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Despite the challenges and struggles we faced and are still facing, however, 2020 left us with valuable lessons and hopefully a lasting wisdom to adapt and adopt innovative ways to confront the crisis. More importantly, it strengthened our bayanihan spirit as we all strived to work creatively together to rise against our common “foe” – the COVID-19.

Collectively and individually, we were made keenly aware of the need for urgent action and to ensure availability of resources to pursue it. For the government, and in particular for the Department of Budget and Management (DBM), this meant the assurance of continued performance of our mandate – to ensure that the public goods and services we deliver are aligned with the priorities and needs of our people, especially in these challenging times.

This Report is a narrative of how the DBM adjusted and responded to the pandemic, particularly on how it steered public expenditure management and shaped the national budget to enable the country “heal and recover” from the crisis. It also features best practices which enabled the Department adapt to the new normal to continuously deliver its mandate, as well as initiatives undertaken that go beyond its call of duty.

While the crisis is far from over, together with grit, we can help each other and our nation to safely bounce back. Sama-sama sa pag-angat.

Wendel E. Avisado
Secretary

ABSTRACT OF THE DBM

The DBM, created under Executive Order No. 25 dated April 25, 1936, is mandated under this Order and by subsequent issuances to promote sound, efficient and effective management and utilization of government resources as instrument in the achievement of national socioeconomic and political development goals.

Mission
The DBM shall lead public expenditure management to ensure the equitable, prudent, transparent and accountable allocation and use of public funds to improve the quality of life of each and every Filipino.

Vision
By 2022, we envision the DBM to be:
A champion of results-oriented budget and management policies and practices that enable the government to steer the country towards meaningful development that empowers the poor and the marginalized;
An implementer of world-class budget and management systems that enhance transparency, accountability and public participation in governance; and
An institution composed of highly competent and motivated public servants who observe the highest standards of professionalism and integrity.

FOREWORD
The year 2020 will be remembered by many of the generations that lived through it as one of the most challenging in the past decades. The Coronavirus Disease 2019 (COVID-19) pandemic was of a magnitude that the world had never experienced in the past century. Its impact has been felt globally and locally, as it devastated economies and put people’s lives at risk.

Despite the challenges and struggles we faced and are still facing, however, 2020 left us with valuable lessons and hopefully a lasting wisdom to adapt and adopt innovative ways to confront the crisis. More importantly, it strengthened our bayanihan spirit as we all strived to work creatively together to rise against our common “foe” – the COVID-19.

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Wendel E. Avisado
Secretary
ENSURE EFFICIENT SERVICE DELIVERY

- Accelerate infrastructure spending as a percent of the gross domestic product
- Submit proposed budget before the State of the Nation Address
- Implement streamlined budgeting processes
- Streamline public procurement process
- Develop/enhance the DBM Information and Communications Technology systems
- Manage and ensure adequate provision of facilities and utilities
- Develop and implement DBM delivery units’ performance monitoring model
- Pursue priority interventions/activities on the establishment of Succession Plan
- Ensure the efficient and effective processing of action documents
- Achieve sustainable operations and savings for the government
- Achieve and sustain operational excellence
- Prepare and use policy directives/guidelines on local expenditure management

GOAL (2022)

ONE OF THE TOP 3 BUDGET INSTITUTIONS IN THE ASEAN REGION

Vision

A champion of results-oriented budget and management policies and practices that enable the government to steer the country towards meaningful development that empowers the poor and the marginalized

An implementer of world-class budget and management systems that enhance transparency, accountability, and public participation in governance

An institution composed of highly competent and motivated public servants who observe the highest standards of professionalism and integrity

Monitor and Evaluate the Budget Implementation Effectively

- Strengthen planning and budgeting linkage
- Institutionalize the conduct of Agency Performance Review and Evaluation
- Utilize Management Reports as a tool for better informed decisions and further strategies/plans
- Strengthen internal controls in the DBM through process-based audit and continuous audit follow-up and monitoring of approved recommendations
- Institutionalize the Integrated Financial Management Information System
- Provide timely feedback to Management
- Ensure the efficient printing and releasing of budget documents
- Monitor financial assistance to local government units effectively
- Promote good governance

Leverage DBM Oversight Functions for Meaningful Devolution

- Facilitate the complete/total devolution of services to local government units
- Improve Local Government Unit Public Financial Management (LGU-PFM) systems and procedures
PH STILL NO. 1 IN BUDGET TRANSPARENCY IN SOUTHEAST ASIA

TIMELY SUBMISSION AND PASSAGE OF THE FY 2021 BUDGET

HIGHER ALLOCATION FOR SOCIAL SERVICES OVER THE YEARS

INFRASTRUCTURE ALLOCATION IN FYs 2020 AND 2021 REACHED 5.4% OF GDP

FIRST TRANCHE OF SSL V IMPLEMENTED

BTMS ROLLED OUT TO 124 AGENCIES SINCE IMPLEMENTATION

INCREASED COMPLIANCE RATE FOR QMS CERTIFICATION REPORTED

22,973 NEW POSITIONS CREATED IN 2020

ENTRY LEVEL NURSE POSITION UPGRADED

ORGANIZATIONAL DEVELOPMENT CHAMPION AWARD CONFERRED ON DBM

20,620 NEW POSITIONS CREATEd IN 2020

HIGHLIGHTS OF KEY ACCOMPLISHMENTS
Consistent with the Duterte Administration’s goal to boost infrastructure investments, the total infrastructure program from 2017 to 2022 is estimated to reach PhP5,942.6 billion. This level is equivalent to an average annual 5.2% of the GDP, substantially higher than the 2.8% of GDP realized from 2010 to 2016.

Despite the late enactment of the 2019 Budget, the current Administration managed to obligate a 4.0% of GDP infrastructure spending in 2019. This was significantly raised to 5.4% of GDP in 2020 despite the pandemic.

In 2020, despite the challenges of the pandemic, the DBM was able to craft and submit the FY 2021 Proposed Budget to Congress on time – on August 25, 2020 – well within the constitutional deadline.

With the theme, “Reset, Rebound, and Recover: Investing for Resiliency and Sustainability,” the FY 2021 National Expenditure Program (NEP) was anchored on the Administration’s key priorities to help the country safely recover from the COVID-19 pandemic. Thus, the bulk of the budget was provided for the social and economic services sectors.

