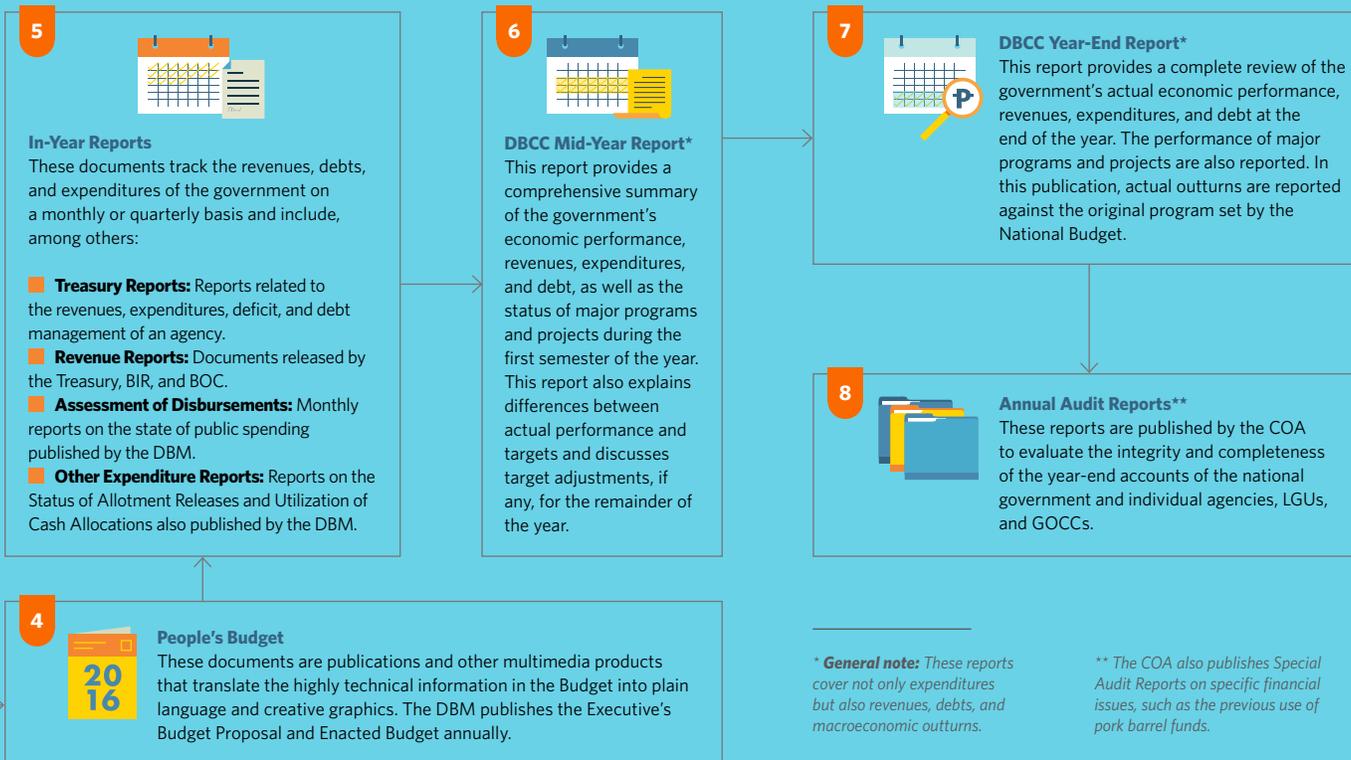
This report details each agency's procurement activities for the year, including:



Annual Procurement Plan: Contains a list of the goods and services the agency will purchase over the year, relevant amounts, and procurement mode, among others.



Contracts Awarded: Includes the title of the project, names of winning contractors, suppliers, or consultants awarded, and winning bid price, among others.



HOW DOES YOUR GOVERNMENT ACTUALLY SPEND THE BUDGET?

What happens after the President prepares the National Budget and the Congress approves the same? Government agencies must now spend their budgets through what is known in government parlance as the Budget Execution process.

