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Disclaimer: The feature stories and sector profiles included in this publication are meant to illustrate how budget and management policy relates to the interests of stakeholders. The views and opinions expressed by persons included in this publication may not necessarily reflect the official position of the DBM.

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Foreword

In the last 58 months, we, in government, and you, the people, have journeyed together to achieve the ideal of a People’s Budget: a Budget that truly serves the interests of the poor, one that is crafted through the open and meaningful engagement of the citizenry.

Our latest victory is the 2015 General Appropriations Act, through which we make sure that priority programs and projects are amply funded, will be implemented promptly, and will reach targeted sectors and localities. Moreover, we leveraged this Budget to deepen the governance reforms that we have established in the last four years and ten months. Through our collective action, we have continued to ensure that the government spends within its means, on the right priorities, and with measurable results; and that citizens are empowered through greater fiscal transparency, accountability, and participation.

The development of the People’s Budget publication mirrors our ongoing journey to empower citizens in public financial management. Through this citizen-friendly summary of the Budget, we are not only helping citizens understand highly technical information: we are ultimately enabling citizens to engage the budget process more meaningfully. Thus, the 2015 edition features stories about stakeholders who struggled and succeeded in engaging the budget process, as well as profiles of basic sectors being served by priority programs. Moreover, this publication presents actionable information: agency performance targets and contact information for citizens’ follow-through and feedback. You, the citizenry, made this new content possible. Since 2014, the Department of Budget and Management has begun holding focused stakeholder interviews to get reader insights and feedback on the publications, and to seek their ideas on how we could further improve and expand the project. We commit to sustain this practice of stakeholder outreach—to address their pain points and co-create solutions with them—towards making the People’s Budget more useful to them, institutionalizing it, and elevating it as a global best practice.

Our advocacy for Paggugol na Matuwid is not yet over. In the remainder of the Aquino Administration’s term, we must continue to take action for efficient, effective, and empowering public financial management. Let us hold onto our collective belief that the Budget must be for the people and by the people. Let us carry on with our journey to make the National Budget truly a People’s Budget—even beyond 2016.

Florence B. Abad
Secretary of Budget and Management
# Table of Contents

**Introduction: Towards a People’s Budget**  
6

**The 2015 Budget for Inclusive and Sustained Development**  
9

*The National Government Budget and Economy*  
10

*Funding the 2015 Budget*  
12

**Overview of the 2015 Expenditure Program**  
15

*The Budget by Sector*  
15

*The Budget by Expense Class*  
17

*The Budget by Region*  
19

*Top 10 Executive Departments*  
20

*The Budget by Department & Special Purpose Funds*  
21

**Taking Ownership of Prosperity**  
24

**Expenditure Priorities for 2015**  
31

*Social Protection & Social Services*  
34

*Economic Expansion & Job Generation*  
45

*Climate Change Adaptation & Mitigation*  
64

*Lasting Peace & the Rule of Law*  
68

*Good Governance & Anti-Corruption*  
72

**Reforming the Philippine Budget Process**  
77

*Budget Preparation*  
78

*Budget Legislation*  
79

*Budget Execution*  
80

*Budget Accountability*  
81

**Glossary of Frequently-Used Budgeting Terms**  
82
Towards a People’s Budget

“Ano po ba ang ibig sabihin kapag sinabi nating Budget ng Bayan? Simple po: ang kaban ng bayan, nakatutok sa kapakanan ng mamamayan, lalo na sa mga nasa laylayan ng lipunan. At hindi lamang ito bastang pagbuhos ng pondo sa mga Boss nating pinakanangangailangan, binilibigyan din natin sila ng boses sa pagba-budget ng binabayaran nilang buwis (What do we mean when we say it is our People’s Budget? Simple: It is spending our country’s coffers solely for the benefit of our people, especially those in the margins of society. And this is not just allocating our funds for our Bosses who need them the most; we have also given our people a voice, so that they can influence where their tax money is spent).”

H.E. President Benigno S. Aquino III
Speech during the signing of the 2015 General Appropriations Act into law
The enactment of the 2015 General Appropriations Act (GAA) marks almost five years of instituting reforms to make public resources truly benefit the people and to be used according to their will.

The journey for budget reform began when the Filipino people, weary and angered by how their hard-earned taxes were mismanaged, chose to stand up for change in May 2010. In return, President Benigno S. Aquino III pledged to lead the nation’s quest for honest and effective leadership, especially in managing public resources as a means to bring about lasting prosperity for the country. He said in his first State of the Nation Address, “Ang anumang pagbabago ay magmumula sa pagsiguro natin na magwawakas na ang pagiging maluho at pagwawaldas (Change can only come from our determination to stamp out extravagance and profligacy).”

Since the beginning, the Aquino Administration has rolled out reforms to restore the trustworthiness of government institutions, as stewards of people’s taxes, in maximizing the use of public resources to benefit the people, especially the poor. In the end, the government must fulfill its duty to nurture the nation’s greatest wealth: the people. The National Budget, therefore, should truly become the People’s Budget.

**Spending Within Means, on the Right Priorities, With Measurable Results**

Since 2010, the Aquino Administration has tirelessly pursued reforms to ensure that government spends within its means, on the right priorities, and with measurable results.

**Spending within our means.** The Administration has kept the fiscal deficit within 2.0 percent of gross domestic product (GDP) by improving revenue collections and debt management. To date, revenue collections have increased dramatically because of tax administration reforms, the passage of the Sin Tax Reform law, the unprecedented revamp of the Bureau of Customs, and aggressive campaigns against tax evasion and smuggling. Likewise, the government’s outstanding debt has been decreased from 54.8 percent of GDP in 2009 to 49.2 percent in 2013, and further down to 44.7 percent by 2015 (see page 14 for more information).

These gains have freed up more resources for development investments. A decade ago, in 2005, the debt burden expended the largest share of government expenditures at 32 percent. As expenditure for debt servicing is reduced to 15.3 percent under the 2015 Budget, allocations for social and economic services are now at 36.6 percent and 27.1 percent, respectively, of total expenditures (see page 16 for more information).

**Spending on the right priorities.** In addition, the Administration has been ensuring that scarce public resources are focused on programs that have great impact in attaining inclusive growth. Through the Budget Priorities Framework, budgetary allocations are focused on achieving priority development goals as stated in the Philippine Development Plan, as well as on meeting the needs of the poorest and most climate vulnerable localities (see pages 32 & 33 for more information).

These reforms have resulted in increased funding for key socioeconomic development programs: providing social protection for 4.3 million indigent households through the Pantawid Pamilyang Pilipino Program or 4Ps (see page 35); closing the perennial classroom and teacher supply gaps to support the K-12 Basic Education Program (see page 40); providing 15.4 million poor households with subsidy for health insurance premiums (see page 38); and increasing infrastructure investments to 5 percent of GDP by 2016 (see pages 45 to 48).

**Spending with measurable results.** The government pursued reforms to ensure that prompt and effective delivery of services to citizens. It has implemented the Performance-Informed Budgeting (PIB), a key reform to improve government performance. The PIB calls for the identification of the performance indicators and targets of agencies—at the output and outcome levels in the GAA, together with the financial allocations (see page 81 for more information; performance targets of select agencies are also featured in pages 37 to 75). The government also streamlined processes to speed up spending and service delivery through reforms, such as the GAA-as-Release Document (see page 80 for more information).
The improved pace and quality of public spending due to these reforms has led to tangible results. Because of these reforms, the country has won renewed investor confidence, evidenced by the investment-grade credit ratings that have been recently achieved. Furthermore, the country has moved up in the international competitiveness rankings, such as in the Global Competitiveness Index, where it leaped from 85th of 139 countries in 2010 to 52nd of 144 in 2014. Likewise, better governance and budget management have contributed to the country’s stellar GDP growth of 6.8 percent in 2012, 7.2 percent in 2013, and 6.1 percent in 2014. The effective implementation of programs has made a dent on poverty incidence among population, which has declined from 28.6 percent in the first semester of 2009 to 24.9 percent in the same period of 2013. As a result, the country is on track in reducing poverty incidence to 19 percent by 2016.

The government, through the 2015 Budget, continues to empower citizens in governance, especially in the management of public funds. Fiscal transparency reforms—such as the Transparency Seal, the Open Data initiative, and the People’s Budget—have made budget information more available and accessible to the public.

**People Power in the Budget Process**

From the very start, the Aquino Administration knew that reforms could not be accomplished solely by elected officials and civil servants. The success of the good governance agenda equally rests on the constant and proactive engagement in statecraft by the citizenry.

The Filipino people have proven throughout history that they can make unprecedented feats happen. By expressing greater intolerance for corruption and by standing up for honest and effective governance, they became instrumental in the establishment of key reforms to increase transparency, accountability, and citizen’s participation in governance.

Moreover, efforts to improve the availability and quality of government reports on the results of public spending have contributed to increased budget accountability (see page 81 for more information).

Meanwhile, innovations such as the Bottom Up Budgeting and the Citizen’s Participatory Audit, a project of the Commission on Audit, have given grassroots communities and civil society organizations a meaningful space to participate in the National Budget process. Here and abroad, these reforms have been lauded for enabling citizen’s participation in governance in innovative ways (see pages 72 and 81 for more information).

The active and meaningful participation of citizens contributes to the nation’s progress. Together, the government and the people are bringing People Power from the streets into the halls of government.
The 2015 Budget for Inclusive and Sustained Development

The National Budget is the government’s annual plan to achieve the country’s development goals. It spells out how much will be collected, borrowed, and spent for programs, activities, and projects that will be implemented during the year. Aside from the financial allocations, the Budget also identifies the performance targets of government agencies.

Thus, the P2.606-trillion National Budget provides more investments in poverty-reducing and job-generating interventions that enable inclusive and sustained growth. The government will spend about P25,700 for every Filipino or about P7.1 billion a day to provide services to all.

This Budget, equivalent to 18.4 percent of GDP, provides greater resources for services that empower the poor and marginalized. About P64 in P100 will go to social and economic services such as education, healthcare, and infrastructure.
The National Government Budget and the Economy

1. Revenues
2. Borrowings
3. Spending for Poverty Reduction
4. Spending for Economic Growth
5. Boosting Economic Growth
6. Increasing Employment
7. Reducing Poverty
8. Increasing Revenue
Government programs and projects are financed by taxes and other revenues collected from citizens and businesses. Through reforms, the government has increased revenues: from 14.4 percent of GDP in 2005, to 15.1 percent in 2014 and further to 16.3 percent in 2015 (see next page).

Certain expenditures have greater impact to achieve economic growth. For instance, infrastructure investments lower the cost of doing business and create jobs in the process. The 2015 Budget increases infrastructure outlays to 4 percent of GDP (see page 45), and boosts support services to agriculture, manufacturing, and tourism (see pages 45 to 64).

If revenue collections are not enough, the government has to borrow from domestic capital markets as well as foreign sources. Because government increased revenues and improved debt management, it has reduced the fiscal deficit and the country’s outstanding debt (see page 14).

GDP has grown remarkably by 6.8 percent in 2012, 7.2 percent in 2013, and 6.1 percent in 2014. To sustain this, the government must maximize the multiplier effect of the Budget through better prioritization and sustain investor confidence through good governance. GDP growth is expected to be sustained at 7 to 8 percent in 2015.

To solve poverty, the government needs to provide a stable business environment and adequate public goods that enable the private sector to be more productive. So far, unemployment has fallen from 7.2 in 2013 to 6.8 in 2014, meeting the targeted unemployment rate of 6.7 to 6.9 percent in 2014. In 2015, the targeted unemployment rate is 6.6 to 6.8 percent.

Because of high growth and adequate support for the poor, poverty incidence among population has declined from 28.6 percent in the first half of 2009 to 25.8 percent in the same period of 2014. By increasing social investments and by boosting government support to industries that create more jobs, the 2015 Budget helps further reduce poverty incidence to 19 percent by 2016.

A vibrant economy—where businesses are more profitable and where people have better-paying jobs—generates more revenues that can be used to increase government’s investments for development. Businesses and citizens who fulfill their duty to pay the right taxes on time support the government in pursuing inclusive growth.

Inflation. Any increase in prices boosts revenues from taxable goods and services, but also increases the cost of delivering goods and services. The government seeks to keep the inflation rate stable at 2 to 4 percent in 2015.

Interest Rates. An increase in benchmark interest rates also increases the cost of government’s borrowings. The government expects to keep the benchmark 354-day Treasury Bill Rate stable at 2 to 4 percent in 2015.

Foreign Exchange. The depreciation of the Peso against the US Dollar or other foreign currencies could increase the cost of foreign-denominated debts. In 2015, the government seeks to keep foreign exchange rates stable at P43 to P46 per dollar.

Public Financial Management Reforms
The government has rolled out institutional reforms to plug leakages in revenue and spending systems, speed up PFM processes and service delivery, and maximize the impact of the Budget to the economy (see pages 77 to 81.)

Other Factors

1National Economic and Development Authority Director General Arsenio Balisacan, February 11, 2015
**Funding the 2015 Budget**

Through the 2015 Budget, the government plans to increase disbursements by 21.1 percent to support programs and projects that support inclusive development. Revenues will be increased by about 19.2 percent in order to keep the fiscal deficit within 2 percent of GDP.

**The National Government Fiscal Program, 2009-2015**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Fiscal Deficits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>P1,123.2 B</td>
<td>14.0% of GDP</td>
</tr>
<tr>
<td>2010</td>
<td>P1,207.9 B</td>
<td>13.4% of GDP</td>
</tr>
<tr>
<td>2011</td>
<td>P1,359.9 B</td>
<td>14.0% of GDP</td>
</tr>
<tr>
<td>2012</td>
<td>P1,577.8 B</td>
<td>14.5% of GDP</td>
</tr>
<tr>
<td>2013</td>
<td>P1,772.8 B</td>
<td>16.0% of GDP</td>
</tr>
<tr>
<td>2014</td>
<td>P1,908.5 B</td>
<td>14.9% of GDP</td>
</tr>
<tr>
<td>2015</td>
<td>P2,275.2 B</td>
<td>16.3% of GDP</td>
</tr>
</tbody>
</table>

**Revenues**

To fund the 2015 Budget, P2.275 trillion in revenues must be collected by the government—an amount that is 19.2 percent higher than the 2014 Budget. Total revenue collections is projected to reach 16.3 percent of GDP and higher than the average revenue effort of 14.8 percent in the previous decade.

**Taxes.** About 93.5 percent of total revenues for 2015 will come from taxes on individual and corporate income, on the sale and importation of goods and services, among others. Through tax administration reforms, the government will increase tax revenues by 23.7 percent this year from 2014. Collections by the Bureau of Internal Revenue (BIR) will increase by 25.4 percent in 2015 from 2014 level because of its intensified campaign to collect the right amount of taxes. Meanwhile, ongoing bold reforms at the Bureau of Customs (BOC) are expected to reduce corruption, streamline processes, and increase BOC collections by 18.2 percent this year from 2014 level.

**Non-Tax Revenues and Privatization.** Other revenues will come from fees and charges from direct services rendered by government to citizens, dividends and other remittances from government corporations, shares from the extraction of natural resources, the privatization of government assets, and other non-tax revenues.

The Bureau of the Treasury will collect P60.7 billion or 41.7 percent of the total non-tax revenues through its treasury operations, collection of dividends and other income from government corporations, among other revenue-generating activities.
Breakdown of Revenues, 2015

Non-Tax Revenues and Privatization
P147.6B (6.5%*)

Taxes Collected by Other Agencies
P17.1B (0.8%)
Of this, LTO will collect about P14 billion from motor vehicle user taxes

Taxes Collected by the Bureau of Customs
P436.6B (19.2%)
Bulk of this will come from value-added taxes on imports

*Refers to percent share to total revenues
Note: Numbers may not add up due to rounding

Why Pay Taxes?

Citizens and private businesses benefit from the public goods that the government provides—from roads and other public transport facilities, to law enforcement and national security. Additionally, part of the role of the government is to redistribute wealth in society—by collecting more from those who are well-off, and by spending more for those who have less. Paying the right amount of taxes on time is in the interest of citizens and businesses, because by doing so, they enable the government to help bring the country to greater prosperity.

For the sake of those who dutifully pay their taxes, the government has continued to escalate its campaign against tax evaders, smugglers, and public officials and employees who pocket the revenues due to the government. Moreover, institutional reforms, e.g., the revamp of the Bureau of Customs and the streamlining of tax payment processes, have been pursued. On the expenditure side, major budget reforms are rolled out to ensure that each peso paid by taxpayers has maximum impact (see pages 77 to 81).
**Borrowings**

Planned borrowings this year amount to P700.8 billion. This will be used to finance the fiscal deficit, amortize outstanding debts, and manage the availability of cash.

**Lower Financing Requirements**

By improving revenue collections, the government has kept the fiscal deficit within 2 percent of GDP, from a high of 3.7 percent of GDP in 2009. Gross borrowings will be reduced from 7.1 percent of GDP in 2009 to 5 percent of GDP in 2015.

**Foreign Borrowings**

To reduce risks from external shocks, this borrowing will be limited to 16 percent of total borrowings, compared to 35.5 percent in 2005. Most foreign borrowings will come from concessional program and project loans from development partners.

**Domestic Borrowings**

84 percent of the financing requirements of the government will come from the auction of Treasury bills and bonds in the domestic market in order to maximize the stable interest and foreign exchange rates.

**Outstanding Debt**

The government’s debt stock has been reduced from 54.8 percent of GDP in 2009 to 45.4 percent of GDP in 2014, and further down to 44.7 percent of GDP or P6.2 trillion in 2015. Moreover, as government has reduced the share of outstanding foreign debt from 43.8 percent in 2009 to 33.4 percent in 2014 and further to 31.3 percent by end-2015, the domestic economy’s vulnerability to external shocks is being reduced as well.