The FY 2021 Budget was signed into law by President Rodrigo Duterte on December 28, 2020. The timely approval of the budget will facilitate the timely implementation of programs and projects critical in the country’s recovery from the pandemic.
Increased Compliance Rate for ISO QMS Certification

Government agencies recorded an improved compliance rate in the requirement for the FY 2019 Performance-Based Bonus (PBB) cycle. This was reflected in the Fifth Update of the Report on the Government Quality Management Committee-DBM Secretariat’s validation, which tracks agencies’ compliance with the ISO Quality Management System (QMS) Requirement for the grant of the PBB for the fiscal year.

Based on the report, submitted to the Administrative Order 25 Secretariat on December 29, 2020, 72% of the 475 participating agencies were found to be compliant for ISO QMS certification for the FY 2019 PBB cycle. This is 13% higher than the compliance rate registered in the FY 2018 PBB cycle.

Streamlined Budgeting Processes

PBB Cycle

FY 2018
501 Agencies

Compliant 58.68%
Non-Compliant 41.12%

FY 2019
475 Agencies

Compliant 72.00%
Non-Compliant 27.16%

Status of Modernized PhilGEPS Implementation

The Modernized Philippine Government Electronic Procurement System (mPhilGEPS) project is the modern version of the PhilGEPS, which is the single central electronic portal envisioned to serve as the primary and definitive source of information on government procurement pursuant to Republic Act No. 9184, otherwise known as the “Government Procurement Reform Act.” The table below shows some of its major functionalities.

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Sustained Operational Excellence

Improved DBM ICT Systems

In FY 2020, the DBM, through its Information and Communications Technology Systems Service (ICTSS), was able to continue sharing the Document Management System (DMS) with other participating agencies, as well as assist in the initiative of the Ease of Doing Business (EODB) to link the DMS and e-Budget and e-Budget/SARO viewer.

In the medium-term, the ICTSS plans to train additional personnel to handle the implementation of the DMS in other agencies. It is also exploring ways to improve the DBM systems, particularly in making them more flexible in handling management initiatives in relation to the DMS and e-Budget linkage and the e-Budget/SARO viewer.
Below are the key resolutions issued and their main features:

**Enhanced Procurement Practices**

To help the government's response in battling the COVID-19 pandemic, the Government Procurement Policy Board (GPPB) issued resolutions to streamline procurement processes.

**GPPB Resolution No. 03-2020: Approving the Adoption of Efficient, Effective and Expedient Procurement Procedures during a State of Public Health Emergency, 9 March 2020**

- Expanded the scope of instances where Negotiated Procurement – Emergency Cases modality may be resorted to.
- Allowed the BAC to recommend any revision in the APP to cover emergency procurement, subject to validation of availability of funds and confirmation by the Head of the Procuring Entity (HoPE) of the existence of the grounds invoked in resorting to emergency procurement.
- Included in the projects that may be covered by Negotiated Procurement – Emergency Cases the lease of real property or venue for use as quarantine centers, evacuation sites, medical relief and aid distribution locations, warehousing facilities, or similar temporary disaster or emergency response facility.
- Included the COVID-19 related items submitted by the Department of Health in the list of Common-Use Supplies and Equipment of Procurement Service (PS)-DBM.

**GPPB Resolution No. 05-2020: Approving the Acceptance of an Expired Mayor’s Permit with Official Receipt for the Renewal Application and Unnotarized Omnibus Sworn Statement as basis for award under the Negotiated Procurement (Emergency Cases) Modality, 20 March 2020**

- Allowed the acceptance of expired Mayor’s or Business Permit and Unnotarized Omnibus Sworn Statement, subject to compliance after award of contract but before payment for Negotiated Procurement – Emergency Cases.

**GPPB Resolution No. 09-2020: Approving Measures for the Efficient Conduct of Procurement Activities during a State of Calamity, or Implementation of Community Quarantine or Similar Restrictions, 7 May 2020**

- Allowed the submission of procurement-related documents, except for the submission and receipt of bids, through electronic mail or facsimile, subject to the submission of the printed copies as soon as practicable.
- Allowed the use of other forms of digital or electronic signature in all procurement related document.
- Authorized the online or electronic submission and receipt of bids for procurement modalities where a two-envelope procedure or sealed price quotation is required, subject to compliance with certain requirements to ensure security, integrity, and confidentiality of the bids, and directed further enhancement of the GPPB Online Portal to allow for the online submission and receipt of bids.
- Allowed PEs to accept the following documentary requirements during a State of Calamity, or implementation of community quarantine or similar restrictions declared or being implemented either in the locality of the PE or of the Bidder:
  - Unnotarized Bid Securing Declaration;
- Allowed the subsequent tolling of the periods for the Procurement Projects covered by the suspension.
- Allowed the declaration of a State of Calamity, or implementation of community quarantine or similar restrictions in the grounds for cancellation or termination of the conduct of procurement activities.


- Approved the simplified Philippine Bidding Documents (PBDs) for the Procurement of Goods and Infrastructure Services to align with the adoption of online bid submission for the effective conduct of public procurement.
- Approved the use of the simplified PBDs for the preparation of bidding documents, and submission and receipt of bids through the GPPB Online Portal to allow for the online submission and receipt of bids.


- Approved the issuance of Circular No. 04-2020, “Guidelines in the Preparation of the Simplified Philippine Bidding Documents for Goods and Infrastructure Projects and the Submission of the Required Forms to be included in the Procurement of Goods, Infrastructure Projects, and Consulting Services”;
- Approved the use of the PBD Builder in the GPPB Online Portal for the online preparation of PBDs for Goods and Infrastructure Projects.

**GPPB Resolution No. 17-2020: Approving the Streamlining of Procurement of the Common-Use Supplies and Equipment Items from the Department Budget and Management - Procurement Service, 18 September 2020**

- Allowed PEs to procure the CSE items from other sources without the need of securing a CNAS, subject to compliance with certain conditions.
Republic Act (RA) No. 11466, commonly known as the SSL V, was enacted on January 8, 2020. It prescribes a four-year phased implementation of the compensation adjustment for civilian government personnel beginning FY 2020 and institutionalizes the grant of the Mid-Year Bonus and the Program on Awards and Incentives for Service Excellence. This latest salary adjustment is expected to benefit around 1,903,972 incumbent employees holding permanent and 56,884 non-permanent positions in various national government agencies. To implement the first tranche of the SSL V, the DBM issued National Budget Circular No. 579 and Local Budget Circular No. 121 on January 24, 2020.

