



Institutionalizing People Power

Bottom-up-Budgeting in Governance Reform
Under the Aquino Administration

MAXINE TANYA M. HAMADA

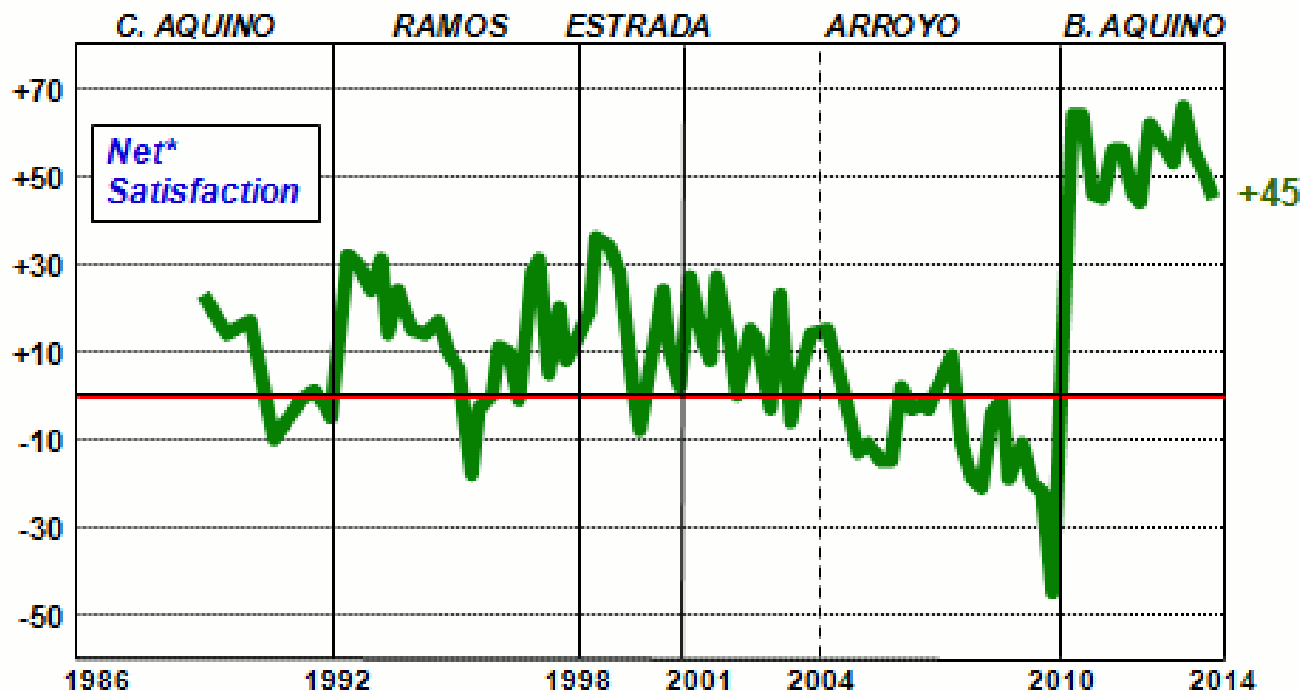
Assistant Secretary

Department of Budget and Management



Renewed Trust in Public Institutions

NET* SATISFACTION WITH GENERAL PERFORMANCE OF THE NATIONAL ADMINISTRATION, FEB 1989 – MAR 2014



* Net figures (% Satisfied minus % Dissatisfied) correctly rounded.