**Outstanding Debt as % of GDP, 2005-2015**

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic</th>
<th>Foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>30.4%</td>
<td>68.5%</td>
</tr>
<tr>
<td>2006</td>
<td>27.1%</td>
<td>34.3%</td>
</tr>
<tr>
<td>2007</td>
<td>21.9%</td>
<td>31.9%</td>
</tr>
<tr>
<td>2008</td>
<td>23.4%</td>
<td>31.3%</td>
</tr>
<tr>
<td>2009</td>
<td>24.6%</td>
<td>30.8%</td>
</tr>
<tr>
<td>2010</td>
<td>22.2%</td>
<td>30.2%</td>
</tr>
<tr>
<td>2011</td>
<td>21.4%</td>
<td>29.6%</td>
</tr>
<tr>
<td>2012</td>
<td>18.6%</td>
<td>32.8%</td>
</tr>
<tr>
<td>2013</td>
<td>16.9%</td>
<td>32.3%</td>
</tr>
<tr>
<td>2014</td>
<td>15.2%</td>
<td>30.2%</td>
</tr>
<tr>
<td>2015</td>
<td>14.0%</td>
<td>30.7%</td>
</tr>
</tbody>
</table>

Source: Bureau of the Treasury
Overview of the 2015 Expenditure Program

The Budget by Sector, 2005 to 2015

A decade ago, debt servicing took the lion's share of total government spending. Today, more than half of the Budget is allocated for social and economic services.

Note: 2005-2013 figures pertain to actual expenditures (obligations), while 2014 and 2015 figures are based on the Enacted Budget. Numbers may not add up due to rounding.
**Social Services** received the largest share of the Budget at 36.6 percent to provide adequate social protection for the poor and vulnerable, and to increase investments in basic education, universal healthcare, and other social services. Within this sector, Education, Culture, and Manpower Development receive the largest allocation (see pages 34 to 44).

**Economic Services** grew by 19.2 percent from its allocation in 2014—faster than the year-on-year growth of the total Budget for 2015—to hike investments in public infrastructure and to help boost the productivity of agriculture, manufacturing, tourism, and other job—and livelihood—generating industries (see pages 45 to 64).

**Debt Burden** was reduced to 15.3 percent of the Budget, less than half of its share in 2005. Of the amount allocated for 2015, P372.9 billion will be used to pay interest on national government’s debts and P26.5 billion will be spent on net lending to government corporations for debts guaranteed by the national government.

**General Public Services** at 16.5 percent of the total Budget will be used for general administration activities, such as fiscal management, foreign affairs, public order and safety, among others.

**Defense** spending grew by 29.4 percent from 2014 to pursue the modernization of the Armed Forces and boost its capability to ensure national security, stability, and peace throughout the nation.

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**Social Services (in billion pesos)**

<table>
<thead>
<tr>
<th>Service</th>
<th>Allocation (in billion pesos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education, Culture &amp; Manpower Development</td>
<td>453.0</td>
</tr>
<tr>
<td>Health</td>
<td>96.3</td>
</tr>
<tr>
<td>Social Security, Welfare &amp; Employment</td>
<td>246.7</td>
</tr>
<tr>
<td>Housing &amp; Community Development</td>
<td>10.3</td>
</tr>
<tr>
<td>Others (incl. Land Distribution &amp; LGU Subsidy)</td>
<td>146.3</td>
</tr>
</tbody>
</table>

**Economic Services (in billion pesos)**

<table>
<thead>
<tr>
<th>Service</th>
<th>Allocation (in billion pesos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture &amp; Agrarian Reform</td>
<td>114.5</td>
</tr>
<tr>
<td>Natural Resources &amp; Environment</td>
<td>23.8</td>
</tr>
<tr>
<td>Water Resources Development &amp; Flood Control</td>
<td>39.8</td>
</tr>
<tr>
<td>Communications, Roads, &amp; Other Transport</td>
<td>340.1</td>
</tr>
<tr>
<td>Others (incl. Trade, Tourism, Energy, LGU Subsidy)</td>
<td>188.8</td>
</tr>
</tbody>
</table>

*Note: Numbers may not add up due to rounding.*
The Budget by Expense Class

The implementation of budgeting reforms, anchored on Daang Matuwid, has enabled the government to increase its investments in infrastructure and in the implementation of socioeconomic development programs.

**Budget by Expense Class, 2013-2015**

*In billion pesos*

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>611.8</td>
<td>662.6</td>
<td>746.0</td>
<td>12.6%</td>
<td>28.6%</td>
</tr>
<tr>
<td>MOOE</td>
<td>300.0</td>
<td>415.5</td>
<td>465.0</td>
<td>12.0%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Subsidy to GOCCs</td>
<td>54.8</td>
<td>17.3</td>
<td>16.1</td>
<td>(6.8%)</td>
<td>0.6%</td>
</tr>
<tr>
<td>Allotment to LGUs</td>
<td>241.8</td>
<td>273.2</td>
<td>311.9</td>
<td>14.1%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Interest Payments</td>
<td>323.4</td>
<td>352.7</td>
<td>372.9</td>
<td>5.7%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

| Capital Outlays (CO)   |             |              |              |                        |                                |
| Infra. and Other CO    | 404.1       | 476.0        | 638.7        | 34.2%                  | 24.5%                          |
| Equity to GOCCs        | 12.0        | 2.3          | 1.0          | (56.5%)                | 0.6%                           |
| Capital Transfers & Special Shares to LGUs | 33.9 | 40.2 | 27.9 | (30.6%) | 1.1% |

| Net Lending            | 16.6        | 25.0         | 26.5         | 6.0%                   | 1.0%                           |

| Total                  | 1,998.4     | 2,264.6      | 2,666.0      | 15.1%                  | 100%                           |

*Note: Numbers may not add up due to rounding.*
Government needs people and facilities to put these developmental endeavors into action. As such, the 2015 Budget set aside P746 billion for Personnel Services—the largest share of the Budget at 28.6 percent—for the salaries and benefits of government employees.

The national government also provides Allocations for Local Government Units (LGUs), representing their shares from the national government revenues as mandated by law, as well as including allocations for MMDA and Local Government Support Fund. For 2015, this allocation amounts to P423.3 billion or 16 percent of the Budget. Of this amount, P389.9 billion was allotted for the Internal Revenue Allotment.

The national government provides Budgetary Support to Government-Owned or -Controlled Corporations (GOCCs), especially for those implementing priority programs of the national government. Total budgetary support to GOCCs in 2015 amounts to P90.3 billion for subsidies, equity infusion, and net lending to advance the payment of national government-guaranteed GOCC debt.

A significant amount of the Budget was allocated for Interest Payments to service government’s outstanding debt. Through the government’s debt management efforts, the share of interest payments from the Budget has decreased to 14.3 percent or P372.9 billion, from 20 percent in 2010.

Maintenance and Other Operating Expenditures (MOOEs) are for the purchase of goods and services (e.g. supplies, maintenance, professional services) needed for the operation of various government programs. The 2015 Budget allocated P465 billion for MOOEs: an increase of 12 percent from 2014 level.

Infrastructure and Other Capital Outlays for roads, bridges, airports, railways, and other public goods needed by industries to increase their productivity, reduce costs, and create more jobs. For 2015, P638.7 billion will be invested in infrastructure and other capital spending, an increase of 34.2 percent over that of 2014.
The Budget by Region

At least 56.9 percent of the 2015 Budget will be distributed to the regions.

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2015</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCR³</td>
<td>274.7 B</td>
<td>483.3 B</td>
<td>76.0%</td>
</tr>
<tr>
<td>Luzon</td>
<td>447.0 B</td>
<td>470.5 B</td>
<td>5.3%</td>
</tr>
<tr>
<td>Visayas</td>
<td>223.8 B</td>
<td>225.6 B</td>
<td>1.0%</td>
</tr>
<tr>
<td>Mindanao</td>
<td>300.0 B</td>
<td>302.3 B</td>
<td>1.0%</td>
</tr>
<tr>
<td>Nationwide²</td>
<td>641.0 B</td>
<td>660.3 B</td>
<td>3.0%</td>
</tr>
<tr>
<td>Central Office³</td>
<td>378.2 B</td>
<td>464.0 B</td>
<td>22.7%</td>
</tr>
</tbody>
</table>

Notes:
1) With the implementation of the Unified Account Code Structure, the breakdown of the Budget by region is based on the location of the implementing units, not necessarily the location of the programs and projects.
2) “Nationwide” pertains to allocations to be distributed to various regions of the departments and agencies, as well as multi-user Special Purpose Funds.
3) “Central Office” pertains to allocations being managed by the central offices of the departments and agencies.
4) NCR gets the biggest share among the regions since the budgets of national government offices located in NCR—such as the offices of the President, the Vice President, and Legislature—are attributed to this region.

Note: Numbers may not add up due to rounding.
### Top Ten Executive Departments

The Department of Education (DepEd) continues to get the biggest share of the Budget, consistent with the Constitutional mandate. With an increase of 18.6 percent over the 2014 budget, the DepEd Budget will boost the implementation of the K to 12 Basic Education Program.

The Department of Public Works and Highways (DPWH) sustains its second place among the top funded departments to support the completion of all national roads by 2016 and bridges along national roads by 2015, as well as the rollout of flood control and other projects.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Department</th>
<th>Budget 2015</th>
<th>Increase/Decrease</th>
<th>From Budget 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Department of Education</td>
<td>P367.1 B</td>
<td>18.6%</td>
<td>P309.4 B</td>
</tr>
<tr>
<td>2</td>
<td>Department of Public Works and Highways</td>
<td>P303.2 B</td>
<td>11.4%</td>
<td>P275.2 B</td>
</tr>
<tr>
<td>3</td>
<td>Department of National Defense</td>
<td>P144.5 B</td>
<td>17.3%</td>
<td>P123.2 B</td>
</tr>
<tr>
<td>4</td>
<td>Department of Interior and Local Government</td>
<td>P141.4 B</td>
<td>3.9%</td>
<td>P136.1 B</td>
</tr>
<tr>
<td>5</td>
<td>Department of Social Welfare and Development</td>
<td>P108.2 B</td>
<td>29.7%</td>
<td>P83.4 B</td>
</tr>
<tr>
<td>6</td>
<td>Department of Health</td>
<td>P103.9 B</td>
<td>14.4%</td>
<td>P90.8 B</td>
</tr>
<tr>
<td>7</td>
<td>Department of Agriculture</td>
<td>P89.1 B</td>
<td>11.4%</td>
<td>P80.0 B</td>
</tr>
<tr>
<td>8</td>
<td>Department of Transportation &amp; Communications</td>
<td>P59.5 B</td>
<td>21.9%</td>
<td>P48.8 B</td>
</tr>
<tr>
<td>9</td>
<td>Department of Environmental and Natural Resources</td>
<td>P21.5 B</td>
<td>-10.0%</td>
<td>P23.9 B</td>
</tr>
<tr>
<td>10</td>
<td>Department of Science and Technology</td>
<td>P17.8 B</td>
<td>35.9%</td>
<td>P13.1 B</td>
</tr>
</tbody>
</table>

Notes:

The figures indicated here are the departments’ “all-in” budgets, or their agency-specific budgets plus allocations from the following Special Purpose Funds:
1. Miscellaneous Personnel Benefits Fund
2. Pension and Gratuity Fund
3. Budgetary Support to Attached Government Corporations
4. Budgetary Support to NFA, PCA, and NIA
5. Reduction due to lower requirements for personnel services, cadastral survey, and geo-hazard mapping activities.

The agency-specific budgets of these and other departments are shown in the next page.
The Budget by Department and Special Purpose Fund

<table>
<thead>
<tr>
<th>In billion pesos, unless otherwise stated</th>
<th>2014 GAA</th>
<th>2015 GAA</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DEPARTMENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Congress of the Philippines</td>
<td>11.1</td>
<td>13.0</td>
<td>17.1%</td>
</tr>
<tr>
<td>Office of the President</td>
<td>2.8</td>
<td>2.6</td>
<td>(7.1%)</td>
</tr>
<tr>
<td>Office of the Vice-President</td>
<td>221 million</td>
<td>226 million</td>
<td>2.3%</td>
</tr>
<tr>
<td>Department of Agrarian Reform</td>
<td>20.4</td>
<td>10.6</td>
<td>(48.0%)</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>70.1</td>
<td>49.3</td>
<td>(29.7%)</td>
</tr>
<tr>
<td>Department of Budget and Management</td>
<td>1.0</td>
<td>1.5</td>
<td>50.0%</td>
</tr>
<tr>
<td>Department of Education</td>
<td>300.6</td>
<td>341.5</td>
<td>13.6%</td>
</tr>
<tr>
<td>State Universities and Colleges</td>
<td>38.1</td>
<td>44.4</td>
<td>16.5%</td>
</tr>
<tr>
<td>Department of Energy</td>
<td>4.1</td>
<td>4.6</td>
<td>12.2%</td>
</tr>
<tr>
<td>Department of Environment and Natural Resources</td>
<td>23.9</td>
<td>21.4</td>
<td>(10.5%)</td>
</tr>
<tr>
<td>Department of Finance</td>
<td>13.0</td>
<td>15.3</td>
<td>17.7%</td>
</tr>
<tr>
<td>Department of Foreign Affairs</td>
<td>12.2</td>
<td>13.1</td>
<td>7.4%</td>
</tr>
<tr>
<td>Department of Health</td>
<td>85.2</td>
<td>88.4</td>
<td>3.8%</td>
</tr>
<tr>
<td>Department of the Interior and Local Government</td>
<td>101.6</td>
<td>105.7</td>
<td>4.0%</td>
</tr>
<tr>
<td>Department of Justice</td>
<td>11.8</td>
<td>12.1</td>
<td>2.5%</td>
</tr>
<tr>
<td>Department of Labor and Employment</td>
<td>12.6</td>
<td>12.0</td>
<td>(4.8%)</td>
</tr>
<tr>
<td>Department of National Defense</td>
<td>82.5</td>
<td>100.1</td>
<td>21.3%</td>
</tr>
<tr>
<td>Department of Public Works and Highways</td>
<td>219.3</td>
<td>303.2</td>
<td>38.3%</td>
</tr>
<tr>
<td>Department of Science and Technology</td>
<td>12.1</td>
<td>17.8</td>
<td>47.1%</td>
</tr>
<tr>
<td>Department of Social Welfare and Development</td>
<td>83.4</td>
<td>108.2</td>
<td>29.7%</td>
</tr>
<tr>
<td>Department of Tourism</td>
<td>2.0</td>
<td>2.5</td>
<td>25.0%</td>
</tr>
<tr>
<td>Department of Trade and Industry</td>
<td>4.5</td>
<td>3.8</td>
<td>(15.6%)</td>
</tr>
<tr>
<td>Department of Transportation and Communications</td>
<td>47.0</td>
<td>54.5</td>
<td>16.0%</td>
</tr>
<tr>
<td>National Economic Development Authority</td>
<td>4.0</td>
<td>6.4</td>
<td>60.0%</td>
</tr>
<tr>
<td>The Presidential Communications Operations Office</td>
<td>1.2</td>
<td>1.2</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other Executive Offices</td>
<td>15.9</td>
<td>12.7</td>
<td>(20.1%)</td>
</tr>
<tr>
<td>Autonomous Region in Muslim Mindanao</td>
<td>20.5</td>
<td>25.2</td>
<td>22.9%</td>
</tr>
<tr>
<td>Joint Legislative-Executive Councils</td>
<td>4.2 million</td>
<td>2.9 million</td>
<td>(30.9%)</td>
</tr>
<tr>
<td>The Judiciary</td>
<td>19.3</td>
<td>21.0</td>
<td>8.8%</td>
</tr>
<tr>
<td>Civil Service Commission</td>
<td>1.3</td>
<td>1.2</td>
<td>(7.7%)</td>
</tr>
<tr>
<td>Commission on Audit</td>
<td>8.4</td>
<td>8.5</td>
<td>1.2%</td>
</tr>
<tr>
<td>Commission on Elections</td>
<td>2.9</td>
<td>16.9</td>
<td>482.8%</td>
</tr>
<tr>
<td>Office of the Ombudsman</td>
<td>1.8</td>
<td>1.9</td>
<td>5.6%</td>
</tr>
<tr>
<td>Commission on Human Rights</td>
<td>348 million</td>
<td>375 million</td>
<td>7.8%</td>
</tr>
<tr>
<td><strong>SPECIAL PURPOSE FUNDS</strong></td>
<td>1,629.6</td>
<td>1,184.8</td>
<td>15.1%</td>
</tr>
<tr>
<td><em>See description and breakdown in the next page</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>2,264.6</td>
<td>2,606.0</td>
<td>15.1%</td>
</tr>
<tr>
<td><strong>UNPROGRAMMED FUND</strong></td>
<td>139.9</td>
<td>123.1</td>
<td>(12.6%)</td>
</tr>
<tr>
<td><em>See description on page 23</em></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note:
The budgets of departments here may be different from those in the previous page. This is because this table only shows agency-specific budgets (whether new appropriations under the GAA or automatically appropriated). The previous page shows the Top 10 departments “all-in” budgets: their agency-specific budgets and allocations from Special Purpose Funds.
Special Purpose Funds (SPFs)

On top of their regular budgets, departments and agencies are also provided additional funds sourced from Special Purpose Funds (SPFs). These are budgetary items in the General Appropriations Act (GAA) for specific purposes, such as disaster response, personnel benefits and pensions, or support to government corporations. Most SPFs are presented in the GAA in detail, such as Budgetary Support to Government Corporations which is disaggregated per recipient and program or project. Meanwhile, some SPFs, like the Calamity Fund, are lump sum in nature as the specific programs or projects to be funded are only identified during budget execution.