Green Public Procurement (GPP) Program Implemented

Green Public Procurement is a policy focused on sustainable consumption, whereby the government seeks to procure goods, services and works with a reduced environmental impact throughout their life cycle than other comparable goods, services, and works. The policy was adopted in line with the Sustainable Development Goals of the United Nations (UN) until 2030 and the UN 10-Year Framework Program on Sustainable Consumption and Production.

The Government Procurement Policy Board (GPPB), per GPPB Resolution No. 08-2020, serves as the Steering Committee on Green Public Procurement. As the Steering Committee, the GPPB decides on matters and issue policies pertaining to the implementation of GPP in the Philippines. The GPPB-TSO is currently undertaking the review and updating of the GPP Roadmap to incorporate international GPP experiences, and the updating of the green specifications for two (2) Common-use Supplies and Equipment (CSEs) and one (1) non-CSE.

Key Accomplishments on GPP

1. The GPPB issued GPPB Resolution No. 13-2020 which approved the issuance and submission of a Position Paper on HB No. 6526, on the proposed amendments on HB No. 6526 and SB No. 1371, supporting the establishment of a Green Public Procurement (GPP) regime in Government that is aligned with the Philippine Green Public Procurement Roadmap.

2. As of 30 September 2020, PhP147.5 million worth of GPP prioritized CSE, and PhP3.1 billion worth of GPP prioritized non-CSEs have been procured since 2017. Seven (7) of the 10 CSEs and 4 of the 10 non-CSEs were procured by the Procurement Service – DBM.

3. The GPP Training Module is included in the Intermediate Level of the Public Procurement Specialist Course, which is a certificate program currently being implemented by 11 partner State Universities and Colleges located in 9 of 14 regions of the Philippines. To date, a total of 446 graduates completed the PPSCC - Intermediate Level.
COVID-19-Related Benefits Granted

In light of the COVID-19 pandemic, the DBM recommended to the President the granting of COVID-19-related benefits to workers who are exposed to occupational risks in the performance of their duties and responsibilities.

COVID-19 Hazard Pay. Authorized under Administrative Order (AO) No. 26 and implemented through Budget Circular (BC) No. 2020-1, this provides an additional compensation not exceeding P500/day for personnel who physically reported for work during the Enhanced Community Quarantine (ECQ) period.

One-time COVID-19 Special Risk Allowance (SRA). Granted under AO No. 28 and implemented through BC No. 2020-2, this incentive, which is on top of the usual hazard pay for public health workers (PHWs), is equivalent to 25% of the basic monthly salary of the PHW.

COVID-19 Duty Allowance. Authorized under AO No. 31 and implemented through BC No. 2020-3, this allowance is given to volunteer government employees and workers engaged through contract of service (COS) or job order (JO) basis who are deployed in Mega Swabbing Facilities and other designated swabbing and test results processing facilities. It is composed of a daily allowance not to exceed P500/day and a one-time incentive equivalent to a maximum of 25% of the basic monthly salary.

COVID-19 Active Hazard Duty Pay (AHDP). Authorized under AO No. 35 and implemented through DBM-DOH Joint Circular (JC) No. 1 s. 2020, this benefit is anchored on RA No. 11494 (Bayanihan II) for frontline human resources for health (HRH) whose services are essential in the fight against COVID-19 and are exposed to health risks and hazards due to the pandemic. Per initial estimates, the grant of the monthly COVID-19 AHDP, which shall not exceed P3,000/month, will benefit around 300,000 HRHs nationwide.

COVID-19 SRA. Authorized under AO No. 36 and implemented through DBM-DOH JC No. 2 s. 2020, this benefit is granted to public and private health workers (HWs) who are directly catering to or are in contact with COVID-19 patients. Per initial estimates, around 294,000 public and private HWs nationwide will benefit from grant of the COVID-19 SRA, which shall not exceed P5,000/month.

Compensation for Public and Private Health Workers. As stipulated in DOH-DBM Joint Administrative Order No. 2020-0001, a compensation of P15,000 shall be provided to public and private HWs who have contracted mild or moderate COVID-19 infection in the line of duty and P100,000 to those who contracted severe or critical COVID-19 infection. The heirs of HWs who succumbed to the disease in the line of duty shall be provided a compensation of P1 million.

In line with a Supreme Court ruling, the DBM issued BC No. 2020-4 to provide the rules and regulations covering the upgrading of the entry-level Nurse positions in government health facilities. Under said circular, the salary grade (SG) allocation of the Nurse I position has been upgraded by four SGs, from SG 11 to SG 15, beginning January 1, 2020. This move benefits 8,305 entry-level Nurse positions.

22,973 New Positions Created

For FY 2020, the DBM authorized the creation of 22,973 positions in various government agencies to supplement their present staffing and ensure effective and efficient delivery of services to the general public. About 64.4% or 14,786 of these new positions are in the Department of Education, while 17% or 3,937 new positions are in the DOH, consisting mostly of nurses (1,407), medical officers (628), medical specialists (240), and health program officers (62).

Hiring of Additional Medical Workforce Approved

The DBM has approved the engagement of a total of 16,614 Contract of Service (COS) workers by the DOH to augment the existing medical, allied medical, and support personnel in the COVID-19 referral hospitals, quarantine areas, emergency health call centers, and health facilities. About 24% or 3,985 of these COS workers are doctors while 40% are nurses.

Revised Philippine Government Internal Audit Manual (RPGIAM) Issued

As part of the ongoing efforts to strengthen the internal control systems in government, the DBM, together with the Office of the President-Office of the Executive Secretary for Internal Audit, pursued the revision of the 2011 PGIAM primarily to, among others, assist government agencies clarify and address various emerging issues and concerns that are relevant to the effective and efficient conduct of internal audit in government.


Copies of the said Manual were distributed to 117 agencies in the executive, legislative, and judicial branches of government, as well as in constitutional bodies with an Internal Audit Service/Unit, as of September 2020.