Pursuit of Difficult Reform Measures



Sin Tax Reform



Reproductive Health



Bangsamoro Agreement



Customs Revamp

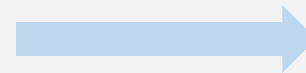
Revived Investor Confidence

INVESTMENT GRADE CREDIT RATINGS

MOODY'S

Ba3

in July 2009



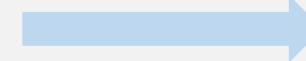
Baa3

in October 2013

STANDARD
& POOR'S

BB-

in July 2009



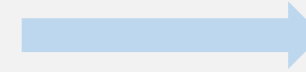
BBB

in May 2014

FitchRatings

BB

in May 2009



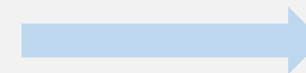
BBB-

in March 2014

NICE®

BB+

in Mar 2011



BBB-

in Sep 2014



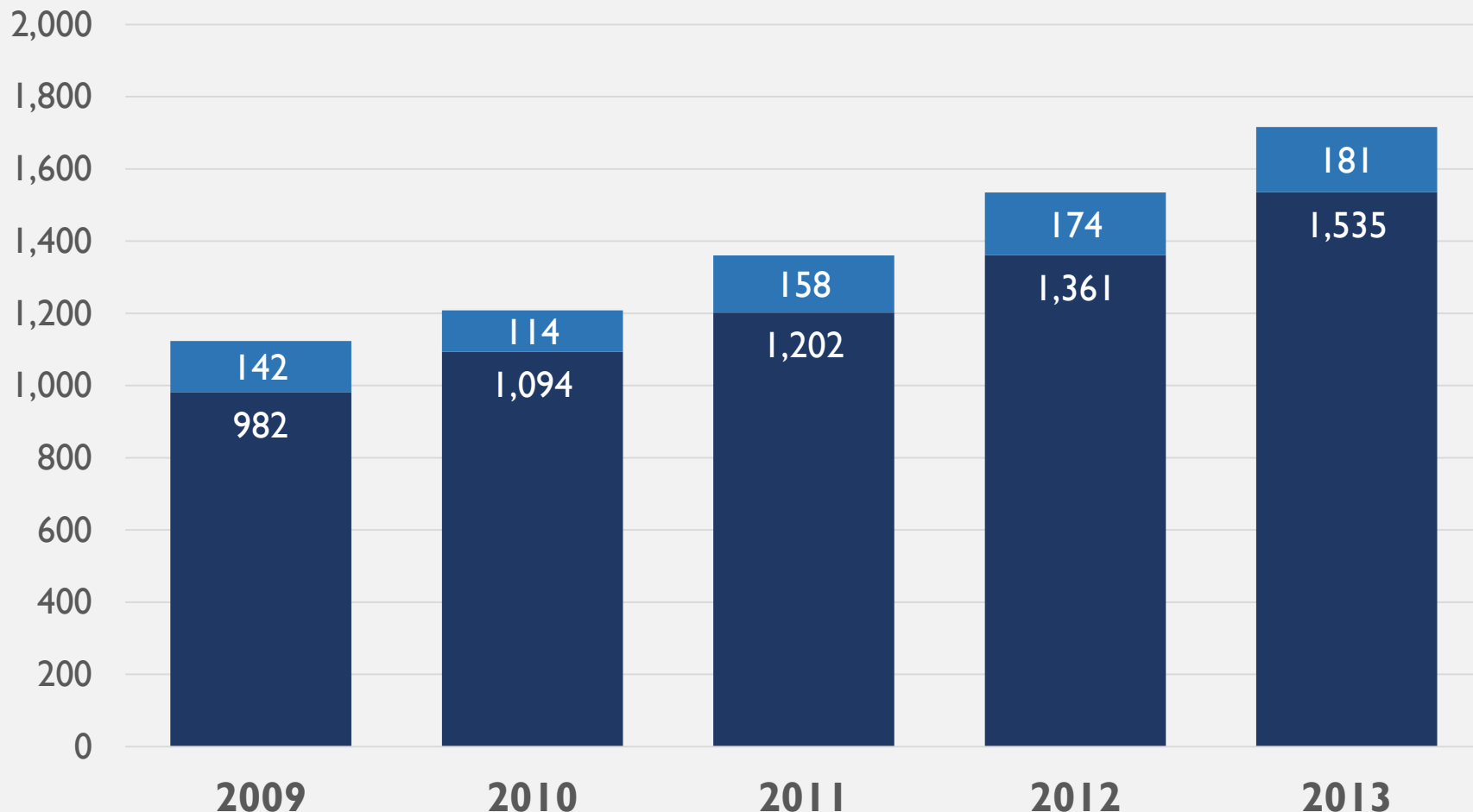
Improved State of Governance

Third Party Report	2010	Latest	Change
Transparency International 2013 Corruption Perceptions Index	134 / 178	94 / 177	+40
World Bank 2014 Ease of Doing Business	144 / 183	108 / 189	+36
World Economic Forum Global Competitiveness Index 2014-2015	85 / 139	52 / 144	+33
<u>Basic Requirements Sub-Index</u>			
Pillar 1: Institutions	125 / 139	67 / 144	+ 58
Pillar 2: Infrastructure	104 / 139	91 / 144	+13
Heritage Foundation 2014 Economic Freedom Index	109 / 179	89 / 178	+20



Improved Revenue Collections (2009-2013, in billion pesos)

■ Tax Revenues ■ Non-Tax Revenues





“Ang anumang pagbabago ay magmumula sa pagsiguro natin na magwawakas na ang pagiging maluhò at pagwawaldas.”