<table>
<thead>
<tr>
<th>In billion pesos, unless otherwise stated</th>
<th>2014 GAA</th>
<th>2015 GAA</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPECIAL PURPOSE FUNDS (SPFS)</td>
<td>1,029.6</td>
<td>1,184.8</td>
<td>15.1%</td>
</tr>
<tr>
<td>A. Disaggregated SPFs (New GAA)</td>
<td>232.2</td>
<td>321.8</td>
<td>38.6%</td>
</tr>
<tr>
<td>Budgetary Support to Government Corporations (BSGC)</td>
<td>47.2</td>
<td>63.8</td>
<td>35.2%</td>
</tr>
<tr>
<td>Allocations to Local Government Units (ALGU)–MMDA</td>
<td>2.3</td>
<td>2.2</td>
<td>(4.3%)</td>
</tr>
<tr>
<td>DepEd–School Building Fund</td>
<td>1.0</td>
<td>—</td>
<td>(100.0%)</td>
</tr>
<tr>
<td>Feasibility Studies Fund</td>
<td>400 million</td>
<td>—</td>
<td>(100.0%)</td>
</tr>
<tr>
<td>E-Government Fund</td>
<td>2.5</td>
<td>1.0</td>
<td>(60.0%)</td>
</tr>
<tr>
<td>International Commitments Fund</td>
<td>4.8</td>
<td>10.7</td>
<td>122.9%</td>
</tr>
<tr>
<td>Miscellaneous Personnel Benefits Fund</td>
<td>53.5</td>
<td>117.4</td>
<td>119.4%</td>
</tr>
<tr>
<td>Pension and Gratuity Fund</td>
<td>120.5</td>
<td>126.7</td>
<td>5.1%</td>
</tr>
<tr>
<td>B. Lump Sum SPFs (New GAA)</td>
<td>51.3</td>
<td>48.3</td>
<td>(5.8%)</td>
</tr>
<tr>
<td>National Disaster Risk Reduction and Management Fund</td>
<td>13.0</td>
<td>14.0</td>
<td>7.7%</td>
</tr>
<tr>
<td>Contingent Fund</td>
<td>1.0</td>
<td>2.0</td>
<td>100.0%</td>
</tr>
<tr>
<td>Rehabilitation and Reconstruction Program</td>
<td>20.0</td>
<td>1.0</td>
<td>(95.0%)</td>
</tr>
<tr>
<td>ALGU–Special Shares &amp; Others</td>
<td>17.3</td>
<td>31.3</td>
<td>80.9%</td>
</tr>
<tr>
<td>C. Automatic Appropriations</td>
<td>747.0</td>
<td>816.0</td>
<td>9.2%</td>
</tr>
<tr>
<td>BSGC–Special Accounts in the General Fund</td>
<td>1.0</td>
<td>1.3</td>
<td>30.0%</td>
</tr>
<tr>
<td>ALGU–Internal Revenue Allotment</td>
<td>341.5</td>
<td>389.9</td>
<td>14.2%</td>
</tr>
<tr>
<td>Net Lending</td>
<td>25.0</td>
<td>26.5</td>
<td>6.0%</td>
</tr>
<tr>
<td>Tax Expenditure Fund</td>
<td>26.9</td>
<td>25.5</td>
<td>(5.2%)</td>
</tr>
<tr>
<td>Interest Payments</td>
<td>352.7</td>
<td>372.9</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add up due to rounding.
Disaggregated SPF

**Miscellaneous Personnel Benefits Fund**—payment of government personnel-related expenditures, such as Performance-Based Bonuses, requirements for the filling up of authorized positions, and for the creation of new positions, etc.

**Budgetary Support to Government Corporations**—assistance to government-owned and/or controlled corporations (GOCCs) through subsidies and equity infusion.

Pension and Gratuity Fund—payment of pensions of uniformed government personnel (e.g., police and military), which are fully subsidized by the national government; retirement and terminal leave benefits; separation benefits and incentives, etc.

E-Government Fund—allocation for strategic information and communications technology projects that enhance transparency and efficiency in the government.

International Commitments Fund—allocation for government’s commitments and pledges to international organizations, such as the United Nations and Open Government Partnership; and the hosting of conferences such as the 2015 Asia-Pacific Economic Cooperation (APEC) Meeting.

Lump Sum SPF

**National Disaster Risk Reduction and Management Fund**—formerly the Calamity Fund, this is made available to enable government to respond to calamities and other disasters, which are hard to predict. Releases may only be made upon the recommendation of the National Disaster Risk Reduction and Management Council, and the approval of the President. The P14 billion allocation for NDRRMF includes P1 billion for the People’s Survival Fund (PSF) *(See page 65).*

**Rehabilitation and Reconstruction Fund**—allocation for the rehabilitation and reconstruction of areas affected by recent calamities.

**Contingent Fund**—allocation used for requirements of new and/or urgent projects and activities that need to be implemented during the year. Releases from this fund require prior approval of the President.

**Allocation to Local Government Units (ALGU)**—subsidy given to local government units (LGUs) corresponding to their legal shares in national revenue collections. The ALGU also includes the budget of the Metropolitan Manila Development Authority (MMDA).

Automatic Appropriations

Automatic appropriations are authorizations made by law or other legislative enactment that do not require periodic action by Congress. Automatic appropriations comprise 33 percent or P866.2 billion of the 2015 National Budget. SPF that are automatically appropriated comprise 68 percent or P816 billion, bulk of which are for Internal Revenue Allotment for LGUs and Interest Payments.

Unprogrammed Appropriations

These accounts are standby appropriations that can only be used when there are windfall revenues in excess of the government’s revenue program for the year.
Taking Ownership of Prosperity

When a farming family in Davao del Norte rises from decades of poverty through a local government’s farm credit program, they show that the most effective way for the government to fight poverty is to find innovative ways to free and protect the people, especially the poor, from exploitation. When a community leader successfully leads fellow informal settlers to fight for and win a decent and safe resettlement area in Bulacan, she shows that the best way for the government to serve the people is to recognize their voice and collaborate with them.

The following stories tell about people who, with the aid of reform-oriented government leaders and institutions, have struggled and succeeded in owning prosperity for themselves and for their communities.

Danilo and Agustina Bulahan of Asuncion, Davao del Norte
*From Poverty to Prosperity: For Themselves and For Others*

Danilo and Agustina Bulahan achieved what other farmers throughout the country still dream of—breaking the cycle of poverty and providing a decent future for generations to come.

“Our neighbors told us, ‘How did you achieve that? We can’t believe it.’ Before, they would not lend us even a bag of bun, because how would we be able to pay them back as we were only earning so little?” Agustina said. Today, fellow farmers in their community consult them on organic farming techniques and even copy the steps they take in the hope that they, too, can achieve a better life.

How did they succeed? The Bulahans attribute their success to God’s grace, sheer determination and perseverance, help from family, and a farm credit program of their local government.

Danilo and Agustina were young children when their respective families, banking on the promise of a better life under a Magsaysay-era homestead program, separately left Abra and Negros Occidental for Davao del Norte about six decades ago. Danilo’s father was assigned a five-hectare forestland, which he helped clear at a young age. Agustina’s parents, who followed her aunt’s family in Mindanao, worked as farm tenants.
As Danilo and Agustina helped their parents tend the farms, both were unable to finish school. They eventually took on jobs to augment their family’s meager incomes. In her teens, Agustina worked as a housemaid. Danilo, on the other hand, worked as a laborer in a banana plantation, earning P4.75 a day.

Their paths crossed and they married in the 1970s. Life turned out to be bittersweet for the couple. Danilo was fired from his job after catching the ire of the plantation management for being a labor leader.

The Bulahan couple then decided to move in with Agustina’s parents. They lived in a makeshift hut: one that did not have a roof, a floor, and walls, and with only rice sacks sewn together as their only protection from the elements. They found work as farm laborers, though being hired when other farmers needed help in planting and harvesting rice.

In 1990, the landlord of Agustina’s parents gave them a half-hectare parcel of land that they could till. What they thought could be their own source of income caused their indebtedness instead.

As the Bulahans tilled that piece of land as tenants, they received one-fourth of the income, while the property owner took the rest. They would end up with almost nothing, as they used most if this meager share to pay their debts—to traders and loan sharks.

“Kapag nagtanim kami ng palay, wala naman kaming pera na pambili ng abono at semilya. Umutang kami sa traders. ‘Tapos ang interest sa traders, 10 percent per month. Kapag harvest time na, tamang-tama lang na makabayaran kami sa traders (When we plant rice, we don’t have money to buy fertilizer and seeds. We borrow from traders at a 10-percent monthly interest. Come harvest time, we only earn enough to pay our loans to traders),” Agustina said.

For each cropping season, they would borrow P2,000 from traders to buy seeds, fertilizers, and other chemicals. Come harvest time, they would pay about P3,500 back to the traders. Moreover, they would be forced to sell their harvested palay at a measly P2.75 per kilogram, which the traders resold as rice at about P15 per kilogram.

Buried in debt, the couple would be forced to borrow money from neighbors for food, even as Agustina augmented their income by working as a manicurist at night after tending the farm. “Naiiyak ako kapag gabi kasi naaawa ako sa mga anak ko. Ayaw kong hindi sila makapag-aral, na magaya sa akin na hanggang grade 6 lang (I cry every night out of pity for my children. I don’t want them to not finish their studies like me, who reached only up to grade 6),” Agustina added.

Life started to become better at the Bulahan household when Agustina’s parents gave them some hogs to grow for additional income. “Doon nag-umpisa na hindi na kami masyadong mahirapan,” Danilo said.
When Agustina's parents passed away in 2010, she and her four siblings inherited two hectares of land, which they received from the Comprehensive Agrarian Reform Program. This piece of land was split between Agustina and her four siblings, giving her about a hectare that represented her and one of her siblings' share.

In the same year, the Bulahans learned about the Agri-Business Enterprise-Farmers Assistance Program (ABEFAP), which gave farmers access to affordable credit at 1.75 percent interest rate. As part of the program, the municipal government, under the leadership of Mayor Joseph Nilo F. Parreñas, bought the farmers' harvests and promoted organic farming.

The Bulahans were among the first 20 farming families that joined the ABEFAP. The program enabled them to earn P50,000 per hectare per cropping. The program also allowed them to participate in an organic farming demonstration, in which they planted 400 square meters of land each using synthetic and organic farming techniques.

“Ang resulta, pantay-pantay lang ang production, pero ang synthetic magastos masyado (Both produced the same yield, but synthetic farming was much more expensive),” Danilo said. They shifted to full organic farming after seeing in the demonstration that they spent only P500 using such methods, compared to the P3,000 spent for synthetic methods.

In 2013, the Asuncion municipal government launched the Organic Rice Production Enhancement Program (ORPEP) after securing funding from the national government through Bottom-Up Budgeting. This program made available zero-interest loans to farmers on the condition that they shift to organic farming and faithfully pay real property taxes on the lands they own. As a result, the program enabled the Bulahans to earn more at P62,000 per hectare per cropping.

“Ang masasabi ko lang sa mga kasamahan kong magsasaka, sa organic talagang aasenso tayong lahat. Noon, synthetic ang ginagamit ko, nabaon ako sa utang at kahirapan. Pero sa paggamit ko ng organic, lalo na sa pagsali sa programa ni Mayor sa ORPEP, umasenso talaga kami,” Danilo said. “Kung lahat lang ng farmers ay gumagamit na ng organic, safe lahat ng pagkain ng tao at yung environment natin (I could only tell my fellow farmers that we will all prosper with organic farming. When I used synthetic methods, I got buried in debts and poverty. By using organic and by joining the Mayor's ORPEP program, our family really prospered),” he added.

In the process, the Bulahans were able to save enough funds to buy farm equipment, such as threshers and motorized tillers, which they also rented out to fellow farmers. Their income from farming and renting out equipment enabled them to buy more land: they now own seven hectares of land in Davao del Norte as well as three hectares in Agusan del Sur.
Today, the couple actively participate in training programs of the local government and the Department of Agriculture. They make it a point to share their knowledge to help their fellow farmers shift to organic farming. “Masaya po na nakatulong kami sa kanila. Masaya ako kasi palagi kami nilang sinusundan kung ano ang ginagawa namin (I’m happy that we were able to help them. I’m happy that they always follow what we do),” Agustina said.

Teary-eyed, the couple recalled the time when their community looked down on them as if they were beggars, because they had almost nothing but *kangkong* (swamp cabbage) and fruits gathered from the forest to feed their children. Today, they have their own house, own parcels of land, have a savings account, and can afford to treat their children at a favorite restaurant when they have money to spare.

“Noong mahirap pa kami, sabi nila parang pulubi talaga ang tingin nila sa amin. Ngayon, hindi sila makapaniwala na ganito ang nangyari sa buhay namin. Sabi ko, sana hindi natin makalimutan ang Panginoon. Unang-una, dapat ang Panginoon ang pasalamatan ko (When we were still poor, they told us that they looked upon us like beggars. Now, they could not believe that this is what happened to our lives. I said, I hope we do not forget the Lord. First of all, I should thank the Lord),” Danilo said.
Florence Pastor had always wanted to understand what it was like to live in comfort. For most of her life, this 37-year-old mother never had a place her family could call their own.

Aling Florence, as the community fondly calls her, is a second-generation informal settler. Like everyone else who was lured by the promise of a better life in the city, her parents separately came to Manila to escape poverty in rural Pampanga and Oriental Mindoro.

When she was four, her family owned a house, but on a land they did not own. She was six when her parents separated. Her mother decided to sell the house, which made her and her siblings live under different roofs.

"Hanggang sa dumating na pinag-aagawan nila ako (it came to a point that they were fighting over me)," Florence said. The tug of war—moving in and out of her parents’ houses—affect ed her schooling and made her rebellious.

"Seventeen years old ako nang magtanan kami [ng asawa ko] (I was just 17 when my husband and I eloped)," she said. They rented a room in Las Piñas in order to hide from Florence’s parents and raise their first-born. That was in 1995.

A year later, her mother somehow found them and adopted them. Florence’s mother was then an overseer of a private lot in Novaliches, Quezon City, and in exchange, her family could temporarily settle in on a piece of land. One day, her mother referred her to a lot owner who was looking for a caretaker.

For nine years, the Pastors were caretakers of a 1,000 square meter lot in Novaliches, Quezon City. They constructed a makeshift house with walls made of wood and a roof out of galvanized iron sheets. “Nagkaroon kami ng usapan na kapag kailangan na ang lote ay aalis kami nang walang argumento at tinupad namin ‘yun (We agreed that we will leave without argument when they already need the lot. We fulfilled that),”

In December 2007, it was time for Florence, her husband Lyndon, and their six children to move out of that land. Their search for shelter led them to a community along the Tullahan River in Quezon City where a high wall separated it from a stretch of factories. “Kasi ito lang iyong available na ‘di namin kailangan bumili ng lote (This is the only thing available without us needing to buy a lot),” Florence explained.

She said, living on land they do not own is hard, but living along the creek is even harder.

In 2009, Typhoon Ondoy destroyed the houses in their community. Their house, which was standing on the same
level of the bridge, was flooded. Three days later, a call from her mother-in-law came, who said they had a choice to live in Isabela and till a farmland there.

His parents’ separation led Lyndon and his mother back to this province, and, as a young lad, he tilled a piece of land here. He left Isabela though in the late 80s to search for a better life in Manila. He first worked in a junkshop owned by his aunt.

When the call came, Florence recalled her husband saying: “Sawa na ako magsaka, Ma (I’m tired of farming, Ma).” Their children might find farming life difficult, he said. Besides, they said, Lyndon had a regular job as a utility man for telecom companies.

The Pastors decided to stay and rebuild their house along the Tullahan River.

In 2011, the community heard the news that their houses would be demolished in line with a new government policy to relocate informal settler families to safer zones.

“Hindi po ako nangamba para sa sarili ko kasi alam ko po na may pagdadalhan ako sa pamilya ko (I had no fears for myself because I knew that I had a place where I can bring my family),” Florence said. Five months before Ondoy destroyed their house, the Pastors had decided to buy a 1,500-square meter lot in Norzagaray, Bulacan, for P1,700 a month, payable within 10 years.

Florence feared her neighbors had nowhere to go. Her neighbors, who felt they had no voice that the government would recognize, asked her to stand up on their behalf. “Sinabi nila na ‘ikaw lang ‘yung may boses, ‘yung may kakayahan na ‘yung hindi namin kayang sabihin ay kaya mong i-voice-out.” (They said, ‘you’re the only one who has a voice here, who can voice out what we cannot say.’)

She fought to have that voice heard, ensuring that her neighbors be given a relocation site. Florence likewise would demand a tour of proposed resettlement sites before they settled in.

In 2011, they toured around a relocation site in Montalban, Rizal. Florence said they did not want the site, which she described as a “dead zone.” The foundation of the houses, she said, was shallow—only half of the hallow blocks were buried beneath.

A year later, just as life was going back to normal, habagat (monsoon rains) came in 2012 and practically destroyed the community again. Their houses were flooded, and without a prospect for a safer relocation site, the families had no option
but to rebuild their houses and lives along the same creek in the Tullahan River.

At that time, they had resigned to the fact that the tour they made in a resettlement site in Montalban would not yield positive results. However, in 2013, the national government went back to them to announce a relocation, but only families living within three meters of the creek would be relocated. Once again, they went to Florence for help, and to the government she went to make the appeal.