To facilitate the rollout of the Manual, a Training of Trainers on the RPGIAM will be conducted in 2021.
Monitor and Evaluate the Budget Implementation Effectively

**Fiscal Discipline and Openness Program**

**Sustainable Deficit Program**

1. In response to COVID-19 crisis and to support economic recovery, the National Government increased its spending program for FY 2020 from the pre-pandemic level of PhP4,163.2 billion (19.9 percent of GDP) approved in December 2019 to PhP4,335.2 (23.0 percent of GDP) to account for the funding requirements of Republic Act (RA) No. 11469 or the Bayanihan I and RA No. 11494 or the Bayanihan to Recover as One Act (Bayanihan II). This is PhP537.5 billion or 14.2 percent more than the actual disbursements recorded in 2019.

2. To support the increase in spending levels amid muted revenue collections because of the economic impact of the pandemic, the Development Budget Coordination Committee (DBCC) adopted a higher yet sustainable deficit program for FY 2020, equivalent to 9.6 percent of GDP. Over the medium-term, the deficit will gradually decline to 8.9 percent in 2021 and 7.3 percent in 2022, based on the revised fiscal program approved during the 178th DBCC Meeting on December 3, 2020. As the government implements a fiscal consolidation strategy, the burden on NC borrowings and overall debt will be minimized, gradually rebuilding the fiscal policy space, as the economy expands and revenue collections strengthen over time.

3. Although the higher deficit is expected to raise the country’s debt profile from 39.6 percent of GDP in 2019 to 59.7 percent of GDP by 2022, this remains lower when compared to the country’s record high of 71.6 percent in 2004. The country’s strong fiscal position built in recent years has provided the government with some headroom to navigate during crises times, to expand the country’s growth potential to the extent that sustainable debt levels will allow.

4. Prudent administrative and economic measures were also implemented to accommodate requirements for COVID-19 expenditures. Pursuant to the provisions of Bayanihan I, the DBM issued National Budget Circular (NBC) No. 580 on April 22, 2020, which provided for the discontinuance of non-essential and/or non-priority programs/activities/projects (PAPs) under the FY 2019 Continuing Appropriations and the FY 2020 GAA such as the purchase of motor vehicles, start-up construction of government buildings, foreign and local travels unless urgently necessary, and the conduct of celebrations or sports activities. The NBC also prescribed the discontinuance by at least ten percent (10%) in the cost of training, seminars and workshops; services of consultants and technical assistants; consumption of fuel, water and electricity and other utilities; consumption of supplies and materials, except for essential and critical supplies and materials related to COVID-19; and other MOOE items. Moreover, release of allotments for new PAPs, including Congress-introduced increases which are not likely to be implemented in 2020, was not allowed.

Of the total releases for Bayanihan I (PhP386.1 billion) and Bayanihan II (PhP109.2 billion), as of December 29, 2020, PhP266.8 billion and PhP39.9 billion, respectively, were sourced from realignments and savings from the FY 2019 Continuing Appropriations and FY 2020 GAA.

5. Excess revenues amounting to PhP96.7 billion from actual NG dividend collections remitted by GOCCs to the Bureau of the Treasury were also tapped to support the country’s response to the pandemic.

**Philippines: No. 1 in Budget Transparency in Southeast Asia**

The Philippines remained in the top spot for budget transparency in Southeast Asia, based on the 2019 Open Budget Survey (OBS) results released by the International Budget Partnership on April 29, 2020. The country’s 2019 OBI score climbed nine notches higher to 76 (out of 100) from 67 in 2017, surpassing the 2019 and 2021 OBI target scores of 67 and 71, respectively, under the Philippine Development Plan 2017-2022. It is likewise higher than the global average score of 45 and the OBI scores of other Asian countries like Japan (62) and South Korea (62).

In terms of global ranking, for the first time, the Philippines made it to the top 10 out of 117 countries surveyed by the IBP worldwide, a substantial jump from 19th place in the previous OBS.

**Public Availability of Budget Documents**

For the 2019 round, the Philippines was able to produce all eight budget documents on time based on the standards set by the IBP, a feat achieved twice since the onset of the OBS. Seven of these documents are prepared by the DBM and DBCC.

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- Published Late, or Not Published Online, or Produced for Internal Use Only
- Not Produced
A total of 10 Dagyaw episodes were conducted in 2020, which featured the following topics:

**Usapang Edukasyon: Is PH Ready for Distance/Blended Learning?**

**Usapang Trabaho: Paano?**

**Usapang OFW: Kalagayan at Kinabukasan ng OFWs sa Pandemya**

**Usapang Agri: Ahon Lahat Para sa Pagkaing Sapat**

**Usapang Stimulus: Bayanihan Para sa ReCHARGE, Pilipinas!**

**Usapang Ayuda: Mga Programa, Resulta, at Pagtataya**

**Usapang Food Security at Nutrisyon: Mga Hakbangin Tungo sa Zero Hunger**

**Usapang Trabaho, Endo, at JO: A Social Dialogue**

**Usapang PPE at Bakuna: Pondo, Procurement, Deployment**

**Usapang National ID: On Track, Off-Track, Safe Ba?**

Despite the unprecedented challenges brought about by the COVID-19 pandemic, the DBCC, was able to improve the preparation and presentation of certain budget documents, providing more information and discussion of issues such as the impact of the ongoing health crisis, and the government’s response and recovery measures.

Mid-Year Report (MYR) on the FY 2020 National Budget

One of the major improvements in the FY 2020 MYR was the inclusion of the expenditure performance section, where the financial and physical performance of select big-spending departments/agencies was discussed. It also included the commitments and/or steps to be undertaken by these agencies in order to catch-up with or meet their 2020 expenditure targets.

The FY 2020 MYR likewise examined the adverse impact of the COVID-19 pandemic on the country’s macroeconomic and fiscal position as of the first semester 2020. It further discussed the critical initial response of the government through the Bayanihan I measure, as well as the proposed economic and fiscal measures to further address the health crisis and revive the economy under then the proposed Bayanihan II Law and the CREATE bill.

The narrative on revenue performance was improved by providing additional discussion on the government’s Comprehensive Tax Reform Program (CTRP), specifically from the Tax Amnesty Act and Package 2+ or the Sin Tax Laws.

The report also highlighted the recalibration of the FY 2020 General Appropriations Act (GAA), and the releases for the government’s COVID-19 measures in line with Bayanihan I.
Despite the challenges wrought by the pandemic on the scheduled rollout of the BTMS to national government agencies, the Government of the Philippines, through the Public Financial Management (PFM) Committee and its component project and rollout management units, was able to gain some wins in the rollout of the BTMS.