Actual execution follows a rigorous process to ensure that agencies spend only what is allowed by Congress.

STAGE 1: APPROPRIATION



Congress first sets aside or appropriates money for a specific government activity by passing the General Appropriations Act (GAA).

Appropriations are legal authorities provided by Congress to government agencies to spend public funds.

STAGE 2: ALLOTMENT



Programs stated in the GAA are covered by actual funds.

In previous years, the government, through the DBM, had to issue allotment release documents, such as Special Allotment Release Orders (SAROs), for various reasons. For example, because the Budget included a large number of lump sum funds, the DBM had to issue SAROs for specific projects to be implemented.

Today, because lump sum funds have been reduced and more programs and projects have been itemized in the GAA, the government has reduced its need for SAROs and made the GAA itself the "allotment release document" for itemized programs and projects.

STAGE 5: DISBURSEMENT



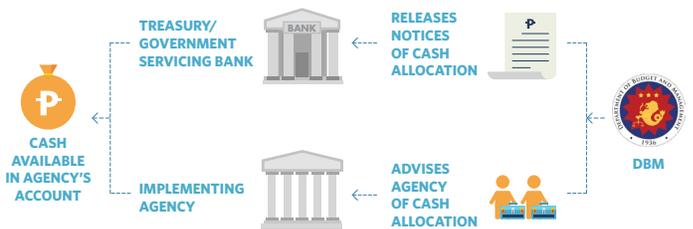
Disbursement is the actual spending of funds. Here, cash from the Treasury or government servicing bank is used to settle obligations.



CHECKLESS AND CASHLESS PAYMENT SCHEME: Bank-to-bank transactions have been used to make payments to suppliers for government projects since 2014. This initiative eliminated the costs and tedious processes associated with issuing checks.

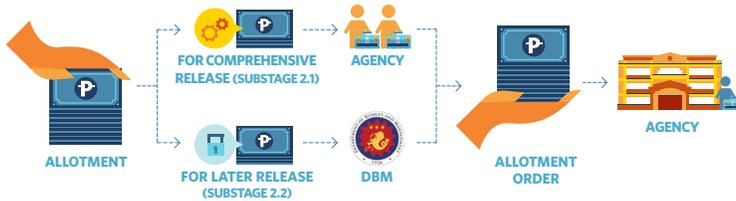
STAGE 4: CASH ALLOCATION

The DBM releases Notices of Cash Allocation (NCAs) and other disbursement authorities to agencies. The NCA essentially tells an agency that cash has been set aside in their account to allow payment of obligations.



To speed up the spending process, the DBM now issues comprehensive NCAs covering the cash requirements of an agency for the first semester of the year. In the past, NCAs were issued quarterly or even monthly, thus requiring agencies to repeatedly request for the release of NCAs.

UNDER THE GAA-AS-RELEASE DOCUMENT REGIME



SUBSTAGE 2.1: FOR COMPREHENSIVE RELEASE

Programs and projects disaggregated in the GAA are considered covered by actual funds; therefore, agencies can now enter into obligations.

SUBSTAGE 2.2: FOR LATER RELEASE

Some items remain in lump sum (e.g., Calamity Fund) and require agencies to request for the release of SAROs to fund specific projects. Items with conditions for release (e.g., the President must approve the release of confidential and intelligence funds) are included in this category.

ITEMS IN THE FOR LATER RELEASE:

- Lump-sum funds within the agency-specific budgets.
- Intelligence fund subject to prior approval of the President of the Philippines.
- Special Purpose Funds
- Other budgetary items for conditional implementation under the President's Veto Message that still need to comply with specific guidelines.

STAGE 3: OBLIGATION



After allotments are released, agencies can incur an obligation, a legal commitment to pay personnel, contractors, suppliers, or other providers of goods and services. An obligation is incurred when, for example, a government agency enters into a contract after competitive bidding or other legal procurement modes.

STAGES IN PROCUREMENT



A An agency publicly announces a bid opportunity.