“Ang sabi ko po sa kanila, ‘Baka pwede pong lahatin na natin? Kasi ang maiiwan ay 76 families nalang na malapit sa three meters’ (I told them, ‘maybe you could include everyone? Because only 76 families living near three meters would be left behind),” Florence said. One Saturday, three days after she met with the local government office, the city engineers paid her a visit and told her that no one would be left behind.

Even as they toured two resettlement sites in Bulacan, they found out the areas could not accommodate them anymore. At one point, a decision was made to relocate them to a site they did not want. Florence and her neighbors demanded a better one.

Despite the setbacks, Florence never lost hope. In August 2014, they toured Towerville Phase 6 in San Jose Del Monte, Bulacan. “Sa 182 families po na galing ng Donya Tomasa Riverside, San Bartolome, I'm proud to say na nandito kaming lahat. May sariling bahay at mayroong financial assistance (Of 182 families that came from the Donya Tomasa Riverside, San Bartolome, I'm proud to say that we're now all here—with our own homes and with financial assistance).”

Florence fought for her community in the only way she knew how—by following official procedures and by actively engaging with the government.

One sunny morning, inside a nipa hut standing right beside the road leading to this community, a meeting about the community’s electricity was being presided by Aling Florence. Standing in between government representatives, she entertained questions from her neighbors. She, in turn, asked the representatives the same or even tougher questions.

“Hindi naman kinakailangan na lumaban tayo gamit ng dahas. Tamang komunikasyon lang, kasi kapag nakikipag-usap naman tayo ng tama sa mga ahensya ng gobyerno, naipararating namin naatang ang kahilingan natin (We don't need to fight using violence. We only need to communicate in the right way. When we engage government in the right way, we're able to bring our needs to them),” she said.

For Florence, when citizens participate in public affairs and take action, they become empowered—and when they are empowered, they take ownership of their own future. “Hindi ‘pag sinabi ng gobyerno na ‘dito ka titira’ at go ka na lang. Dapat ipinaglalaban mo ang karapatan mo kung saan mo buong pusong gustong tumira (You should not always give way when government tells you to relocate here. You should fight for your right to determine where you really want to live),” she said.

Florence is finally at peace that her children, and her community, have a place they can call their home.
Expenditure Priorities

To promote inclusive and sustained development, the National Budget for 2015 is centered on the poor, allocating more resources to priority programs that help reduce poverty and create more jobs. The government will spend P64 in every P100 of the 2015 Budget on social and economic services that are responsive to the needs of poorest and most vulnerable communities.
Priority Programs

The National Budget for 2015 focuses on these goals: give adequate social protection and basic social services to the poor; support industries that create more jobs and livelihood opportunities; protect vulnerable communities from natural disasters; and bring development and good governance to communities.

A  Social Protection and Social Services
As an inclusive economy is being created, the government invests in building the capacity of the poor to enable them to participate by expanding social protection and social services, such as universal healthcare, education, and housing.

B  Economic Expansion and Job Generation
To create an inclusive economy calls for sustaining the country’s high economic growth in a way that creates more jobs and livelihood opportunities. This Budget invests in strategic support to key sectors, such as transportation, manufacturing, tourism, and agriculture.

C  Climate Change and Disaster Risk Reduction
The impact of climate change is a real threat to economic progress. Thus, this Budget invests in building the capability of government to respond to climate change and mitigate the cost of disasters, as well as to build back vulnerable communities better and safer.

D  Enabling Environment for Inclusive Development
Development gravitates to communities when there is peace and rule of law, and where good governance is present. This Budget sustains government policies and investments in establishing an environment that supports inclusive development.
Focus Geographic Areas

Apart from allocating funds on priority programs, resources should also go to where the poor are. The 2015 Budget, therefore, prioritizes 44 poorest and most vulnerable provinces\(^1\), and tailor-fits programs and service delivery strategies to their specific needs.

**Provinces with high poverty magnitude\(^2\)**

To create an inclusive economy calls for sustaining the country’s high economic growth in a way that creates more jobs and livelihood opportunities. This Budget invests in strategic support to key sectors, such as transportation, manufacturing, tourism, and agriculture.

**Provinces with high poverty incidence\(^3\)**

These are the smaller and remote provinces that are disconnected from opportunities. This Budget seeks to provide the poor with better social safety nets and to support job-generating sectors, such as tourism and agriculture, including infrastructure investments to connect these to markets.

**Provinces with high vulnerability to shocks and disasters**

People can slide into deeper poverty in times of natural calamities. This Budget invests in rebuilding devastated communities by resettling people to safer zones, providing new streams of income for victims of calamities, and taking actions to climate-proof their communities.

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\(^1\) The FGA is based on the updated Philippine Development Plan.

\(^2\) Poverty magnitude refers to the total number of families whose income falls below the poverty threshold.

\(^3\) Poverty incidence refers to the proportion of poor families to the total population.
Social Protection and Social Services

To meet the administration’s goal of reducing poverty incidence to 19 percent by 2016, this Budget invests in social protection and social services that empower the poor to rise from a life of survival to one of self-sufficiency.

Social Protection

The government addresses the needs of vulnerable basic sectors—including the elderly and the youth—through the Pantawid Pamilyang Pilipino Program (4Ps) and other social protection packages.

Basic Sector Profile: Youth

The link between lack of education and unemployment, as a cause of poverty, is clear. As of October 2014¹, high school graduates and below made up 56.9 percent of the total unemployed population. Moreover, in 2012, two out of 10 young Filipinos lived below the poverty line².

While the government is pursuing education for all as a core strategy for inclusive growth, it acknowledges that it will take time to have impact. Meanwhile, poor families face immediate needs, like lack of resources, which make it difficult for them to keep their children in school.

Gibby Gorres, the youth sector representative in the National Anti-Poverty Commission (NAPC), said that the challenge is not only to increase enrolment but more so to keep students in school, emphasizing that the huge number of dropouts and out-of-school youths is caused by poverty.

¹October 2014 Labor Force Survey, Philippine Statistics Authority (PSA)
²2012 Official Poverty Statistics for the Basic Sector, PSA-National Statistical Coordination Board
The 4Ps, also known as the Conditional Cash Transfer (CCT) program, provides cash assistance to help the poorest of households to send their children to elementary and high schools and keep them healthy and well-nourished. The CCT also supports the delivery of maternal health services related to pregnancy and/or childbirth.

Of 20 enrollees in elementary, only 14 are able to graduate. Only about 10 are then able to complete high school.

These issues, among others, are addressed by the 4Ps: by providing cash grants to poor families in exchange of keeping their children in school.

The program has so far proved effective: a program evaluation report published in 2014 showed that high school enrolment was higher among 4Ps beneficiaries than non-beneficiaries. It also showed that family-beneficiaries of 4Ps invested more on education, spending P206 more per school-aged child every year than non-beneficiaries.

Meanwhile, the government continues to boost investments for the K-12 Basic Education Program, so that high school students become employable after graduation. In addition, it introduced the Expanded Student Grants-in-Aid Program for Poverty Alleviation to support 4Ps beneficiaries who wish to finish tertiary education in State Universities and Colleges.

“The CCT (4P) has a good track record when it comes to young people’s welfare. We just need to expand it more,” Gorres said. He said the program should eventually focus on improving student competency and increasing achievement test scores. It should also prioritize those in critical sectors, such as agriculture and fisheries, and those in disaster-prone areas.

Pantawid Pamilyang Pilipino Program

The 4Ps, also known as the Conditional Cash Transfer (CCT) program, provides cash assistance to help the poorest of households to send their children to elementary and high schools and keep them healthy and well-nourished. The CCT also supports the delivery of maternal health services related to pregnancy and/or childbirth.

Regular CCT. For 2015, the Regular CCT now also supports beneficiary-families in sending their children, aged 15 to 18, to high school. This program enables children to complete their basic education: making them readily employable after graduation or preparing them for higher education. The allocation of P57.4 billion will support 4.31 million households: slightly lower than the number in 2014 as 25,000 families are expected to graduate from the program this year, and 5,000 Sabah displaced families, former beneficiaries under Modified CCT, will be integrated in the regular program.

Modified CCT. In addition, P4.95 billion will be used to provide cash grants to 126,963 families who are itinerant, homeless, and indigenous peoples. This allocation is P3 billion larger than in 2014 because of additional assistance packages aside from health and education grants, such as cash for work, livelihood assistance, rent subsidy, transportation assistance and family cap, among others.

3Department of Education factsheet for School Year 2012-2013
Sustainable Livelihood

The Budget allocated P4.93 billion to the Department of Social Welfare and Development (DSWD) in order to help families that will graduate from the CCT acquire sustainable income by facilitating their employment or helping them become micro-entrepreneurs. The total number of families that will benefit from the Sustainable Livelihood Program is 378,822, an increase from 111,314 in 2014. Depending on the track they choose, family-beneficiaries are given relevant training, employment assistance, capital, or access to financial institutions.

Community-Driven Development

The KALAHI-CIDSS1 National Community-Driven Development Program (NCDDP) seeks to empower communities in accessing government services through their participation in local planning, budgeting and implementation. With a budget of P17 billion, the NCDDP will benefit 1,515,375 households in 19,352 barangays throughout the country.

Supplemental Feeding

Young learners need to be nourished as their physical and mental health are vital for their successful education. Thus, the government allotted a budget of P3.36 billion to address the nutritional needs of 2.05 million daycare children. By providing hot meals for 120 days, the feeding program expects to improve the weight of 90 percent of all malnourished children in daycare centers by the end of 2015.

Social Pension for Indigent Senior Citizens

With a P6 billion allocation in the 2015 Budget, the government will provide each 939,609 indigent senior citizens with a monthly pension of P500. The program will cover indigent senior citizens who are 65 years old and above; while in 2014, those who were at least 77 years old received the monthly pension2.

Expanded Students’ Grant-in-Aid program for Poverty Alleviation

About P2.5 billion was allocated to provide scholarships in SUCs to 40,453 poor but deserving students belonging to indigent households, giving priority to Pantawid Pamilya beneficiaries qualified to enroll in selected SUCs.

Other Social Protection Investments under the 2014 Supplemental Budget:

- P2.08 billion for Emergency Shelter Assistance for victims of typhoon Yolanda
- P1.94 billion for updating of the National Household Targeting System for Poverty Reduction (NHTS-PR)

1Kapit Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services
2Under RA 9994 or the Expanded Senior Citizens Act, eligible beneficiaries under the program are those not receiving any pension or without regular source of income or assistance from relatives for their basic needs, as well as those who are frail, sickly, and disabled.
Accountability

Department of Social Welfare and Development

Select Outcomes and Performance Targets:

Well-being of poor families improved:
- 1 million Pantawid Pamilya families uplifted from survival to subsistence
- 150,000 Pantawid Pamilya families uplifted from subsistence to self-sufficiency
- 4 million poor families provided with two or more social welfare and development services

Transparency Seal:
transparency.dswd.gov.ph

Universal Healthcare

The Aquino Administration continues to ensure people’s access to quality health services and therefore continues to give priority focus on health programs, especially those that cater to marginalized Filipinos. In the process, the country is able to attain its health-related MDGs.

Through the Universal Healthcare Program, the government will further expand health insurance coverage and improve healthcare facilities. Increased resources from Sin Tax Reform¹ will make this possible.

¹Estimated sin tax revenues in 2015 amount to P42.9 billion.
Basic Sector Profile: Women

No one should die from pregnancy or childbirth-related complications. The Philippines must reach its maternal mortality target and improve women’s access to quality reproductive healthcare.

In 2011, 221 in every 100,000 Filipino mothers died during pregnancy, an increase from 162 per 100,000 in 2006. However, the Philippines is about four-and-half times away from its MDG target of 52 pregnancy or childbirth-related deaths per 100,000 by 2016.

May-i Fabros of WomanHealth Philippines said that pregnancy and childbirth-related deaths and early motherhood must be seen as interlinked issues especially because teenage girls have limited or no access to reproductive healthcare services, including contraceptives and sexual health education.

“The young mother should be an indicator. Her situation shows us the basic concerns that society should address: lack of education, housing, and opportunities,” Fabros said.

In 2013, 10 in 100 teenage girls aged 15 to 19 years old had become mothers or pregnant with their first child. In 1993, about 7 in 100 were teenage mothers.

According to Fabros, these mothers could not afford quality health care because many of them are poor. In 2012, based on official poverty data, 26 in every 100 women lived below the poverty line.

While maternal health outcomes need to further improve, the Administration’s increased investments in public health had shown better results. In 2013, 60 percent of births had been delivered in a health facility, an improvement from 44 percent in 2008. The proportion of births attended to by skilled health professionals had increased to 73 percent in 2013 from 62 percent in 2008.

Moreover, the Reproductive Health (RH) Act, which was enacted in 2012 after 13 years in Congress, boosts efforts to reverse the increasing maternal mortality and teenage pregnancy by providing funding for free contraceptives, requiring government hospitals to provide reproductive health services, and mandating public schools to teach sex education.

Health Insurance for the Poor

Under the PhilHealth program, P37.2 billion will be used to subsidize the health insurance premiums of 15.4 million indigent families.

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1As reported in the Philippines’ “Fifth Progress Report” on the MDGs, 2014.
232013 National Demographic and Health Survey, PSA
Doctors to the Barrios and Rural Health Practice Program

The delivery of quality health services to poor and far-flung communities depends on quality and ample health professionals. Thus, P4.3 billion will be used to hire doctors, nurses, midwives and dentists to be deployed in municipalities and areas that need them the most. With the increased number of health personnel deployed evenly in the country, quality health services will be felt by the people, most especially the poor and vulnerable.

Family Planning and Responsible Parenting

The 2015 Budget invests P3.3 billion to address the needs of mothers who have limited access to quality reproductive health services and help reduce maternal mortality. The budget will train 30,407 community health team members who will visit 5.2 million household, as well as provide vitamins to 2.73 million infants and 10.9 million children.

Addressing Health-Related MDGs

Other important preventive and promotive health care services funded in the 2015 Budget include:

- **National Immunization Program**: P3.3 billion to provide full immunization packages to 2.2 million children, as well as pneumococcal vaccines for 1.4 million beneficiaries.
- **TB Control**: P1.1 billion to treat 449,500 cases.
- **Treatment of Public Health Diseases**: P788 million to support the treatment of malaria, schistosomiasis, filariasis, and other such diseases.
Accountability

Department of Health

Select Outcomes and Performance Targets:
Access to Preventive Primary Health Care Services improved:
• 95% of children fully immunized (with BCG, DPV3, DPT3, HepaB, Measles) before 12 months of age
• 80% of births delivered in health facilities increased (RHUs, birthing homes, district and provincial hospitals, DOH hospitals, and private hospitals)
• 90% treatment success rate of Tuberculosis

Access to quality hospital services improved:
• 85% bed occupancy rate of DOH specialty hospital and regional medical centers

Access to social health insurance assured:
• 100 percent NHIP insurance coverage rate of NHTS – PR indigent families
• 75 percent utilization rate of Primary Care Benefits

Basic Education

The sustained prosperity of the country depends on a well-educated and productive youth. Thus, in the first four-and-a-half years of the Aquino Administration, the government had successfully addressed lingering classroom and teacher shortages recorded in year 2010 and introduced the K-12 Basic Education Reform Program.

Through the 2015 Budget, the government continues to invest heavily in improving school completion and achievement rates, and, ultimately, enabling graduates to gain meaningful employment or to be better prepared for higher education (see page 61 for technical-vocational and higher education programs).
Basic Sector Profile: Children

Basic education is a constitutional right; hence, access to it should be given to everyone.

Therefore, reforms need to be continually implemented in order to improve children’s access to quality and affordable education. Based on enrollment data from school year 2012 to 2013, 95 out of 100 children were enrolled in elementary school, but only 70 out of the 100 continued and eventually graduated.

Dr. Dotie Gregorio, a member of the Hope for the Youth Foundation, expressed hope that the K-12 Basic Education Program—a landmark reform introduced recently—would eventually address school dropout rates as well as graduates’ access to opportunities.

“K-12 is a really huge change and we believe that it will be beneficial. Because of K-12, students now see that the quality of education is equalized, whether one comes from private or public schools,” she said.

However, she pointed out that the lack of resources is a key reason why many families are not able to send their children to school. Beyond improving the quality of education, she said the families’ sources of livelihood must be enhanced as well.

Gregorio emphasized that enhancing the country’s basic education program would prepare the future leaders of today’s generation. She expressed, however, that while the government provides priority spending on education and the youth, it should likewise improve the way it implements projects for these sectors. One way to do this, she added, is to involve the youth in project implementation.

Hiring of Teachers
Increased enrolment, particularly in kindergarten, require the hiring of additional teachers. Capable volunteer teachers will be granted regular status to meet this demand, and thus, plantilla positions will be created for this purpose. A budget of P10 billion will fund the hiring of 40,566 teaching and non-teaching personnel in 2015.

Textbooks and Instructional Materials
Funding for the purchase of textbooks and instructional materials will double in 2015 to P3.5 billion from P1.7 billion in 2014, likewise doubling the volume of new books and materials to be procured and delivered to equip schools that implement the K-12 curriculum.

Basic Education Facilities
To efficiently implement the K-12 Program, additional facilities will be built, classrooms repaired, and additional chairs procured, which will be covered by a budget of P53.9 billion.