These are on top of the 13 other agencies/entities which went BTMS live as of June 30, 2020:

- Department of Budget and Management (DBM)
- Bureau of the Treasury (BTr)
- Department of Public Works and Highways (DPWH)
- Department of Trade and Industry (DTI)
- Department of Social Welfare and Development (DSWD)
- Department of Information and Communications Technology (DICT)
- Department of Environment and Natural Resources (DENR)
- Department of National Defense (DND)
- Department of the Interior and Local Government (DILG)
- National Commission on Indigenous People (NCIP)
- Environmental Management Bureau (EMB)
- Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA)
- Benguet State University (BengSU)

For the second semester of FY 2020, the following agencies went BTMS go-live:

1. Department of Education (DepEd)
2. Public Private Partnership Commission (PPPC)
3. Cooperative Development Authority (CDA)
4. Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (PCAARD)

These 17 agencies have a total GAA allotment share of 54.62%, which translates to a capture of around 50% of the budget utilization and enabling the generation of in-year reports based on near-real time data.

Three (3) of the 17 go-live agencies, namely the DBM, BTr, and the DSWD, are in the process of full BTMS implementation up to their Regional Operating Units/Offices.

Since the implementation of the BTMS in 2017, it has been rolled out to 124 agencies or 41.61% of all national government agencies as of December 31, 2020. For FY 2021, the target is to touch base another 69 agencies. The rollout will maximize the use of e-learning, learning management systems, information technology and online platforms to widen the reach of BTMS implementation.

The BTMS has also been fully developed to capture the following additional functionalities:
Executive Order Directing Full Devolution of Functions to LGUs Crafted

The significant increase in the shares of local government units (LGUs) in the national taxes as a result of the implementation of the Supreme Court Ruling on the Mandanas-Garcia Cases starting 2022 presents a unique opportunity for the National Government to hand over to the LGUs the responsibility for the provision of basic goods and services devolved under Section 17 of the Local Government Code of 1991 (Republic Act No. 7160), and other legislative measures to contribute in the growth of the economy, creation of jobs, and promotion of the welfare and development of their constituencies.

In line with this, an Executive Order (EO) directing the full devolution of certain functions of the Executive Branch to LGUs was crafted for national government agencies (NGAs) to assume more strategic and steering functions to address persistent development issues at the local level. The latest version of the draft EO, which incorporates comments and inputs from entities concerned, was concurred by the Department of the Interior and Local Government, Department of Finance, and National Economic and Development Authority and was submitted to the Office of the President for approval.

Plans/Targets in the Medium Term

After the approval of the EO from the President, an advocacy campaign will be conducted to disseminate information regarding the effects of the EO. Capacity building programs for NGAs and LGUs will also be launched. The devolution process will be monitored to determine if adjustments are necessary.

NGAs which participated in Completed Consultation Meetings

1. Department of Agriculture
2. Department of Environment and Natural Resources
3. Department of Health
4. Department of Tourism
5. Department of Transportation
6. National Irrigation Administration
7. Department of Social Welfare and Development

Local government stakeholders which participated in Focus Group Discussions

1. Union of Local Authorities of the Philippines
2. League of Provinces of the Philippines
3. League of Cities of the Philippines
4. League of Municipalities of the Philippines
5. Liga ng mga Barangay
6. Philippine Councilors League
7. National Movement of Young Legislators
8. Thirteen (13) provinces, 24 cities, and 306 municipalities

Leverage DBM Oversight Functions for Meaningful Devolution
PFM Systems and Processes of LGUs Improved

Public Financial Management Assessment Tool (PFMAT) Assessment

In 2012, the DBM issued Local Budget Circular No. 101 to prescribe the use of the PFMAT for LGUs as a means of institutionalizing governance reforms through timely PFM assessments and PFM improvement planning exercises.

The PFMAT for LGUs is a self-assessment, evidence-based instrument which describes the characteristics of an open and orderly PFM system. It is a diagnostic tool that establishes the indicators that will help LGUs identify the strengths and weaknesses of their PFM system as the basis for improvement measures. The self-assessment is conducted by LGUs every three (3) years.

The PFMAT measures seven (7) critical dimensions of a good PFM, namely:

- Policy-based budgeting
- Comprehensiveness and transparency
- Predictability and control in budget execution
- Credibility of the budget
- Accounting, recording and reporting
- Internal and external audit
- Citizen’s participation

Plans/ Targets in the Medium Term

For FY 2021, the PFMAT for LGUs will be enhanced to better gauge the PFM systems of LGUs, as well as to improve the electronic version to provide a facility for the automatic generation of consolidated results at the regional and national levels.

Desk Evaluation of LGUs’ PFMIP

As part of the DBM’s continuing efforts to improve fiscal transparency and enhance the capability of LGUs, the DBM Regional Offices (ROs) have conducted desk evaluation of the LGUs’ Public Financial Management Improvement Plan (PFMIP) and Tracking Table/s.

Consolidated PFM Assessment Results (PFMARs) (based on the 2019 PFMAT Assessment of 1,359 LGUs)

- 53.50% of the LGUs have complete elements of an open and orderly PFM system but these are not fully operational.
- 46.50% of the LGUs have incomplete elements of an open and orderly PFM system and these are either fully or not fully operational.

Overall average score of the 1,359 LGUs = 2.97

This implies that the LGUs still need to formulate measures to complete and fully operationalize all the elements of an open and orderly PFM system by improving performance on the critical dimensions.
Enhancing the Competency of Local Budget Officers (LBOs)

In 2018, the DBM initiated the development of a Competency Framework for LBOs, including the corresponding curriculum, to strengthen the capacity and professionalize the LBOs. Said framework features a checklist of the characteristics of the competencies that LBOs and local government personnel should have. It also enables the users to assess the degree of their competency and the importance of each competency to their current position.

Continuing the work in 2018, the DBM accomplished the following in 2020:

- Review and Finalization of the Competency Framework of the LBOs: On October 1, 2020, the Competency Framework for LBOs was finalized after considering the comments and inputs of the Civil Service Commission and the DBM ROs. It has three components: (a) competency characteristics; (b) competency clusters; and (c) competency dictionary for LBOs and their staff in LGUs. Aside from being a tool to professionalize the practice of local budgeting in the country, the Framework will also aid in providing clarity in job and work expectations, maximizing productivity, and aligning behavior with organizational strategy.