B The BAC chooses the winning bidder based on lowest cost. For consultancies, the BAC also rates the quality of the proposals.



B Prospective suppliers submit their sealed bids to the agencies before the set deadline.



E The head of the agency approves the results of the bid and issues a Notice of Award.



C The Bids and Awards Committee (BAC) of the agency inspect the bidders' compliance with required qualifications and submissions.



F The agency and winning bidder sign a contract—obligation incurred!



YOUR TOOLS TO MONITOR AGENCY SPENDING

Here are some tools or formulas you can use to track an agency's performance. Remember, you can find the data you need in each agency's Transparency Seal. Other data and information can also be found on DBM's website:

www.dbm.gov.ph



Budget Programming Rate

This formula shows how fiscal authorities, such as the DBM, prioritize programs and projects given available funds. Data can be obtained from the DBM's *Status of Allotment Releases*.



$$B P = \frac{\text{Allotment}}{\text{Appropriation}} \times 100$$

Note: The higher the rate, the more effectively the DBM releases budgets to agencies.



Obligation Rate (Budget Utilization Rate)

This formula measures how agencies use the allotments released to them and indicates how fast an agency has rolled-out the programs and projects it is mandated to implement. Data can be obtained from the *Statement of Allotments, Obligations, and Balances of each agency*.



$$OR = \frac{\text{Obligation}}{\text{Allotment}} \times 100$$

Note: The higher the rate, the faster the agency implements its budget.



Disbursement Rate

This tool describes how an agency used the cash it received from the Treasury. It also details, for example, how fast an agency is able to implement and complete a project.



$$DR = \frac{\text{Cash Allocation Utilized}}{\text{Cash Allocation Released}} \times 100$$

Note: The higher the rate, the faster the agency delivers its goods and services to the people.

SAVINGS AND AUGMENTATION

The constitution allows the President, the Senate President, the House Speaker, the Chief Justice, and heads of Constitutional Commissions to use **savings** to **augment** budget deficiencies within their respective department.

WHAT ARE 'SAVINGS'?

In general, savings are the remaining balances of a budget item or item of appropriation for a program, activity, or project (P/A/P) that has already been released to an agency.

Savings can only be generated under the following situations:



■ If the head of the agency **discontinues or abandons** a P/A/P due to factors that the agency has no control of. For instance, if a road project cannot be continued due to right of way issues.



■ If the agency has not yet started (**non-commencement**) a P/A/P as the agency cannot yet obligate the funds to start the P/A/P because of disasters and other factors that are not under the control of the agency.



■ If an agency is able to decrease the cost of a P/A/P due to **improved efficiency** during its implementation or after its completion, as long as the agency is still able to deliver services consistent with its performance targets.



■ If, after procurement, the **winning contract price is lower** than that of the approved budget for the implementation of a P/A/P after competitive bidding or other procurement modes.



■ If there are **unused personnel services cost** due to the following instances:

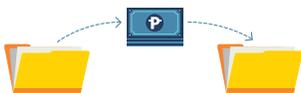
A Unfilled or abolished positions

B Non-entitlement to allowances

C Leaves of absences with no pay

D Other causes related to the death of pensioners and decreases in number of retirees, among others

WHAT IS 'AUGMENTATION'?



■ Augmentation is the act of using savings from a P/A/P to cover the deficiency in another existing P/A/P in the Budget.

■ A deficiency results from **unforeseen adjustments, modifications, or adjustments** in a P/A/P, as well as **re-assessments** of the use, prioritization, or distribution, of resources.

■ The expenditures for which savings will be used must be consistent with the scope of, or covered by, the P/A/P that is augmented. Non-existing P/A/Ps cannot be augmented.

WHAT IS 'REALIGNMENT'?

The realignment of funds differs from savings. It is incorrect to say that savings are "realigned" to another item of appropriation. Rather, savings are used to *augment* another item of appropriation in the GAA.

Realignment refers to the limited flexibility given to agency heads to adjust the details of how funds will be spent *within an item of appropriation*.