- Construct 31,728 and repair 9,500 classrooms
- Procure 1.3 million seats
- Construct 455 technical-vocational laboratories
- Provide 13,586 water and sanitation facilities
Accountability

Department of Education

Select Outcomes and Performance Targets:
Access to every Filipino to a complete quality basic education achieved
• 100 percent net enrollment rate for kindergarten
• 98 percent net enrollment rate for elementary
• 70 percent net enrollment rate for secondary

Preparedness of every graduate for further education and world of work ensured
• 5 percent increase in Grade 10 Achievement Rate (National Achievement Test Mean Percentage Score)
• 2 percent increase in number of Alternative Learning System completers who passed the Accreditation and Equivalence test

Transparency Seal:
http://www.deped.gov.ph/transparency

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Socialized Housing

The Aquino Administration will invest P11 billion in various socialized housing programs and projects in 2015 as it commits to provide poor Filipinos—especially those living in danger zones—with affordable and safe homes.

Basic Sector Profile: Urban Poor

Many people who live in rural areas continue to dream of settling in the big city. They believe that they have a bigger chance of finding livelihood in urban areas, making them try their luck at any cost.

As migration surges the population in urban areas, the demand for public services, such as housing and resettlement, increases as well. Emmanuel Manato, head of Kilos Maralita and council member of the NAPC Basic Sector for the Urban Poor, said the scarce livelihood opportunities in resettlement areas as well as the quality of housing must be decisively addressed.
“Right now, the problems that we, informal settlers, face are rooted in livelihood—having a regular source of income, education for our children, among others,” Manato said.

From 2007 to present, 7.6 million poor families living in urban areas still need to be provided housing and resettlement. Manato said that sufficient livelihood for the beneficiaries must also be considered while the backlog for housing and resettlement is being addressed.

Based on 2012 poverty data, about 13 in 100 individuals residing in urban areas were considered poor.

This Administration continues its efforts to address the concerns of the urban poor through the Socialized Housing Program. Implemented by various government agencies, the program involves the civil society organizations in the urban poor sector in the planning process.

Housing for Informal Settlers
P7.4 billion to relocate 15,862 families residing in or along danger areas (such as those along creeks, rivers, and esteros) or affected by infrastructure projects in Metro Manila to safe and permanent settlements. The Socialized Housing and Finance Corporation and the National Housing Authority (NHA) are in charge of this endeavor.

- **P1.2 billion**, lodged under the Department of the Interior and Local Government (DILG), to provide rental assistance of P18,000 each to 26,367 informal settlers in Metro Manila and housing units to 472 ISFs, through the construction of micro-medium rise buildings

- **P577 million**, almost thrice the 2014 allocation of P200 million, for the Resettlement Program of the NHA to benefit 7,215 families

Housing for Uniformed Personnel
The NHA will receive P100 million to provide low-cost housing to 341 uniformed personnel of the Armed Forces of the Philippines, the Philippine National Police, the Bureau of Jail Management and Penology, and the Bureau of Corrections.

Housing for Victims of Calamities
The NHA will get P736 million to give emergency assistance, including provision of housing materials, to 26,426 victims of calamities.

More Funds for Relocation
On top of provisions under the 2015 Budget, P8 billion is provided in the 2014 Supplemental Budget to construct 27,313 permanent housing units for victims of Typhoon Yolanda. In addition, P286.7 million is provided in the Supplemental Budget to implement the North Triangle Relocation Project.
Accountability

A. Presidential Commission for the Urban Poor

Select Outcomes and Performance Targets:
Access of the urban poor to asset reform, human development basic services, and other programs of the government for the urban poor enhanced:
• 90 percent of policies formulated and program recommended developed in consultation with the urban poor for 2015
• Social preparation activities conducted increased by 5% from 2014 to 2015

Transparency Seal:

Agency Contact Information:
Head of Agency: Chairman & CEO Hernani B. Panganiban

B. National Housing Authority

Select Outcomes and Performance Targets:
Adequate Housing for homeless low-income families provided:
• No. of housing units increased to 91,098 in 2015
• 14 percent of PDP targets for 2011 – 2016 achieved

Transparency Seal:

Agency Contact Information:
Address: Quezon Memorial, Elliptical Road, Diliman, Quezon City, 1100
Telephone No: (+632) 928-4961 to 66
Website: www.nha.gov.ph
Facebook: /National-Housing-Authority

Head of Agency: General Manager Chito M. Cruz

C. Social Housing Finance Corporation

Select Outcomes and Performance Targets:
Access to secure shelter financing of low-income families improved
• 14,154 underprivileged and homeless families of legally organized associations living in danger areas (waterways) assisted through High Density Housing Program
• 6 percent served of the number of families to be assisted with socialized housing programs as stated in the updated PDP for the period of 2014 – 2016 by 2015.

Transparency Seal:
http://www.shfcph.com/Transparency_Seal.html
Economic Expansion and Job Generation

The Aquino Administration seeks to sustain economic growth in a way that creates more jobs and livelihood opportunities for all. To achieve the GDP growth target of 7 to 8 percent in 2015 and further reduce unemployment, the 2015 Budget invests heavily in infrastructure and strategic support to key industries, such as manufacturing, tourism, and agriculture.

Infrastructure

Quality and adequate infrastructure connect the country’s islands, bring producers to markets, reduce costs in doing business as well as the prices of commodities bought by consumers, and bring more jobs and livelihood opportunities to people. To boost the country’s competitiveness and sustain the economy’s growth trajectory, the 2015 Budget invests P569.9 billion in strategic infrastructure projects.

Infrastructure Outlays, 2009-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Outlay</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>P186.1 B</td>
<td>2.2%</td>
</tr>
<tr>
<td>2010</td>
<td>P165.0 B</td>
<td>1.8%</td>
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<tr>
<td>2011</td>
<td>P175.4 B</td>
<td>1.8%</td>
</tr>
<tr>
<td>2012</td>
<td>P215.7 B</td>
<td>2.0%</td>
</tr>
<tr>
<td>2013</td>
<td>P306.9 B</td>
<td>2.7%</td>
</tr>
<tr>
<td>2014</td>
<td>P442.3 B</td>
<td>3.4%</td>
</tr>
<tr>
<td>2015</td>
<td>P569.9 B</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Note: 2009 to 2013 figures pertain to actual expenditures (obligations), while 2014-2015 figures are based on the Enacted Budget.

Under the Aquino Administration, infrastructure spending has cumulatively grown by 245.4 percent from 2010 to 2015. Infrastructure outlays for this year represent 4 percent of GDP. This will be further increased to 5 percent of GDP by 2016. This fund will support key investments, such as the completion of all national roads by 2016, the construction of school buildings to support K-12 Basic Education, and the installation of flood control facilities in major river basins.
Alongside its huge investments in public infrastructure, the government introduced reforms to ensure that resources are spent on “the right projects, at the right cost, and with the right quality.” Because of this, the country’s ranking in the Infrastructure Pillar of the Global Competitiveness Index (GCI) has improved to 91st of 144 countries in 2014, from 104th of 139 countries in 2010. In particular, the country’s rank in the indicator on quality of roads has improved to 87th from 114th during the same period.

**Philippine Rank in the GCI Infrastructure Pillar, 2006-2014**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>88 of 122</td>
</tr>
<tr>
<td>2007</td>
<td>94 of 131</td>
</tr>
<tr>
<td>2008</td>
<td>92 of 134</td>
</tr>
<tr>
<td>2009</td>
<td>98 of 133</td>
</tr>
<tr>
<td>2010</td>
<td>104 of 139</td>
</tr>
<tr>
<td>2011</td>
<td>105 of 142</td>
</tr>
<tr>
<td>2012</td>
<td>98 of 144</td>
</tr>
<tr>
<td>2013</td>
<td>96 of 148</td>
</tr>
<tr>
<td>2014</td>
<td>91 of 144</td>
</tr>
</tbody>
</table>

**Transport Infrastructure**

P287.8 billion was earmarked for transport infrastructure projects that lower the cost of transporting goods and people, facilitate the creation of more business and employment opportunities, and enable easier access of people to social services, such as quality education and affordable health care services.
Sector Profile: Business

Good governance has made the Philippines a better place to do business. The country’s ranking in the Global Competitiveness Report (GCR), for instance, has leapfrogged by a total of 33 places since 2010 to 52nd of 144 countries in 2014. This was, among others, driven by improvements in the quality of institutions and infrastructure.

Still, reforms must be sustained to further improve government’s ability to help private enterprises flourish and create more jobs. In the latest GCR, businesses continued to cite corruption (17.6 percent of respondents), inadequate supply of infrastructure (15.9 percent), tax regulations (13.3 percent), and inefficient government bureaucracy (12.6 percent) as the most problematic factors to doing business in the Philippines.

Michael Mundo, Programs Unit Manager of the Makati Business Club (MBC), said that while reforms to improve the quality of infrastructure projects are appreciated, the private sector continues to be concerned about the perceived slow pace of infrastructure spending.

For instance, even as the GAA-as-Release Document has been implemented to streamline the budget execution process (see page 49), “there are certain protocols and certain changes that agencies have not yet been able to adjust to,” Mundo said.

In recent times, he said the decision of the Supreme Court on the Disbursement Acceleration Program affects perceptions on agencies’ ability to spend in a timely manner. Perceptions on the current state of the government’s Public-Private Partnership (PPP) Program also need to be addressed through more information, Mundo said.

He added that despite these challenges, the private sector is hopeful that government will be able to meet its plan to increase infrastructure spending to 5.0 percent of GDP by 2016 in order to further improve the country’s attractiveness to investors.

Beyond speed, integrity needs to be ensured in the roll-out of projects: after all, corruption and inefficient government bureaucracy still remain among the top concerns among businesses.

Jose Cortez, Special Projects Manager of the MBC, emphasized that fighting corruption is not just government’s job: private entities should also have their respective anti-corruption programs. To encourage businesses to adopt ethical business practices, he said government can consider requiring contractors to sign an Integrity Pledge before they can qualify to undertake projects.

“At present, only the DPWH requires its contractors to sign Integrity Pledges as part of their bid requirements,” he said, noting that it is not enough for the government to rely on the bid documents and other disclosures required of bidders to ensure that they abide by anti-corruption standards.

MBC is among the initiators of the Integrity Initiative, a private sector-led project to promote good corporate citizenship. The Initiative encourages all businesses, small or large, to sign the Integrity Pledge to signify their formal commitment to abide by ethical business practices and support anti-corruption efforts (visit www.integrityinitiative.com).

Cortez also emphasized that the bureaucracy must continue to be professionalized to further curb corruption and improve service delivery. He hopes that the government’s introduction of performance-based incentives, as well as the entry of new blood in the bureaucracy, will rejuvenate government employees’ passion for service. “Public servants should understand that their agency will only improve if they improve at the individual level. If they own the responsibility for improving their agency, that’s when the culture of the bureaucracy will start to see changes,” he said.

1The GCI and GCR are published annually by the World Economic Forum.
Road Transport

Road transport was allocated P248.6 billion to spur trade and investments as well as make people's transit safer, faster, and cheaper. Bulk of this amount, or P219 billion, will fund the Roads and Bridges Program of the Department of Public Works and Highways (DPWH) (see map). This allocation will enable DPWH to:

- pave 2,231 kilometers of national secondary roads, so that 97 percent of the national road network is paved by end-2015
- make permanent a total of 5,231 lineal meters of temporary bridges nationwide, so that all bridges along the national road network are made permanent by end-2015

Meanwhile, the Department of Transportation and Communications (DOTC) will have P3.6 billion in 2015 to decongest traffic in Metro Manila and Metro Cebu through integrated transport and bus rapid transit systems.

- Cebu Bus Rapid Transit (Foreign-Assisted) – P1.39 B
- Integrated Transport System Project (PPP) – P1.23 B
- Metro Manila Bus Rapid Transit – P 542 M
- Other Road Transport & Traffic Improvement Projects – P455 M

Maritime Transport

DOTC will have P5.2 billion to improve maritime safety, as well as to construct, develop, repair, and rehabilitate seaports throughout the country. Of this amount:

- P1.9 billion for the Philippine Ports and Coast Guard Capability Development Project
- P1.6 billion for the Maritime Safety Capability Improvement Project
- P1.6 billion for various seaport projects nationwide

Air Transport

Airport projects of DOTC that include the development of new ones and the rehabilitation of those existing was allocated P13.9 billion. These airport development projects are geared toward boosting the country’s tourism industry (see page 56 for the Tourism Development Program).

- Puerto Princesa International Airport (Foreign-Assisted) – P1.55 B
- Bicol International Airport – P1.55 B
- Busuanga Airport – P1.02 B
- NAIA Redevelopment & Capacity Expansion – P1.02 B
- Cagayan de Oro Airport – P1 B
- General Santos International Airport – P959 M
- Kalibo Airport – P950 M
- Clark Airport Low Cost Terminal – P800 M
- Iloilo International Airport – P791 M
- Ozamiz Airport – P695 M
- Calbayog Airport – P678 M
- Camarines Sur (Naga) Airport – P670 M
- New Bohol (Panglao) International Airport (Foreign-Assisted) – P400 M
- Surigao Airport – P300 M
- For 26 other airports and other aviation projects – P1.56 B
Railways

The 2015 Budget allocated P18.6 billion to fast-track the development and rehabilitation of mass railway transport systems. Bulk of this amount will go to the rehabilitation and extension of light rail systems in and around Metro Manila.

Light Rail Transit

- Repair & Rehabilitation of LRT Lines 1 & 2 – P3.80 B
- LRT Line 1 North Extension (Common Station) – P770 M
- LRT Line 1 Cavite Extension (Foreign Assisted) – P1.16 B
- LRT 2 East Extension (Foreign Assisted) – P2.40 B
- LRT 2 West Extension – P200 M

Metro Rail Transit

- MRT 3 Rehabilitation & Capacity Expansion – P2.57 B
- MRT 3 Subsidy – P4.66 B

Philippine National Railways

- PNR Repair & Restoration Project – P1.75 B
- PNR Subsidy – P547 M

Public-Private Partnerships (PPP)

In 2010, the Aquino Administration launched the PPP Program to encourage the private sector to undertake critical projects. This enables the government to roll-out much-needed infrastructure—from airports to school buildings—even with its limited resources.

Under the Program, private businesses finance and put in their expertise in constructing projects, while the government provides them with protection from regulatory risks. At present, 11 PPP projects worth P232.3 billion have already been awarded, while 18 others worth P983.5 billion are under bidding or for approval.

(For more information on the PPP program, visit www.ppp.gov.ph)

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1P2.82 B under LRTA and P978 M under DOTC
2As of April 10, 2015
Accountability

A. Department of Transportation and Communications
Includes information on the Light Rail Transit Authority (LRTA)

Select Outcomes and Performance Targets:
Rail transport services (MRT) improved:
• 50 percent transfer time reduced (5 minutes)
• 8 percent load factor of MRT decreased (157.7)
Transport-related accidents reduced:
• Maritime transport-related accidents reduced by 5 percent (517)
• Land transport-related accidents reduced by 2 percent (10,907)
• Air transport-related accidents reduced by 1 percent (52)
LRTA: Safe, secure, responsive, and reliable LRT services provided
• 3-4 and 5-6 minutes train headway during peak hours for LRT Line 1 and Line 2 sustained, respectively

Transparency Seal:
http://www.dotc.gov.ph/index.php/2014-09-02-04-16-02

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Head of Department: Secretary Joseph Emilio A. Abaya
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LRTA Address: LRTA Compound, Aurora Boulevard, Pasay City
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LRT2 (+632) 647-3940 to 91
Website: www.lrta.gov.ph
Email: pro_lrta@yahoo.com
Facebook: /lrta.dotc
Twitter: @OfficialLRTA

Head of Agency: Administrator Honorito D. Chaneco

View the DOTC Directory (http://www.dotc.gov.ph/images/dotc_directory/DirectoryMarch2015.pdf) to get in touch with the DOTC's other attached agencies and corporations.

B. Department of Public Works and Highways

Select Organizational and Performance Targets:
Ensure safe and reliable national road system
• 20 percent reduction in travel time
• 20 percent of National Roads assessed with 3 or 4 star rating improvement on Road Roughness Index

Transparency Seal:
http://www.dpwh.gov.ph/transparency

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Head of Department: Secretary Rogelio L. Singson
Email: singson.rogelio@dpwh.gov.ph
Agriculture Development

The Agriculture Development Program for 2015 was allocated Php 85.63 billion intended to increase farmers’ and fisherfolk’s yields and income; improve the agriculture sector’s linkages with the industry and services sectors; and strengthen its resilience against pests and climate change.

Basic Sector Profile: Farmers and Fisherfolk

The government stays committed to uplift the lives of farmers and fisherfolk who remain among the poorest in Philippine society. In 2012, nearly 40 percent of farmers and fisherfolk lived below the poverty line. This situation underscores the need to revitalize the agriculture sector, which had grown slower than the rest of the economy in the last decade.

To do this, government services must be delivered better and faster. Malou Cueto-Tapia of farmers’ group Kilusan para sa Tunay na Repormang Agraryo at Katarungang Panlipunan emphasized that government agencies mandated to serve the needs of farmers should improve their ability to implement programs and projects.

She said that the weak absorptive capacity of agencies, i.e., the inability to spend their budgets fast and with impact, is the reason why “lands could not be distributed” and “programs are not felt on the ground.” She said this needs to be addressed if her group’s three priority advocacies are to be addressed.

First, Tapia said, while the mandate for the coverage of lands under the Comprehensive Agrarian Reform Program Extension with Reforms had already ended, there remained a huge backlog of lands still to be acquired and distributed to farmers (see page 53). She expressed hope that even as the mandate to issue Notices of Coverage ended on June 30, 2014, lands would continue to be acquired and awarded to farmers.

Second, the Supreme Court has ruled that an estimated Php 71 billion in coconut levy funds were held in trust by government on behalf of coconut farmers. Tapia said the 41-year struggle to recover the fund would be reciprocated through the effective use of such funds to develop the country’s coconut industry and improve the lives of coconut farmers.