- Development of Competency Assessment Tool for LBOs: The Competency Assessment Tool for LBOs is used to identify the areas for capacity building for which the corresponding curriculum and learning activities shall be designed. This self-assessment instrument covers both the core competencies and the technical or functional competencies of the staff in the Local Budget Office, which is based on the Competency Framework for LBOs. The Competency Assessment Tool has been converted into an electronic Competency Assessment Tool (eCAT) by the DBM’s Information and Communications Technology Systems Service.

- Orientation on the Competency Framework and Competency Assessment Tool for LBOs: The online orientation for the DBM Regional Technical Personnel on the Competency Framework and Competency Assessment Tool was conducted last October 6, 2020. The orientation, attended by 33 technical personnel from the DBM ROs, was done to prepare them for the nationwide conduct of the competency assessment of LBOs.

- Launch of the eCAT: The eCAT was pilot tested and officially launched on September 23, 2020 via an online platform with the LBOs of three (3) LGUs. Subsequently, the eCAT was launched nationwide last November 9-11, 2020, participated in by 94 LGUs from Luzon, Visayas, and Mindanao.

- Conduct of the Training of Trainers (ToT) on “Developing Effective Training Programs in Local Budgeting” for DBM RO Technical Personnel (Batch 1): The ToT on “Developing Effective Training Programs in Local Budgeting” for the first batch was conducted on October 15 to 20, 2020. Jointly facilitated by the Administrative Service-Human Resource Development Division and the Local Government and Regional Coordination Bureau, the ToT was participated in by 31 DBM RO technical personnel.

- Plans for 2021: For FY 2021, the DBM will sustain its efforts in professionalizing the LBOs by developing modules for the proposed curriculum and courses for LBOs; conducting a ToT for capacity/competency building for the curriculum and courses for LBOs; and coaching RO technical staff in the application of learning through a dry run of the Competency Building module.
Best Practices during the Pandemic: Rising Above the Challenges

Adapting to the New Normal

Optimizing the Use of ICT Resources

- Use of online sharing applications/tools like Google Docs, Sheet for easy viewing, updating and editing among contributing offices/staff; monitoring progress of deliverables and accomplishments; and monitoring and recording incoming and outgoing transactions.
- Creation of centralized online/digital repository for knowledge/file sharing.
- Digitization and storing of action documents in a shared database.
- Use of digital consultation to better serve clients.
- Use of google calendar for plotting and monitoring of schedule and availability of the Director and Division Chiefs.
- Remote access to DBM systems which enables the processing of transactions by those on work from home arrangement.
- Acceptance of online submission of budgetary requests and reportorial requirements from clientele agencies.
- Adoption of QR COVID-19 Surveillance Contact Tracing Analysis and Networking (SCAN) System Code (QR Code) policy for agency clients.
- Creation of group chats to coordinate with staff/colleagues and clientele, monitor tasks/assignments, and disseminate information such as issuances and advisories to staff and clientele agencies.
- Use of online platforms such as Google Meet and Zoom to conduct meetings, trainings, interviews, technical budget hearings, and other office activities.
- Use of online Client Satisfaction Survey (CSS) for easier and faster collection of data.
- Initiated and successfully institutionalized the usage of the digital signature as a means of validity in signing documents.
Establishment of a Mental Health Program

Mental disorder, according to the World Health Organization, is one of the leading causes of disability worldwide. And, at this time of pandemic, there has been a noted rise in mental health problems.

Cognizant of this, and in relation to Philippine Republic Act No. 11036, otherwise known as the Mental Health Act, the Procurement Service (PS) issued on August 11, 2020 an Office Order establishing a Mental Health Program (MHP) to promote and protect the holistic wellness of its employees. The MHP was officially launched via Zoom on December 11, 2020.

Adopting Proactive Strategies and Control Measures Against COVID-19

- Creation of Regional Task Force on COVID-19 and Cluster Teams to ensure the continuous conduct of its budget and management functions, tasks and processes and timely dissemination of appropriate information/updates on the availability and use of funds for COVID-19
- Creation of teams/buddy systems for alternative work arrangements
- Submission of Health Monitoring Report of all staff, including outsourced, who experience any of the symptoms and/or report exposure to a suspected COVID-19 patient
- Adoption of a drop box system to limit physical contact
- Use of UVC sterilization in all DBM facilities and for all incoming documents

Regional Office I

Believing that charity begins at home, “DBM Uno Cares” was initiated as a simple gesture to appreciate the valuable contribution of its outsourced personnel, who silently but satisfactorily perform the security and utility services for the office. As a token of their gratitude, DBM RO I shared sacks of rice to its outsourced personnel to help ease their economic burden brought about by the pandemic.

Regional Office IV-A

Upholding its commitment to better serve the public, the DBM RO IV-A assisted the Budget Union for the Declaration of Genuine Employees’ Thrusts (BUDGET) in the distribution of relief goods at evacuation centers in the municipalities of Ibaan and San Jose, Batangas last February 8, 2020. The relief goods were given to the more than 600 families staying at the centers following the Taal Volcano eruption.

Dapat Bayan Muna: Going Beyond the Call of Duty

Aside from exemplary performance of its mandated duties, the DBM also assures public service delivery beyond its call of duty, as exemplified in these charitable works:
Regional Office VI

The Department of Budget and Management Regional Office (DBM RO) VI, led by Director Mae L. Chua, initiated the “Love your Neighbor” project to help around 69 local families whose houses were gutted by fire at Barangay Ortiz, Iloilo City last May 15, 2020. Barangay Ortiz is within a neighboring street of the DBM RO VI office.

“LOVEvabo Project.” DBM VI employee Keith Censoro, together with the organization he co-founded, has initiated the LOVEvabo Project to raise public awareness on the importance and practice of hand washing as a primary and sustainable intervention in the fight against COVID-19. The project involves building an improvised “lababo” using old metal drums and water jugs in strategic locations, which are readily available to the public for handwashing.

Regional Office XI

Sharing love to the needy, DBM RO XI staff donated milk and diapers under the care of the Mother Teresa Missionaries of Charity on February 14, 2020.

The DBM RO XI also extended its generous hands to the Davao City Jail Inmates. The staff turned over gifts of goods to the Archdiocesan Prison Ministry last December 17, 2020.