*- President Benigno S. Aquino
III 1st State of the Nation
Address*

Transforming the Budget



Spending **within means**



Spending on the **right priorities**



Spending with **measurable results**

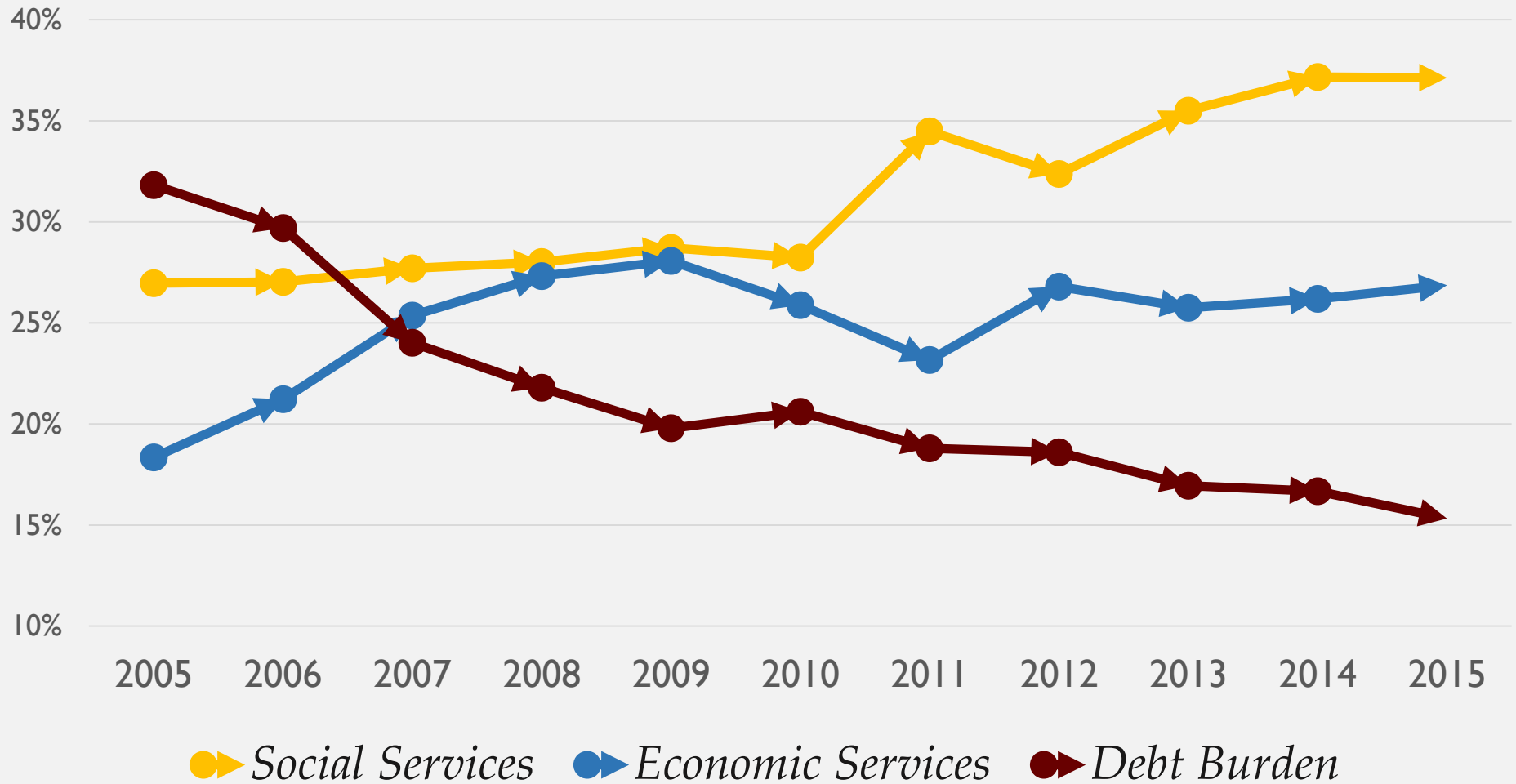


In an empowering regime of **transparency, accountability & citizen's engagement**