“Coconut farmers are the poorest among the sub-sectors of farmers. And if you relate this to agrarian reform, the large hectarage of lands left to be covered are coconut areas,” Tapia emphasized.

Third, farmers today have to contend with climate change, disrupting the regularity of production cycles. Tapia said increasing productivity requires government to provide ample support services and access to capital to farmers, as well as to promote organic farming.
To deliver services with impact, agencies should be able to objectively identify beneficiaries. Felizardo Lim of the fisherfolk group Bigkis Lakas Pilipinas, however lamented that political intervention had skewed beneficiary targeting and access.

“In terms of access to programs, it’s as if targeting is very selective,” he said, noting that some local government officials give assistance to fisherfolk in exchange for political support.

Lim also said the enforcement of the Fisheries Code needs to be strengthened to protect the welfare of fisherfolk. The Fisheries Code provides for the enforcement of regulations against illegal fishing and the encroachment of commercial fishers in municipal waters, among others. “Many agencies are mandated to implement the law, but then those who are persistent in doing so are the Bantay Dagat groups. We are volunteers and have no salary, and yet our lives are in danger,” he said.

Similarly, the vulnerability of fisherfolk to climate hazards highlights the need to strengthen enforcement. For instance, Lim said, the Fisheries Code mandates for the implementation of fisherfolk settlements needs to be fast-tracked.

Meanwhile, mechanisms that enable stakeholders to participate in policymaking and implementation should be made to work. He said, for instance, that organizations participating in Bottom-Up Budgeting (see page 73) need funding support to meaningfully engage the process.

Good governance should lead to better performance by agencies and better results for the poor. Thus, the government is committed to pursuing reforms so that the agriculture development program funded by the 2015 Budget will truly benefit farmers and fisherfolk.

Agricultural Infrastructure

To achieve competitiveness and sustained growth in the agriculture and fisheries sector, P53.1 billion was earmarked for agriculture infrastructure development, including:

- **Irrigation (P22.3 billion).** To irrigate 27,672 hectares and restore 28,282 hectares of service areas, to be undertaken by the National Irrigation Administration

- **Farm-to-Market Roads (P15.2 billion).** To construct farm-to-market roads that cater to farmers and producers who transport their goods from rural areas to market towns

- **Fishery Infrastructure (P1.3 billion).** To construct fish landings in 252 sites and 26 municipal fish ports
Agricultural Commodity Programs

Rice (P7 billion). To help increase rice yield to 20.09 million metric tons (MT) through production and extension support, education and training, small scale irrigation, market development, and agricultural equipment and facilities support services.

Fisheries (P4.6 billion). To support the production of 4.9 million MT of fish and other aquatic produce through the construction of fish landings and ice plants and cold storage facilities, resource conservation measures, intensification of resource protection and law enforcement, and research and technology.

Coconut (P4.1 billion). To help raise the incomes of coconut farmers and ensure the production of 2.81 million MT of coconuts and copra through an integrated approach to support coconut farmers via farm-to-market roads, access to credit, production and productivity support measures, and income augmentation activities.

Corn (P2.3 billion). To support the production of 2.75 million MT of quality white corn, 6.27 million MT of yellow corn, and 3.87 million MT of cassava and to establish more post-harvest facilities, equipment, and machineries in major corn and cassava producing areas.

High Value Crops (P2.1 billion). To support agricultural diversification and high value crops, such as the production of 2.6 million MT of pineapples, 865,910 MT of mangoes, and 9.17 million MT of bananas.

Livestock and Poultry (P1.6 billion). To boost the livestock production, including 2.1 million MT of hogs and 1.72 million MT of chicken, by funding efforts to promote enterprise development, increase farmers' income, and support global competitiveness.

Agrarian Reform

Even as the mandate for the Comprehensive Agrarian Reform Program Extension with Reforms (CARPER) has already ended on June 30, 2014, the acquisition and distribution of lands covered with Notices of Coverage on or before that date will still continue.

For 2015, the Department of Agrarian Reform (DAR) has been allocated with P6.35 billion to acquire and distribute 198,631 hectares (ha.) of land in 2015. This supports DAR in completing its distribution backlog of 771,795 ha. by 2016. In addition, the Department of Environment and Natural Resources (DENR) has P480 million to issue free patents for 44,857 ha. of public alienable and disposable lands, while the Land Registration Authority has P332 million to support DAR and DENR in processing titles for CARP-covered lands.

According to DAR, it had a balance of 771,795 hectares for acquisition and distribution as of December 2013, while the DENR had a balance of 134,857 hectares. The sum of these land areas represents 55 percent of landholdings for acquisition and distribution under the Aquino Administration.
Accountability

Department of Agriculture

Select Outcomes and Performance Targets:

Productivity in the Agriculture and Fisheries sector increased
- Increase to 4.68 mt/ha of production of Palay
- Increase to 2.06 mt/ha of production of White Corn
- Increase to 13.92 mt/ha of production of Cassava
- Increase to 0.71 mt/ha of production of Coffee
- Increase to 0.94 mt/ha of production of Coconut, Copra

Forward linkage to the industry and services sectors increased
- Additional 20 agri-based MSMEs from 2014 accomplishment
- 2.4 percent increase in average income of households in the agriculture and fishery sector from 2012 accomplishment

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Head of Department: Secretary Proceso J. Alcala
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Bureau of Fisheries and Aquatic Resources

Select Outcomes and Performance Targets:

Productivity in the fisheries sector increased
- Increase of production to 350,326.53 mt of Tilapia
- Increase of production to 443,125.62 mt of Bangus
- Increase of production to 351,645.87 mt of Sardines

Sector Resilience to Climate Change Risks Increased
- 30,688 beneficiaries of environment-friendly fishing gears

Transparency Seal:
http://www.bfar.da.gov.ph/transparency.jsp

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On May 5, 2014, President Aquino issued Memorandum Order No. 70 creating the Presidential Assistant for Food Security and Agricultural Modernization to coordinate and monitor the implementation of the National Convergence Initiative and to exercise oversight over the National Food Authority, National Irrigation Administration, Philippine Coconut Authority, and Fertilizer and Pesticide Authority.

Office of the Presidential Assistant for Food Security and Agricultural Modernization

Head of Agency: Secretary Francis Pangilinan
Website: opafsam.gov.ph
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Philippine Coconut Authority

Select Outcomes and Performance Targets:

Growth & competitiveness of coconut industry enhanced
- 0.880 mt/ha increase in recovery rate
- P38,276.15 increase in average coconut farmers’ annual income per hectare

Transparency Seal:

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                     pca Corpsec8@yahoo.com.ph
Head of Agency:      Romulo N. Arancon, Jr.
                     Administrator
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National Irrigation Administration

Select Outcomes and Performance Targets:

Irrigation facilities and services enhanced
- 10 percent increase in the number of farmer beneficiaries (1,127,387)
- 6 percent or 4 percent increase in the irrigated areas during the dry season and wet season, respectively

Transparency Seal:
nia.gov.ph/about.php?option=transparency_seal-transparency_seal

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                     Central-Office
Head of Agency:      Administrator  Florencio F. Padernal
Email:              ffpadernal@nia.gov.ph

Department of Agrarian Reform

Select Outcomes and Performance Targets:

Land tenure security of agrarian reform beneficiaries (ARBs) improved
- 69 percent of total CARPER potential ARBs awarded with Emancipation Patents or Certificates of Land Ownership Award (CLOAs)
- 70 percent of total ARBs under collective ownership from 1988 to 2009 issued with individual CLOAs

Farm productivity and income of ARB households increased
- Farm yields of ARBs comparable with national average: 15 percent above national average for irrigated rice;
- 10 percent above national average for rainfed rice; 45 percent above average for corn; at par with national average for sugarcane
- 13 percent annual increase in ARB household income compared to previous year

Transparency Seal:
http://www.dar.gov.ph/transparency-seal

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Tourism Development

The Tourism Development Program seeks to attract 10 million international arrivals and 56.1 million domestic travelers by 2016. For 2015, efforts to actively promote tourism in the country and investments in strategic transport infrastructure projects should help employ 6.3 million workers.

Basic Sector Profile: Informal Sector

Sari-sari store owners, ambulant vendors, construction workers, tricycle drivers, and job order workers, to name a few, are members of the country’s informal sector. They are independent and self-employed small-scale producers and distributors of goods and services. They are largely unrecognized despite their contribution to the economy and society.

Gloria Madagay, former NAPC sector representative of the Workers in the Informal Sector, said that recognition must be given to these workers through laws and policies that protect their rights, match social protection packages to their needs, and provide formal means for dialogue with the government.

“The Labor Code is hinged upon the formal labor sector. If we look at it, it does not explicitly cover informal labor,” she said, adding that their sector is advocating for the passage of the Magna Carta for Workers in the Informal Economy, which will establish policies that will bring them to the economic and social mainstream and enable their further growth.

She added that informal sector workers do not enjoy social safety nets, including social insurance coverage, basic services such as healthcare, and skills development that most workers in the formal sector receive. For instance, she said their premium payments for SSS, PhilHealth, and Pag-Ibig should be subsidized or customized accordingly.

“If you are an ordinary market vendor and do not have your own stall yet, you will get all your payments for social insurance from your income. That is a pretty heavy burden,” she said, stressing the need for equity. “For example, a lawyer who does not belong to a law firm pays the same amount of PhilHealth premiums as those paid by tricycle drivers.”

She added that improving access to skills development services is important to the sector, for this enables them to improve their enterprises and income. “For example, you are an ordinary puto vendor now, and your ingredients now are only limited. How can you be recognized? Skills enhancement is needed,” Madagay said.

Madayag also emphasized that recognizing informal sector workers means being represented in national and local government bodies, enabling them to participate in decision-making processes including the design and implementation of government programs. “Agencies should convene the sector so we can discuss needs that should be addressed. That is what we mean by participation,” she said.
For instance, she sees tourism as a potential employer of informal sector workers: those who may benefit include jeepney and tricycle drivers who provide the usual mode of transport for tourists to their choice destinations; as well as tour guides and ambulant vendors who provide services and sell local products to tourists.

Tourism Promotions

A total of P3.9 billion will be used to implement tourism promotion campaigns and market development programs to elevate the Philippines’ brand as a global tourism destination. Of this amount:

**P2.3 billion** for the Department of Tourism, including
- P709 million for market and product development
- P600 million for branding campaigns

**P1.6 billion** for the Tourism Promotions Board, including
- P500 million for tourism promotion services
- P1.13 billion from the Tourism Promotions Fund

Tourism Infrastructure

The government’s transport infrastructure investments for 2015 *(see pages 46 to 48)* include those that support the tourism industry:

**DPWH**: P16.4 billion to construct, widen, and upgrade tourism access roads:
- 86 kms. of access roads to airports
- 101 kms. of access roads to seaports
- 750 kms. of access roads to tourist destinations

**DOTC**: P9.9 billion to modernize and expand airports and P275 million to improve maritime transport facilities leading to strategic tourist destinations.

Tourism Development Program: Strategic Tourism Clusters

- Batanes-Cagayan Coast-Babuyan Islands
- Laoag-Vigan
- Lingayen Gulf
- Cordillera
- Sierra-Madre
- Central Luzon
- Metro Manila and CALABARZON
- Palawan
- Marinduque-Mindoro-Romblon
- Bicol
- Western Visayas
- Central Visayas
- Eastern Visayas
- Zamboanga Peninsula
- Northern Mindanao
- Cagayan de Oro Coast and Hinterlands
- Agusan River Basin
- Surigao-Dinagat Islands
- Cotabato-Sarakangani
- Davao Gulf and Coast
Accountability

Department of Tourism

Select Outcomes and Performance Targets:

Tourism revenue, employment and arrivals increased
• Tourism direct Gross Value Added (GVA) increased by 16 percent (₱974 billion)
• Tourism employment increased by 16 percent (₱6.3 million)
• International arrivals increased by 20 percent (₱8.2 million)
• Domestic arrivals increased by 8 percent (₱51.7 million)

Transparency Seal:
http://www.tourism.gov.ph/Pages/TransparencySeal.aspx

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Head of Department: Secretary Ramon R. Jimenez, Jr.
Email: rrjimenezjr@tourism.gov.ph

Tourism Promotions Board Philippines

Select Outcomes and Performance Targets:

Image of the Philippines as a travel destination enhanced
• Increase of 4.9 Million tourist arrivals in TPB’s assigned markets
• Increase of 2,000 opportunities given to private sector to participate with TPB international and domestic marketing and promotions projects

Transparency Seal:
https://tpb.gov.ph/transparency-seal

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Also see page 50 for the performance targets and contact information of DPWH & DOTC

Manufacturing Resurgence

The Manufacturing Resurgence Program seeks to improve the business climate, increase productive and innovative capacity, enhance consumer welfare, and expand market access. This investment will also develop a competent and highly-skilled workforce, as well as in rural electrification.
In 2014, there were 2.7 million jobless Filipinos. As finding work gets more difficult, skilled workers and professionals opt to work abroad. Those who stay, on the other hand, settle for contractual jobs with wages that hardly pay for their daily subsistence.

“The biggest issue is still attracting investment so that you can generate employment. Secondly, we’re losing many people to migration. Third, we have a problem with wage setting,” Darius Guerrero of the Philippine Trade and General Workers Organization said, describing the plight of workers in the formal sector.

He said that without enough local jobs, the country is losing its skilled workers to opportunities abroad. When they come back, he said, “The economy is not capable enough to absorb them at the level of their economic status when they were working abroad.”

Guerrero agreed with the view of many experts that the reason for lack of employment opportunities for the workers in the formal sector was the underdevelopment of the country’s industry sector, which has greater ability to create more jobs than the services sector. He added that the country’s service-dominated economy must be transformed to one that is built by factories and production sites.

The country’s manufacturing sector had grown at a modest rate of 4.1 percent in the 2000s and employed only about 9.0 percent of the total workforce from the 1990s to 2000s. Reviving the manufacturing sector, he said, could unlock vast opportunities for many highly-skilled, semi-skilled, and unskilled workers.

Guerrero said this initiative must be pursued urgently as the ASEAN Integration takes effect this year, possibly making it harder for Filipinos to find work locally, as foreign nationals may come in to compete for jobs. He said this might create “a more chaotic situation, unless there’s a regulatory mechanism.” He also warned against the fixation on cheap labor in a bid to attract more investments, as wages are already being pulled down and job contractualization is increasing. Instead, he said the government should focus on improving the price and supply of gasoline, electricity and internet services and on providing more and better roads, and reforming public institutions, such as the Bureau of Customs.

“One of our attractions is actually the low salary that we have. I think that’s counterproductive. In very rich countries, they have high salaries but investments still pour in,” Guerrero said.

According to Guerrero, the country’s education system is improving, through the K-12 Basic Education Program, as well as through more courses being offered by Technical Education and Skills Development Authority. He emphasized, however, that the two programs must be tightly linked together to ensure that graduates enter the labor market with the necessary skills.

While K-12 can develop more globally competitive graduates, he noted that a “lull period” would be inevitable as the first batch of senior high school graduates will enter the workforce in about three years, or about five if they choose to go to college.

The revival of the manufacturing sector is outlined in the long-term Manufacturing Industry Roadmap, which seeks to increase the number of employed in the sector by 15 percent and increase its value-added contribution to the economy to 30 percent by 2021 to 2025. To support the sector’s competitiveness and ability to create more jobs, the 2015 Budget invests heavily in building roads that link markets to industries; in providing policy and research and development support to them; and in building a quality workforce through skills development.
Strategic Transport Infrastructure

P287.8 billion will be used for the development of transport infrastructure to provide enterprises with better access to markets and raw materials (see pages 46 to 49.)

Promotion and Development of MSMEs

The Department of Trade and Industry (DTI) will be provided a fund of P967 million to promote and develop small and medium industries by giving assistance to 100,084 micro, small and medium enterprises (MSMEs).

Rural Electrification

The National Electrification Administration will use P1.9 billion to energize 2,308 sitios and 111 barangays throughout the country. In addition, the Department of Energy will spend P153 million to energize households using renewable energy systems.

Research and Development

The Department of Science and Technology (DOST) will help enterprises leverage innovations to grow their businesses budgets of:

- P662.4 million for the Small Enterprise Technology Upgrading Program (SETUP) to assist 1,984 MSMEs in applying innovations that will improve their products, services, and operations.
- P343.5 million to fund research and development for competitive industries such as electronics, mining, manufacturing, and support to industry competitiveness.

Industry Development

In addition, a budget of P194 million will be used by DTI to develop and roll-out 20 industry roadmaps and 31 plans, programs, and policies for industry development.
Human Resource Development

Workforce development efforts in 2015 aim to produce a pool of competent and highly skilled workers that match domestic industry needs as well as meet the challenges of global competition.

Technical-Vocational Education. The Technical Education and Skills Development Authority will implement the following programs in 2015:

- **Training for Work Scholarship Program** (P2 billion). To provide training sponsorships to 210,526 enrollees in key industries, such as agriculture and fisheries, manufacturing, business process outsourcing and information and communications technology, tourism, general infrastructure, and logistics.
- **Special Training for Employment Program (STEP)** (P441 million). To assist 32,321 scholars in barangays and communities by providing them skills and training opportunities that will make them employable and productive, particularly through entrepreneurial, self-employment, and service-oriented activities.
- **Private Education Student Financial Assistance (PESFA)** (P200 million). To provide assistance to 21,053 qualified and deserving students in technical-vocational education and training (TVET) courses, and to assist private institutions in their efforts to assure a steady supply of enrollees to their course offerings.