Shining Bright Amid the Darkness: Awards and Recognitions in 2020

Organizational Development Champion Award

The DBM was recognized as one of the champions of investor protection, capital market development, ease of doing business and good corporate governance during the 84th year anniversary ceremony of the Securities and Exchange Commission last November 20, 2020.

Kabalikat Government Partner Award

The DBM received the Kabalikat Government Partner Award for S&T Adoption in Good Governance during the 10th year anniversary commemoration of the Department of Science and Technology- Philippine Council for Industry, Energy, and Emerging Technology Research and Development (DOST-PCIEERD) this year. The award is given to partner agencies that have made substantial contributions in enhancing the country’s science and technology initiatives, through various collaborative activities under several sectoral concerns for the last five years.
RESET, REBOUND, AND RECOVER

“My task and yours at this moment of our history, is to get us back on the road. We have been able to withstand thus far the virulent onslaught of the Coronavirus, but these efforts must be sustained as we move forward to fully address the impact of the pandemic and accelerate economic recovery...”

- President Rodrigo Roa Duterte
President’s Budget Message, 25 August 2020

For 2021 and in the coming years, the DBM’s task as the lead in public expenditure management is to help steer the economy forward and bring people’s lives to normalcy through judicious management of public funds and implementation of PFM reforms and good governance measures. The country’s financial blueprint to enable the country reset, rebound, and recover is already being implemented, even as the FY 2022 Budget is already being prepared.

Much work is expected from the DBM and the rest of the government to ensure that the plans and budgets translate to programs, projects and services that will put the country safely on track to recovery. While the road to recovery may not be easy, it is not impossible to achieve.

The DBM’s more than a thousand workforce, from its Central to Regional Offices and attached agencies, is very much committed to deliver the tasks at hand and help the country bounce back. The DBM’s accomplishments for this year and the past years are a testament to their dedication to serve and to be of service, not only to their clientele agencies but most importantly to the Filipino people who deserve nothing but the best public service ... dahil Bayan Muna.
The budget utilization rate (BUR) of the Department of Budget and Management (DBM), both in terms of obligation and disbursements, increased in CY 2020. From a BUR of 92.73% for disbursements in CY 2019, it climbed to 96.36% in CY 2020. Meanwhile, its BUR on obligations climbed to 98.49% from 87.92% in 2019. This BUR covers both current and continuing appropriations of the DBM, which includes the Office of the Secretary and the GPPB-TSO.

The increase in the DBM’s BUR can be attributed, among others, to the PhP42.72 billion direct remittances by the DBM Central Office to the Government Service Insurance System for the FY 2020 2nd – 4th quarter Retirement and Life Insurance Premium requirements of the departments and agencies pursuant to Circular Letters No. 2020-6 and 2020-7 dated March 30, 2020 and April 16, 2020, respectively.

For CY 2020, the DBM obligated PhP43.82 billion out of its PhP44.49 billion adjusted allotments. The DBM-OSEC, in particular, obligated PhP43.64 billion from its PhP44.27 billion allotments. This translates to 98.59% utilization rate.

ANEXSES

**Financial Accountability Report Summary**

The budget utilization rate (BUR) of the Department of Budget and Management (DBM), both in terms of obligation and disbursements, increased in CY 2020. From a BUR of 92.73% for disbursements in CY 2019, it climbed to 96.36% in CY 2020. Meanwhile, its BUR on obligations climbed to 98.49% from 87.92% in 2019. This BUR covers both current and continuing appropriations of the DBM, which includes the Office of the Secretary and the GPPB-TSO.

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For CY 2020, the DBM obligated PhP43.82 billion out of its PhP44.49 billion adjusted allotments. The DBM-OSEC, in particular, obligated PhP43.64 billion from its PhP44.27 billion allotments. This translates to 98.59% utilization rate.
### Statement of Financial Performance

**Revenue**
- **Service and Business Income**: Includes withheld amounts for liquidated damages from delays in the projects, as well as other penalties arising from strict assessment of delivery terms vis-à-vis the actual delivery of goods and services.
- **Personnel Services**: Includes amounts salaries, and other compensation and benefits paid to the agency officials and employees.
- **Maintenance and Other Operating Expenses**: Are amounts paid by the agency for its regular operations during the year, which include among others, training expenses, supplies and materials, utilities, consultancy services and maintenance of assets.
- **Financial Expenses**: Pertain to the purchase of checkbooks for the disbursements of the agency.
- **Non-Cash Expenses**: Are expenses recognized for the depreciation and amortization of assets owned by the agency.
- **Net Financial Assistance/Subsidy**: Mainly consists of Notice of Cash Allocations (NCA) received during the year to cover the operating requirements of the agency.
- **Gains and Losses**: Are from the disposal of unserviceable assets.
- **Net Surplus (Deficit)**: For the period shows the net financial effect of the operations of the agency during the year.

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
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<tr>
<td>Service and Business Income</td>
<td>16,641,832.35</td>
<td>62,136,023.13</td>
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<tr>
<td>Shares, Gifts and Donations</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td>16,641,832.35</td>
<td>62,136,023.13</td>
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<tr>
<td><strong>Less: Current Operating Expenses</strong></td>
<td></td>
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<tr>
<td>Personnel Services</td>
<td>41,869,686.74</td>
<td>2,346,453.06</td>
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<tr>
<td>Maintenance and Other Operating Expenses</td>
<td>614,274,768.03</td>
<td>901,561,520.87</td>
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<td>Financial Expenses</td>
<td>14,368.00</td>
<td>21,700.00</td>
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<td>Non-Cash Expenses</td>
<td>90,989,965.36</td>
<td>104,633,510.64</td>
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<td><strong>Total Current Operating Expenses</strong></td>
<td>42,274,974.93</td>
<td>3,320,968,054.69</td>
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<td><strong>Surplus (Deficit) from Current Operations</strong></td>
<td>(-32,633,132.58)</td>
<td>(-2,290,518,920.52)</td>
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<td><strong>Net Financial Assistance/Subsidy</strong></td>
<td>42,911,016,441.04</td>
<td>3,249,605,282.38</td>
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<td><strong>Gains</strong></td>
<td>1,346,81</td>
<td>31,828.50</td>
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<td><strong>Losses</strong></td>
<td>19,727.32</td>
<td>13,334,052.82</td>
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<tr>
<td><strong>Surplus (Deficit) for the period</strong></td>
<td>148,145,883.68</td>
<td>(-54,119,033.17)</td>
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</table>