Realignment can be done through reallocation, modification, or change in the details within an existing P/A/P—as long as the total amount appropriated for the P/A/P remains the same. These changes include:



1. From one operating unit to another - for example, from an agency's regional office to another regional office. This requires the approval of the DBM.



2. Between allotment classes - for example, from personnel services (PS) to maintenance and other operating expenses (MOOE). This requires the approval of the DBM.



3. Within an allotment class but between objects of expenditures - for example, within MOOE's but from professional services to training expenses. This can be done by heads of agencies.



4. Modification of a project - authorized by the special provisions of the GAA, which can be done by heads of agencies. For example, the DPWH Secretary can modify the details within a project only once and only until June 30, 2016, among other conditions.



5. Others:

A Requiring the President's approval: for the payment of intelligence funds within the executive branch.

B Requiring the DBM's approval: for the payment of *magna carta* benefits, within a special purpose fund, and within a purpose of the Unprogrammed Appropriations.

GUIDE ON COMMONLY-USED BUDGETING TERMS

AUGMENTATION

The act of constitutional officers to use savings in their respective appropriations to cover a deficiency in any P/A/P within their offices. A deficiency arises when there are unforeseen modifications or adjustments in the P/A/P or re-assessment of the use of resources. Augmentation can be done for P/A/P existing in the GAA.

APPROPRIATION

The amount specified in the General Appropriations Act that can be spent on a P/A/P.

ALLOTMENT CLASS

The classification of government expenses by:

Personnel Service: salaries, other compensation (e.g., salary increases, allowances, honoraria) for permanent, temporary, contractual, and casual employees of the government. It also includes retirement benefits (e.g. terminal leave, retirement gratuity).

Maintenance and Other Operating Expenditure (MOOE): for the operation of government agencies, including supplies and materials, transportation and travel, utilities, and other maintenance activities.

Financial Expenditures: management, supervision, or trusteeship fees, interest expenses, bank charges, and other financial charges.

Capital Outlay: purchase of goods and services that add to

the government's assets. These include infrastructure, vehicles, and investments in capital stocks of government corporations.

MAJOR FINAL OUTPUT (MFO)

Products and services that a department/agency must deliver to external clients through the implementation of P/A/Ps. MFOs are evaluated using performance indicators and targets according to quality, quantity, and timeliness.

ORGANIZATIONAL OUTCOME

The results defining the purpose of the organization or agency and achieved through the delivery of MFOs and implementation of P/A/Ps.

PROGRAM/ACTIVITY/PROJECT (P/A/P)

An item of appropriation where monies are authorized to be spent for an item specified further as follows:

Program: An integrated group of activities contributing to an agency's continuing objective. These groups may include General Administration and Support, Support to Operations, and Operations

Activity: A work process that contributes to the fulfilment of a program, sub-program, or project, e.g., research, surveys, monitoring, etc.

Project: A special agency task that must be completed within a definite timeframe. It is designed to produce goods and services, such as road widening, installation of street lamps, etc.

REALIGNMENT OF FUNDS

The reallocation, modification, or change in the details of an existing P/A/P provided that the change will not increase the total amount appropriated for that P/A/P. Realignment may only be done within a P/A/P and covers changes such as: between allotment classes, object of expenditure within an allotment class, or operating units and project modifications as authorized in special provisions in the GAA. *Realignment is different from the use of savings (see page 74 for more information).*

SAVINGS

Portions or balances of any released appropriation (P/A/P) that have not been obligated as a result of the following:

- ① P/A/P is discontinued or abandoned due to causes not attributable to the agency's fault or negligence;
- ② P/A/P has not started (non-commencement) because the agency has not obligated it because of reasons not attributable to the agency's fault or negligence;
- ③ The cost of a P/A/P is reduced because of improved efficiency during implementation;
- ④ Difference between the approved budget and the contract award price of project after procurement; and
- ⑤ Available balances of appropriations from unused compensation and related costs, such as unfilled, vacant, or abolished positions.



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