Tertiary Education. The Commission on Higher Education (CHED), State Universities and Colleges (SUCs), and the DOST will roll-out the following scholarship programs:

- **Tulong Dunong Scholarship Program** (P2.3 billion). To provide 108,436 and 81,540 scholars of CHED and SUCs, respectively, under the grants-in-aid program, which will benefit poor but deserving students with at least a passing General Weighted Average.
- **Students Financial Assistance Program** (P763 million). To provide assistance to 53,834 scholars, grantees, and borrowers for their enrolment in duly authorized higher education institutions in identified priority courses.
- **DOST Scholarship Program** (P2.2 billion). To provide assistance to 18,579 science and technology scholars.
Accountability

Department of Trade and Industry

Select Outcomes and Performance Targets:
- Micro, small and medium enterprises (MSMEs) developed
- 15 percent (100,084) of total MSMEs in manufacturing, retail trade, construction, and services sectors assisted
- Investments increased
  - 5 percent (P779.3 million) increase in total approved investments

Competitive industries developed towards realizing the country’s industrialization strategy
- Increase number of persons employed in industry and services to 887,000-921,000
- 23.5 percent share of manufacturing to gross domestic product (GDP)

Transparency Seal:
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Department of Science and Technology

Select Outcomes and Performance Targets:
- Widespread benefits to Filipinos from scientific knowledge and cutting-edge technological innovations increased
- National Research and Development Agenda developed and adopted
  - 25 percent increase in the number of MSMEs assisted

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Visit the DOST Help Desk (http://helpdesk.dost.gov.ph/alldirectory) to get connected with the DOST and its attached agencies.

Technical Education & Skills Development Authority

Select Outcomes and Performance Targets:
- Employability increased and/or enhanced
  - 84 percent of technical-vocational education and training (TVET) graduates certified
  - 62 percent of graduates from technical-vocational courses employed

Transparency Seal:
www.tesda.gov.ph/about/tesda/136

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Department of Energy
Includes information on the National Electrification Administration (NEA)

Select Outcomes and Performance Targets:
Household electrification achieved
• 82.7 percent of households energized by 2015, towards 90 percent by 2017
NEA: Access to electrification expanded
• 90 percent of sitios energized

Transparency Seal:
http://www.doe.gov.ph/transparency-seal/
http://www.nea.gov.ph/component/content/article/205

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Commission on Higher Education

Select Outcomes and Performance Targets:
Quality tertiary education programmed to promote inclusive growth
• Increase of not less than 5 percent in the number of HEIs that are implementing strategic growth programs in the CHED identified priority areas
Access increased for deserving but poor students to quality education
• Increase of not less than 3 percent in scholarship grantees from CHED completing their courses in priority programs

Transparency Seal:

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Climate Change Adaptation and Mitigation

The new normal of climate change threatens the economy's continued growth and the people's ability to escape poverty. The 2015 Budget boosts government’s capability to manage and mitigate climate risks, prepare communities for more frequent and destructive natural disasters, and rebuild those already devastated by recent calamities, such as typhoon Yolanda.

Basic Sector Profile: Disaster Victims

While the country’s poverty incidence has been on a downward trend in recent years, more frequent and intense calamities pose a great threat to the people: those who have recently uplifted their lives are in danger of going back to poverty, while those who remain poor to this day may even go into deeper poverty.

The Asian Development Bank estimates that national poverty may increase by 1.9 percentage points because of typhoon Yolanda. About 1.6 million poor households in the provinces are considered to be most vulnerable to disasters.

The poor suffer the most during natural calamities because many of them live in danger zones or areas that are prone to destruction. Their livelihood, mostly farming and fishing, is likewise easily affected in times of natural calamities.

Kevin Yu of the non-government group Climate Justice, however, said that in addressing the needs of calamity victims, they should not be viewed as mere beneficiaries. In pursuing rehabilitation and construction efforts, he said, government should treat them as equal partners and consider their voice and vote in decision-making.

"Specifically after Yolanda, the issue of disaster victims is their participation in the formulation of rehabilitation plans," he said. "Ownership is very important because it is they who should determine how their livelihood should improve, where they should relocate, and what kind of lives they will have after the calamity."

The effect of calamities on the poor could be minimized if the country is better prepared to adapt to and mitigate the effects of climate change. However,
Yu noted, the country’s response to natural disasters had always been reactive, as he underscored the need to fully implement the concept of disaster risk reduction.

Yu said the government should ensure that the National Budget in the next two years is climate-responsive. “We already know where the hazards are, we have a lot of maps. What needs to be done is for agencies to connect with each other, identify needs, how much are these needs, where these are needed, and when these should be done,” he said.

To support the National Climate Change Action Plan, the government designed the 2015 Budget to focus on adaptation and mitigation, as well as to “build back better” the communities that were devastated by recent disasters. Strong linkages between budgeting and planning are being cemented to give rise to well-crafted and well-funded programs and projects.

Government investments for climate change nearly doubled in the last three years, reaching about P100 billion or 4.0 percent of the 2015 Budget. Moreover, the Bottom-up Budgeting (BUB) process enabled grassroots community organizations to identify about P1.6 billion worth of climate change-related activities. These activities, which were included in the enacted 2015 Budget, represent about 8.0 percent of the total pot for BUB.

**Build Back Better**

With lessons gained from recent calamities, the Administration adopted “Build Back Better” as its core strategy for disaster rehabilitation and reconstruction: public infrastructure should be rebuilt with better quality, and communities provided with the means to have safer homes and better jobs and livelihood. The 2015 Budget provides substantial amounts to boost government response to calamities and rebuild communities affected by disasters:

- **P14 billion.** National Disaster Risk Reduction Management Fund (NDRRMF) including P1 billion for the People’s Survival Fund
- **P6.71 billion.** Quick Response Funds (QRF) lodged under the budgets of DA, DepEd, DoH, DND, DPWH, DSWD, DoTC, and NIA
- **P1 billion.** Rehabilitation and Reconstruction Program (RRP)

**Allocations from the 2014 Supplemental Budget.**
P10.1 billion is likewise provided under the 2014 Supplemental Budget (Republic Act No. 10652) for the construction of 27,313 units of permanent housing (P8 billion) and Emergency Shelter Assistance (P2.1 billion) for victims of typhoon Yolanda. These activities will be implemented by NHA and DSWD, respectively.
Risk Resiliency Program

Climate change poses a great threat to everyone, particularly to those living in vulnerable areas. To strengthen the country’s resilience to these risks and help prevent loss of lives and damage to properties, the 2015 Budget focuses on improving the adaptive capacities of communities and on strengthening the natural ecosystems.

Geohazard Mapping and Assessment. The government also invests in the following endeavors to mitigate the impact of geologic hazards:

- P1.15 billion for Project NOAH (Nationwide Operational Assessment of Hazards) of the DOST to generate 3D hazard maps to establish the Philippine Earth Data Resource and Observation (PEDRO) Center
- P398 million for the Unified Mapping Project of the National Mapping and Resource Information Authority to produce 1,500 detailed and up-to-date image maps. The mapping will cover 360,000 hectares including the country’s 18 major river basins
- P89 million for the Mines and Geosciences Bureau’s (MGB) geohazard mapping and assessment of disaster-prone areas, and for production of maps and manuals and training of communities

Flood Control Infrastructure. Flooding has been a perennial problem intensified lately by climate change. To help mitigate flooding, the government provided for the following under the 2015 Budget:

- **DPWH Flood Control and Management Services (P46.2 billion).** This allocation will cover the construction, maintenance, repair and rehabilitation of flood control and drainage structures throughout the country.
- **MMDA Flood Control (P276.9 million).** This allocation will fund the flood control and sewerage management services as well as various drainage improvement and other locally-funded projects of the Metropolitan Manila Development Authority.

Cleaner and Safer Environment. To ensure a healthier environment, the 2015 Budget provides for the following:

- **Solid Waste Management (P993.5 million):** To cover disposal fees for various MMDA-accredited sanitary landfill facilities, among others
- **Air Quality Program (P139 million):** To put up seven real-time air quality monitoring stations to check harmful air pollutants, to monitor industry compliance with environmental standards, and to intensify enforcement on mobile sources
- **Water Quality Management Program (P99 million):** To establish 17 water quality management areas (WQMA), clean up additional 64 esteros in majority cities, among others

In addition, the 2014 Supplemental Budget provides P178 million for the remediation of San Mateo Sanitary Landfill, to be undertaken by the DENR-Environmental Management Bureau.
Accountability

Department of Environment and Natural Resources

Select Outcomes and Performance Targets:
Environment and natural resources sustainably managed:
• Forest cover increased to 8.1 million hectares by 2015 from 6.8 million in 2010
• 31 identified illegal logging hotspots neutralized

EMB: Clean and healthy environment sustained
• 10 percent reduction of air pollutants (PM10) to 70.2 micrograms per normal cubic meter in NCR by 2015

MGB: Adaptive capacities of communities improved
• 5,800 barangays in 510 municipalities and cities informed on the use of geohazard maps by 2015

NAMRIA: Improved access to geospatial information
• 15 percent coverage of large scale (1:10,000) topographic base maps
• 74 percent coverage of updated medium scale (1:50,000) topographic maps
• 187 nautical charts updated

Transparency Seal:
www.denr.gov.ph (click on the Transparency Seal icon on the right column of the homepage)
www.mgb.gov.ph/tseal.aspx
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Department of Science and Technology-Philippine Atmospheric, Geophysical, and Astronomical Services Administration

Select Outcomes and Performance Targets:
Safety and resiliency of Filipinos to disaster risks from extreme weather, flooding, storm surge, and related events enhanced
• 100 percent of 28 vulnerable provinces that have robust science-based weather-related information and services in their disaster risk reduction plans by 2016

Transparency Seal:
www.dost.gov.ph/index.php/transparency
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See page 62 for the contact information of DOST.

Department of Public Works and Highways
See page 50 for the contact information of DPWH

Select Outcomes and Performance Targets:
Protect lives and properties against major floods (56 rivers within 18 major river basins and 38 principal rivers)
• 1 % decrease of areas vulnerable to floodings
• 1 % decrease in casualties and damage to properties

See page 62 for the contact information of DOST.
Thousands of Filipinos have been forced to flee their homes and communities due to the Mindanao conflict. Internally displaced persons or IDPs pay the price of internal conflicts, leaving them poor and vulnerable as their livelihood and their lives in general are disrupted.

Analisa Ugay of Manila-based Balay Rehabilitation Center, a non-government organization that provides psychosocial services and rehabilitation to internally displaced persons, said wars entail huge spending on the part of government: to spend for the war itself, and to spend for rehabilitating communities and infrastructure destroyed in the process. “And after you reconstruct those which were destroyed, another war ensures,” she laments.

Ugay lauded the government for pursuing the peace process. “This is a significant matter. While it will not solve the entire problem, because it is not the end-all solution, this is still the most concrete and strategic step towards ending war,” she said. At the same time, she emphasized the need to ensure that Mindanaoans have the direct voice and vote in the way they want development to take root in their homeland.

According to Ugay, IDPs feel less empowered because they are, most of the time, not part of the government’s decision-making process, including those involved in their relocation away from conflict areas. “What we want is their informed consent, not to impose on them. Otherwise, they will just go back to where they came from,” she said.

Working with IDPs calls for cultural sensitivity, Ugay noted, so that their needs are understood and rightfully addressed. Ugay said that this sensitivity includes at the very least not relocating them to areas where they are not accustomed to, for example, people who live on seas and are experts on fishing should not be relocated to mountain areas. Ugay also

Lasting Peace and the Rule of Law

Peace and justice provide a firm foundation in building an Inclusive Development: after all, war and conflict are rooted in disparities in society—poverty and inequality, historical injustices, and misunderstanding among people, among others. Through the 2015 Budget, the Aquino Administration demonstrates its commitment to pursuing just and lasting peace.
expressed hope for a speedier disposition over the acquisition of lands for the IDPs.

She cited the case of IDPs as a result of the September 2013 Zamboanga crisis, where the United Nations High Commissioner for Refugees noted that “IDPs from minority Moro population are considered as ‘informal settlers’ by city authorities and are not being included in the city recovery and rehabilitation plan.”

Ultimately, Ugay said these challenges, especially those that involve delivery of public services, are a reflection of the kind of governance dispensed by the local government. “From the way I see it, the delivery of services really counts when you have good governance down to local government,” Ugay said.

Rebuilding war-torn communities continues to an important part of the government’s efforts on peace and development. Development projects continue to be undertaken in Bangsamoro communities, delivered through PAMANA: the government’s framework and program for peace and development not only in Mindanao but in other conflict-affected areas as well.

**Peace and Development**

The 2015 Budget complements the attainment of peace with rebel groups by funding the delivery of goods and services to war-torn communities.

**Supporting the Bangsamoro Peace Agreement**

With the signing of the Comprehensive Agreement on the Bangsamoro and in anticipation of the approval of the Bangsamoro Basic Law, an initial amount of P2.7 billion was allocated to fund socioeconomic needs of key communities in Mindanao.

- **P950 million** for various social services (DSWD)
  - Immediate Assistance (Reinsertion Package)
  - Auxiliary social services for PWD combatants
  - Sustainable program
  - Cash-for-work and cash-for-training
  - Construction and renovation of community-based infrastructure

- **P880 million** for agriculture support (DA)
  - Agri-enterprise support
  - Agricultural development support: small water impounding projects, farm-to-market roads, farm inputs and machineries, seeds, etc.

- **P231 million** for livelihood development and literacy programs (DepEd)

- **P335 million** for technical vocational training (TESDA)

- **P50.4 million** for health insurance (DOH-PHIC)

- **P231 million** for implementation of Annex on Normalization (OPAPP)

- **P15.5 million** for scholarship program (CHED)
Modernizing Law Enforcement and Territorial Defense

A community that is safe as a result of effective law enforcement and superior territorial defense provide a better space for people to realize their potentials without fear and for the economy to grow under a stable atmosphere.

Payapa at Masaganang Pamayanan (PAMANA)

Peace can only be sustained when the necessary services are delivered on the ground to ensure that prosperity takes root in conflict-torn communities. Thus, about P7.3 billion of the Budget is set aside to support peace-building efforts through key development interventions.

- P3.1 billion to DILG, for community infra and support
- P2.5 billion to DA & ARMM, for community-driven development, farm-to-market roads, irrigation
- P760 million to DWSD, for community support projects
- P519 million to DPWH, for road construction
- P200 million to DENR, for reforestation

- P100 million to NEA & DOE, for electrification projects
- P48 million to DOH-PhilHealth, for health insurance premiums of former rebels
- P47 million to NCIP, for support to indigenous people
- P9 million to CHED, for study grants

Police Modernization (P2 billion): To upgrade the equipment of the Philippine National Police so the agency can decrease crimes and increase the number of crimes solved

Fire Protection (P8 billion): To strengthen the capacity of the Bureau of Fire Protection in reducing the number of fire incidents to one per 10,000 population

Around P20 billion will be used to modernize the Armed Forces of the Philippines so the defense agency can better protect the country's sovereignty, and to defend territorial integrity, and achieve internal peace and security.

Public Order and Safety

Resolution of Cases.
The Supreme Court and Lower Courts will be provided P18.1 billion to support speedy resolution of cases.

Legal Services for Indigents. The Public Attorney's Office will receive P1.9 billion to help 4.6 million indigent and other qualified clients.

Witness Protection.
The Department of Justice will mobilize P190.7 million to support and protect 680 witnesses.

Strengthening Delivery of Justice

An effective justice system addresses inequality. Thus, respect for the rule of law and due process must be established as a necessary precondition to building a just and equal society.

The Public Attorney's Office will receive P1.9 billion to help 4.6 million indigent and other qualified clients.
Accountability

Office of the Presidential Adviser on the Peace Process

Select Outcomes and Performance Targets:
Negotiated political settlement of all internal armed conflicts achieved
• Assistance in the establishment of the Bangsamoro Transition Authority and continuing monitoring of the implementation of the Comprehensive Agreement on the Bangsamoro etc. (GPH-MILF)

Convergence of government agencies in the delivery of services in conflict-affected areas improved
• 100 percent of programmed PAMANA areas with improved access to basic services areas.

Transparency Seal:
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Head of Agency: Secretary Teresita Quintos-Deles

Armed Forces of the Philippines

Select Outcomes and Performance Targets:
Territorial defense, security, and stability services
• 189 tactical battalions maintained (Army)
• 140 supportable aircraft maintained (Air Force)
• 116 mission-ready fleet marine units maintained (Navy)

Transparency Seal:
http://www.afp.mil.ph/index.php/component/content/article/layout-edit&id=248

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Department of Justice

Select Outcomes and Performance Targets:
• At least 70 percent increase in successful prosecutions (28,700/41,000)
• At least 95 percent of legal services rendered within 15 working days from receipt of request (19,950/2100)

Transparency Seal:

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Head of Department: Secretary Leila M. De Lima
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Philippine National Police

Select Outcomes and Performance Targets:
Community safety improved
• Five percent reduction in both national index crime rate
• Five percent increase in crime solution efficiency rate

Transparency Seal:

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Head of Agency: OIC Director Leonardo A. Espina
Good Governance and Anti-Corruption

Development gravitates to societies that are governed well. When public institutions are transparent, open to citizen participation, and are held to account, they perform better, providing public goods and services that are responsive to the needs of citizens. As a result, better performance leads to better results: greater prosperity, more jobs and livelihood, fewer poor, and most importantly, equal opportunities for all.

Basic Sector Profile: NGOs and CSOs

Civil society organizations (CSOs) have been playing important roles in pursuing good governance and development: from acting as watchdogs against anomalies in the implementation of programs, to representing the interests of their member-stakeholders in government policymaking processes—particularly those involving the allocation of public funds.