*This statement should be read in conjunction with the accompanying notes.*

In CY 2020, the agency incurred a net surplus due to the increased subsidy received by the agency, which include among others, the allocations for Retirement and Life Insurance Premiums (RLIP), effectively covering all the expenses (including Non-Cash Expenses) listed. Meanwhile, CY 2019 showed a net deficit due to the significant amount of recorded Non-Cash Expenses, which the net cash income could not cover.
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<thead>
<tr>
<th>BUREAU/SERVICE/OFFICE</th>
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<tr>
<td>Office of the Secretary</td>
<td>(02) 8657-3300 Local 2601; 3310</td>
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<tr>
<td>Office of the Undersecretary for Budget Policy and Strategy</td>
<td>(02) 8657-3300 Locals 2304; 2604</td>
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<tr>
<td>Office of the Undersecretary for Local Government and Regional Operations</td>
<td>(02) 8657-3300 Locals 2303</td>
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<tr>
<td>Office of the Undersecretary for Budget Preparation and Execution</td>
<td>(02) 8657-3300 Locals 2647; 3316</td>
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<td>Office of the Undersecretary for Legal and Legislative Liaison</td>
<td>(02) 8657-3300 Locals 2607; 3313</td>
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<tr>
<td>Office of the Secretary Supervision of Internal Audit Service</td>
<td>(02) 8657-3300 Local 2667</td>
</tr>
<tr>
<td>Office of the Undersecretary Supervision of the Procurement Service</td>
<td>(02) 8657-3300 Local 2705</td>
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<tr>
<td>Office of the Assistant Secretary for Budget Policy and Strategy</td>
<td>(02) 8657-3300 Locals 2306; 2606</td>
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<td>Office of the Assistant Secretary for Information and Communications Technology</td>
<td>(02) 8657-3300 Local 2305</td>
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<tr>
<td>Budget and Management Bureau - A</td>
<td>(02) 8657-3300 Locals 2313; 2314</td>
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<td>Budget and Management Bureau - B</td>
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<td>Budget and Management Bureau - C</td>
<td>(02) 8657-3300 Locals 2325; 2326</td>
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<td>(02) 8657-3300 Locals 2337; 2338</td>
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<td>Budget and Management Bureau - F</td>
<td>(02) 8657-3300 Locals 2349; 2633</td>
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<tr>
<td>Budget Technical Bureau</td>
<td>(02) 8657-3300 Locals 2309; 2610</td>
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<tr>
<td>Fiscal Planning and Reforms Bureau</td>
<td>(02) 8657-3300 Locals 1201-1202</td>
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<td>Local Government and Regional Coordination Bureau</td>
<td>(02) 8657-3300 Locals 2344; 1120</td>
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<tr>
<td>Organization, Position Classification and Compensation Bureau</td>
<td>(02) 8657-3300 Locals 1210; 1211</td>
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<td>Systems and Productivity Improvement Bureau</td>
<td>(02) 8657-3300 Locals 1220; 1221</td>
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<td>(02) 8657-3300 Locals 1234; 1111</td>
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<td>Budget Information and Training Service</td>
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<td>Corporate Planning and Management Service</td>
<td>(02) 8657-3300 Locals 3210; 3214</td>
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<td>Finance Service</td>
<td>(02) 8657-3300 Locals 3201; 3209</td>
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<td>Information and Communications Technology System Service</td>
<td>(02) 8657-3300 Locals 2356; 2360</td>
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<td>(02) 8657-3300 Locals 3220; 8735</td>
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<tr>
<td>Legal Service</td>
<td>(02) 8657-3300 Locals 1112; 1113; 1115</td>
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**DBM Contact Numbers**

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<thead>
<tr>
<th>REGIONAL OFFICES</th>
<th>CONTACT DETAILS</th>
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<tbody>
<tr>
<td>DBM Cordillera Administrative Region (CAR)</td>
<td>(074) 620-5096; Locals 8803; 8804</td>
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<td>DBM Region I</td>
<td>(072) 888-3038; Local 8806</td>
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<tr>
<td>DBM Region II</td>
<td>(078) 304-1338; Locals 8131; 8132</td>
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<tr>
<td>DBM Region III</td>
<td>(045) 455-2487; Locals 8201; 8203</td>
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<tr>
<td>DBM National Capital Region (NCR)</td>
<td>(02) 8657-3300; Locals 8001; 8002</td>
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<tr>
<td>DBM Region IV-A (CALABARZON)</td>
<td>(02) 8736-1230; Locals 8011; 8012</td>
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<tr>
<td>DBM Region IV-B (MIMAROPA)</td>
<td>(02) 8374-7270; Local 8814</td>
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<tr>
<td>DBM Region V</td>
<td>(052) 482-0175; Locals 8816; 8815</td>
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<tr>
<td>DBM Region VI</td>
<td>(033) 337-2589; Locals 8301; 8302</td>
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<tr>
<td>DBM Region VII</td>
<td>(032) 263-4643; Locals 8819; 8820</td>
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<tr>
<td>DBM Region VIII</td>
<td>(053) 888-0548; Locals 8821; 8822</td>
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<tr>
<td>DBM Region IX</td>
<td>(062) 991-5682; Locals 8431; 8432</td>
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<td>DBM Region X</td>
<td>(088) 856-3719; Locals 8501; 8504</td>
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<td>DBM Region XI</td>
<td>(082) 297-432; Local 8531, 8532</td>
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<tr>
<td>DBM Region XII</td>
<td>(083) 228-9788; Locals 8601; 8602</td>
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<td>DBM Region XIII</td>
<td>(085) 342-1258; Locals 8631; 8632</td>
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**ATTACHED AGENCIES**

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<th>ATTACHED AGENCIES</th>
<th>CONTACT DETAILS</th>
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<tr>
<td>Government Procurement Policy Board - Technical Support Office</td>
<td>(02) 8900-6745; 900-6741</td>
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<tr>
<td>Procurement Service</td>
<td>(02) 8290-6300, 8290-6400 Local 8004</td>
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<tr>
<td>Philippine Government Electronic Procurement System (PhilGEPS)</td>
<td>(02) 8640-6900</td>
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