In recent times, CSOs—including non-government organizations (NGOs) and community and basic sector groups—are more actively engaging the budget process, enabled by landmark reforms like Bottom-Up Budgeting (BUB) that establish formal means for citizens’ participation.

“Through BUB, ordinary citizens were given the chance to participate or become part of the process (of selecting local poverty reduction programs). And not only that: they themselves implement these programs. BUB does not end with consultation alone, because it entails active participation from people,” Rev. Nolasco Apolonio, a member of the Regional Poverty Reduction Action Team of NCR South Cluster and a youth advocate, said.

However, challenges to the ability of CSOs to engage BUB and other participatory budgeting mechanisms need to be addressed. Apolonio, for one, expressed his hope that old, bureaucratic processes that had made it difficult for CSOs to coordinate with national and local governments will be abandoned.

Another challenge is the lack of resources like funds and manpower, as Dodo Macasaet, Executive Director of the Caucus of Development NGO Networks (CODE-NGO), said. “They are very willing to participate, but of course, we should remember that many NGO workers are volunteers or have low salaries. When they go to a meeting, they will have to commute and spend for food, so funding becomes a concern,” he said.
He also said that the turn of events in 2013—where bogus NGOs were said to have been used to pilfer from the Priority Development Assistance Fund (PDAF)—affected the credibility of legitimate CSOs and NGOs. This temporary setback affected their ability to participate in government processes.

But even before this, as Macasaet also said, a gap that remains to be addressed is the capacity development of CSOs and NGOs, especially when it comes to understanding government policies and processes. Capacity building efforts need to be boosted as the work to fully establish citizen engagement as a new approach to governance continues.

As the Aquino Administration ends its term in mid-2016, it is now focused on institutionalizing BUB and other participatory budgeting mechanisms in the hope that the next administrations will find these already deeply embedded in mainstream government processes.

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**Bottom-Up Budgeting**

Bottom-Up Budgeting (BUB) enables citizens to experience the benefits of transparent, accountable, and participatory governance at the grassroots. Through BUB, citizens engage their local government units (LGUs) in identifying concrete solutions to poverty in their communities. Their collaboration results in a creation of anti-poverty plans that spell out projects to be funded by the National Budget.

Under the 2015, P20.9 billion will fund 14,300 poverty reduction projects identified in 1,590 cities and municipalities. The funding of citizen-approved BUB projects thus makes the National Budget more responsive to the unique needs of their localities.

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</tbody>
</table>

Because BUB creates spaces where citizens are given greater voice and vote in public spending, projects they sought funding for aim to provide them social safety nets, connect them to opportunities, give them jobs and livelihood, and provide basic services they need. About 20 percent or P4.3 billion will support agriculture-related projects, while another 12 percent or P2.6 billion will fund portable water supply projects.

¹*Local Poverty Reduction Action Plans*
Distribution Map of BUB Allocations

Grand Total: P20.9 billion
Major reform initiatives to strengthen the capacity of public institutions to govern and deliver services include:

**Public Financial Management (PFM) Reform.** The Commission on Audit (COA) and the Departments of Budget and Management (DBM) and Finance (DoF) continue to pursue reforms for greater transparency, accountability, efficiency, and citizen’s participation in the management of government’s finances. Key reforms funded by the 2015 Budget include:
- **P726.6 million (DoF-Treasury),** for the development of the Treasury Single Account
- **P293.6 million (DBM),** for the development and implementation of PFM systems reforms.
- **P5.9 million (CoA),** for the implementation of Citizen’s Participatory Audit

**Good Local Governance.** The DILG’s Capacity Development Program will be funded P3.1 billion to incentivize LGUs to adopt governance standards by implementing the Seal of Good Local Governance, the Local Government Performance Management System, and the Performance Challenge Fund. In addition, the Department of Trade and Industry will receive P9 million to help 1,500 LGUs adopt the Business Permits and Licensing System.

**Anti-Corruption.** The Office of the Ombudsman will receive funding of P550.2 million to boost the investigation and prosecution of graft and corruption cases, including action on 18,913 complaints and grievances. Meanwhile, the Sandiganbayan will be funded P287 million to adjudicate 3,796 graft and corruption cases, 418 of which will be disposed in 2015.

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**Accountability**

**Department of the Interior and Local Government**

**Select Outcomes and Performance Targets:**

- Transparency and accountability of all LGUs sustained:
  - 75% of LGUs fully complying with the Full Disclosure Policy
- LGU capacity to develop and implement social protection and security mechanisms for local communities, especially the marginalized and vulnerable groups enhanced
  - 10% increase of LGUs with plans, programs, and projects for poverty reduction, social protection and security of local communities

**Transparency Seal:**


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Department of Budget and Management

Select Outcomes and Performance Targets:
People empowerment through the budget institutionalized through transparent and participatory budgeting initiatives
• Philippines’ Open Budget Index improved from 48 in 2012 to 60 in 2015
• 25 percent increase in the budgetary allocation for Local Poverty Reduction Action Teams (LPRAT)–identified projects through the Grassroots Participatory Budgeting
• 75 percent of LPRATs satisfied with the planning process and outcome of the Local Poverty Reduction Action Plan (LPRAP)

Transparency Seal:
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National Anti-Poverty Commission

Select Outcomes and Performance Targets:
Citizen participation at national and local levels in decision-making for poverty reduction and policy program institutionalized
• Basic sector representation in key local and national governance mechanisms, such as National Poverty Reduction Action Team (NPRAT), GPB Executive Committee, NDRRMC, PDTF Executive Committee, Regional PRATs and others, in 2016

Resources for poverty reduction from government increased
• 60 percent increase of utilization of GPB funding

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Reforming the Philippine Budget Process

The Budget is an important tool that the government must use in achieving its development agenda. However, the Budget can only be an effective tool if it is crafted and utilized well. Guided by this premise, reforms were introduced to enshrine the principle of “Paggugol na Matuwid”: a budget process characterized by efficiency, effectiveness, integrity, and most of all, citizen’s empowerment.

Since 2010, the government has been rolling out major budget and management reforms to ensure spending within means, spending on the right priorities, and spending with measurable results. Moreover, it has introduced mechanisms to ensure greater transparency, accountability, and citizen’s participation. The following pages show how key public financial management reforms have been transforming the way the Budget is being designed, legislated, implemented, and accounted for.
Budget Preparation: Aligning Expenditures to People’s Priorities

Government sets the fiscal program (see pages 12-14), identifies priorities and agency budget ceilings, sets rules for budget submissions, and issues the Budget Call by January of the year before the budget year.

Agencies prepare and submit their proposed budgets by April, after they collaborate with one another to align their plans, and engage their stakeholders through participatory budgeting process.

The Department of Budget and Management (DBM) reviews agency proposals and consolidates these into a draft Budget for scrutiny by the President and Cabinet. This review and consolidation process happens from May to June.

The President approves and submits the Proposed National Budget to Congress within a month after his State of the Nation Address (SONA). Since 2011, the President has been submitting the Proposed Budget one working day after his SONA.

The Executive prepares the Proposed National Budget for the coming year during an intensive seven-month process. With its scarce resources, the government cannot accommodate all proposals—in fact, the government continues to have a fiscal deficit (see pages 12-14 on financing the Budget). Thus, key budget reforms have been introduced to ensure that public funds are focused on the people’s most pressing needs.

The Budget Priorities Framework. Starting 2014, the government introduced this document to guide government agencies in aligning their proposed annual budgets with the government’s Inclusive Development agenda as outlined in the Philippine Development Plan. Budget Priorities Framework spells out priority programs for the fiscal year. Beginning 2015, this framework now also identifies the poorest and most disaster-prone areas.

Other key reforms introduced since 2010 enabled the government to focus public spending on priority programs that have impact to people’s lives. These include:

- **Zero-Based Budgeting**: Introduced by the Aquino Administration as soon as it assumed office in 2010, this budgeting approach has enabled the government to weed out inefficient and ineffective programs.

- **Early Budget Preparation**: In 2011, the budget preparation calendar was adjusted—to begin in January, rather than in April in previous administrations—to give agencies more time to prepare their budget proposals. This change also enables the President to submit the Budget early (see opposite page).

- **Program Budgeting**: Introduced in 2013, this reform strengthens collaboration among agencies in planning and implementing priority programs. For the Tourism Development program, for instance, various departments synergize their tourism promotion, transport infrastructure development, peace and order, and other endeavors.

- **Performance Informed Budgeting**: First introduced in 2014, this reform further tightened the link between the development goals and the outcomes and outputs that the annual Budget is designed to deliver.

- **Citizen’s Engagement**: Ultimately, the people’s priorities should be paramount in the Budget. Reforms, such as Bottom-Up Budgeting (BUB), were introduced to give citizens a greater voice in preparing the Budget (see pages 73-74 for more information on BUB.)
Ending Frequent Budget Re-Enactment: The Aquino Administration has ended the past practice of frequent budget re-enactment by working with Congress to ensure that the annual GAA is enacted on time. To give Congress more time to review the Proposed Budget, the President since 2011 has been submitting it right after his State of the Nation Address. The timely enactment of the Budget not only ensures that programs and projects can be rolled out as early as possible but also prevents abuses enabled by frequent re-enactment.

Disaggregation of Lump Sum Funds: Such funds are prone to abuse and tend to delay implementation, as the specific activities to be funded are only identified during the budget execution year. Thus, the Administration disaggregated lump sum funds into detailed programs and projects in the Budget. This reform not only introduces greater transparency and speeds up budget execution, but also enables Congress to better scrutinize government’s annual spending plan.

Performance-Informed Budgeting: Beginning with the 2014 GAA, the Budget now contains the agencies’ performance targets alongside their budgetary outlays. This enables Congress to review proposed appropriations against the agencies’ commitments.

Clearer Rules on Savings: The 2015 GAA clarifies the definition of savings and the parameters for declaring and using such. For one, savings cannot be sourced from programs, activities, or projects that are discontinued or not commenced due to the fault or negligence of the agency concerned. Moreover, savings may only be used to augment existing items of appropriation.

Reporting to Congress and the Public: Congress included a provision in the 2015 GAA establishing the “duty and responsibility of the head of the agency” to comply with reports required by the GAA and imposes penalties for their failure to do so.
Budget Execution: Faster, Efficient, & High-Impact Rollout of Programs

The DBM releases allotments to the agencies, authorizing them to incur obligations against their approved budgets. The GAA itself serves as the allotment document, and the Special Allotment Release Orders (SARO) have been lessened.

The agencies incur obligations, particularly after undertaking procurement. Due to early bidding, projects are rolled out as early as January.

DBM releases disbursement authorities, such as the Notices of Cash Allocation (NCA) to agencies and their government servicing banks.

The agencies disburse cash to pay their personnel, contractors, suppliers, and other service providers upon their delivery of goods and services.

Once the Budget is enacted, agencies may now implement their programs and projects using their approved budgets. However, tedious budget release, procurement, and payment processes in the past had delayed the rollout of programs and projects. Reforms have been introduced to make the budget execution processes more efficient.

Faster Budget Execution. Since 2010, the Administration has pursued reforms to curb bottlenecks and leakages in spending systems:

- The Disaggregation of Lump-Sum Funds and Early Enactment of the Budget have ensured that the approved Budget is ready for implementation by day one of the fiscal year.
- Account Management Teams have been deployed by DBM since 2012 to closely monitor key departments’ performance and assist them in implementing measures to improve the pace and quality of their expenditures.
- The GAA-as-Release Document, through the 2014 Budget, ensures that the budgets of departments and agencies are considered released as allotments as soon as the GAA takes effect. The fleshing out of lump sum funds into detailed programs and projects enabled the application of the GAA-as-Release Document
- Beginning 2014, the release of Comprehensive Notices of Cash Allocation (NCAs) covering the first semester requirements of agencies has reduced processes involved in the previous regime of monthly or quarterly NCA releases.
- The Checkless and Cashless Payment System has been rolled out since 2014. Now, about 80 percent of payments to suppliers are done via bank-to-bank transactions.

Procurement Innovations. Since 2011, reforms have been introduced to make the procurement process more responsive:

- Mandating all agencies to use the Procurement Service to maximize cost savings from the bulk procurement of common-use supplies, such as paper and computers;
- Scaling up the Government Electronic Procurement System (PhilGEPS) to eventually enable online bidding;
- instructing all agencies to conduct Early Bidding for Infrastructure before the fiscal year starts, so that contracts can be awarded as soon as the GAA is in force.

Efficient Public Financial Management (PFM). In 2011, the Aquino Administration launched the PFM Reform Program to improve efficiency, transparency, and accountability in the use of public funds. Led by the DBM, the Department of Finance, and the Commission on Audit, key PFM reforms were started, including:

- The Unified Account Code Structure, for all budgeting, cash management, and accounting functions;
- The Treasury Single Account, to enable the government to consolidate its cash resources on a daily basis and improve cash resource and debt management;
- The automation, integration, and streamlining of PFM Systems to increase transparency and efficiency.
Budget Accountability: Each Peso Spent with Measurable Results

Performance Targets of agencies are determined in the process of crafting the Proposed Budget and are enacted as part of the GAA.

Budget accountability begins when the performance targets of the agencies are set and approved as part of the enacted Budget. During and after the budget year, the agencies’ financial and physical performance are reported and scrutinized against their targets.

Performance Informed Budgeting (PIB). Through this reform, the National Budget now reflects the performance commitments of the agencies. First introduced in 2014, PIB ensures that the Budget now presents a clearer picture that links budgetary outlays with the outputs to be delivered by the agencies to citizens. Ultimately, PIB empowers citizens by providing new information that enables them to hold government accountable for how it uses the people’s taxes.

Other key reforms have been introduced to strengthen public accountability, improve reporting processes, and ensure the integrity of public spending:

- Citizen’s Participatory Audit (CPA): Introduced by the COA, CPA entails partnerships between COA and the civil society in conducting audits on key programs. CPA was recognized with a “Bright Spot” award during the 2013 Open Government Summit.

- Harmonized Agency Accountability Reports: To streamline the multiple and tedious accountability reporting requirements on the agencies, the COA and the DBM in 2013 unified their account codes and issued harmonized formats for Budget and Financial Accountability Reports.

The Agencies submit monthly or quarterly Accountability Reports to report on their use of public funds and their performance in meeting committed targets. Agencies also regularly disclose budget information online.

The DBM conducts periodic Performance Review to check the agencies’ performance against their targets. Participatory mechanisms have also been introduced to enable citizens evaluate agency performance.

The government publishes Monthly, Mid-Year, and Year-End Reports that show its overall fiscal and budgetary performance, as well as the performance of key programs.

The Commission on Audit conducts Independent Audit of the agencies’ finances after the end of the year. It also undertakes special audits.
GLOSSARY OF FREQUENTLY-USED BUDGETING TERMS

**ALLOTMENT**
An authorization issued by DBM to an agency that allows the latter to incur obligation for specified amounts contained in a legislative appropriation.

*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 the fulfillment of conditions and the eventual issuance of a Special Allotment Release Order (SARO).*

**ALLOTMENT CLASS**
Classification of government expenditures:

**Personnel Services**
For salaries and other compensation (e.g., salary increases, allowances, honoraria) for permanent, temporary, contractual, and casual employees of the government; as well as retirement benefits (e.g. terminal leave, retirement gratuity)

**Maintenance and Other Operating Expenditures (MOOE)**
Those that support the operations of government agencies, including those for supplies and materials; transportation and travel; utilities and other maintenance activities

**Financial Expenditures**
A new allotment class for management supervision or trusteeship fees, interest expenses, bank charges, and other financial charges

**Capital Expenditure or Capital Outlays (CO)**
For purchase of goods and services that add to the government’s assets, including infrastructure outlays, purchase of vehicles, and investments in the capital stock of government corporations

**APPROPRIATION**
An authorization made by law or other legislative enactment, directing payment out of government funds under specified conditions or for specific purposes

**Appropriations, Automatic**
Made annually or for a period as prescribed by law, by virtue of a standing legislation that does not require periodic action by Congress

*Examples of automatic appropriations in the national budget are Internal Revenue Allotments and debt service, among others.*

**Appropriations, Continuing**
Supports obligations (expenditures incurred and committed to be paid by the government) for a specific purpose or project, even when these obligations are incurred beyond the budget year

**Appropriations, New General**
Legislated by Congress and enacted by the President every fiscal year, such as the General Appropriations Act (GAA)

*The GAA enacts both programmed and unprogrammed appropriations.*

**Appropriations, Programmed**
Appropriations in the GAA that are supported by existing resources and can be released during the year

**Appropriations, Unprogrammed**
Appropriations in the GAA that can only be utilized when revenue collections exceed targets, when new revenue sources arise, or when loans are approved for foreign-assisted projects

**BUDGET DEFICIT**
A financial status in which government expenditures exceed revenues

**DEBT SERVICE**
The sum of loan repayments, interest payments, commitment fees, and other charges on foreign and domestic borrowings

**Major Final Outputs (MFOs)**
Goods and services that a department/agency should deliver to external clients through the implementation of programs, activities, and projects

*These MFOs have corresponding performance indicators according to quality, quantity, and timeliness.*

**Revenues**
Projected cash inflows like collections from taxes, fees, and charges imposed by government agencies, as well as proceeds from grants

**Non-Tax Revenues**
Fees, charges, and other government collections in exchange for services rendered and penalties imposed, among others

*In certain cases, non-tax revenues also include the privatization of government assets.*

**Tax Revenues**
Compulsory charges or levies imposed by government on goods, services, transactions, individuals, and entities, among others (e.g., income tax, value-added tax, and special taxes such as the motor vehicle tax).