RESHAPING BUDGET PRIORITIES

Expenditures in Key Sectors

(as percent of Total, 2005-2015)



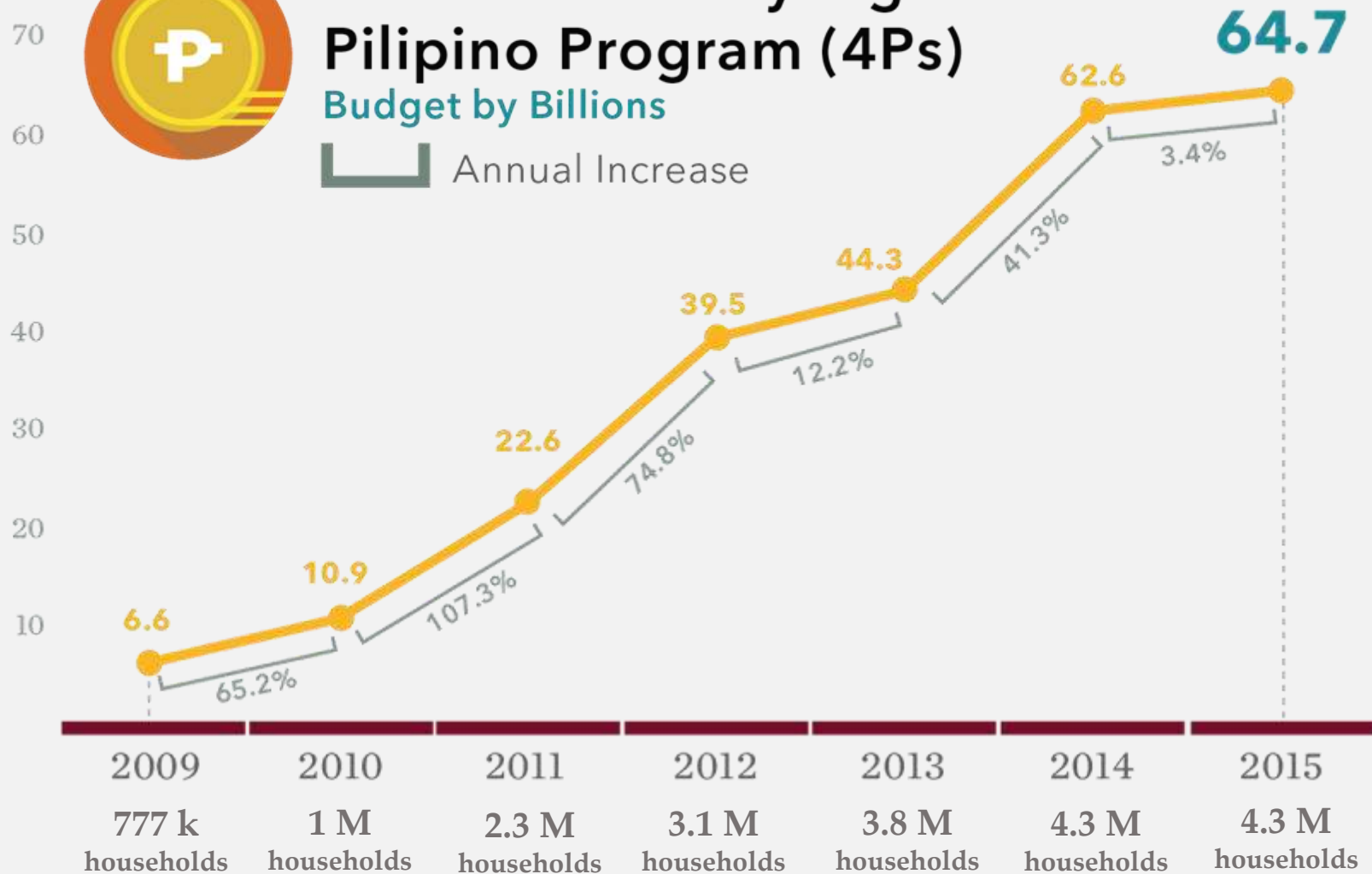
RESHAPING BUDGET PRIORITIES



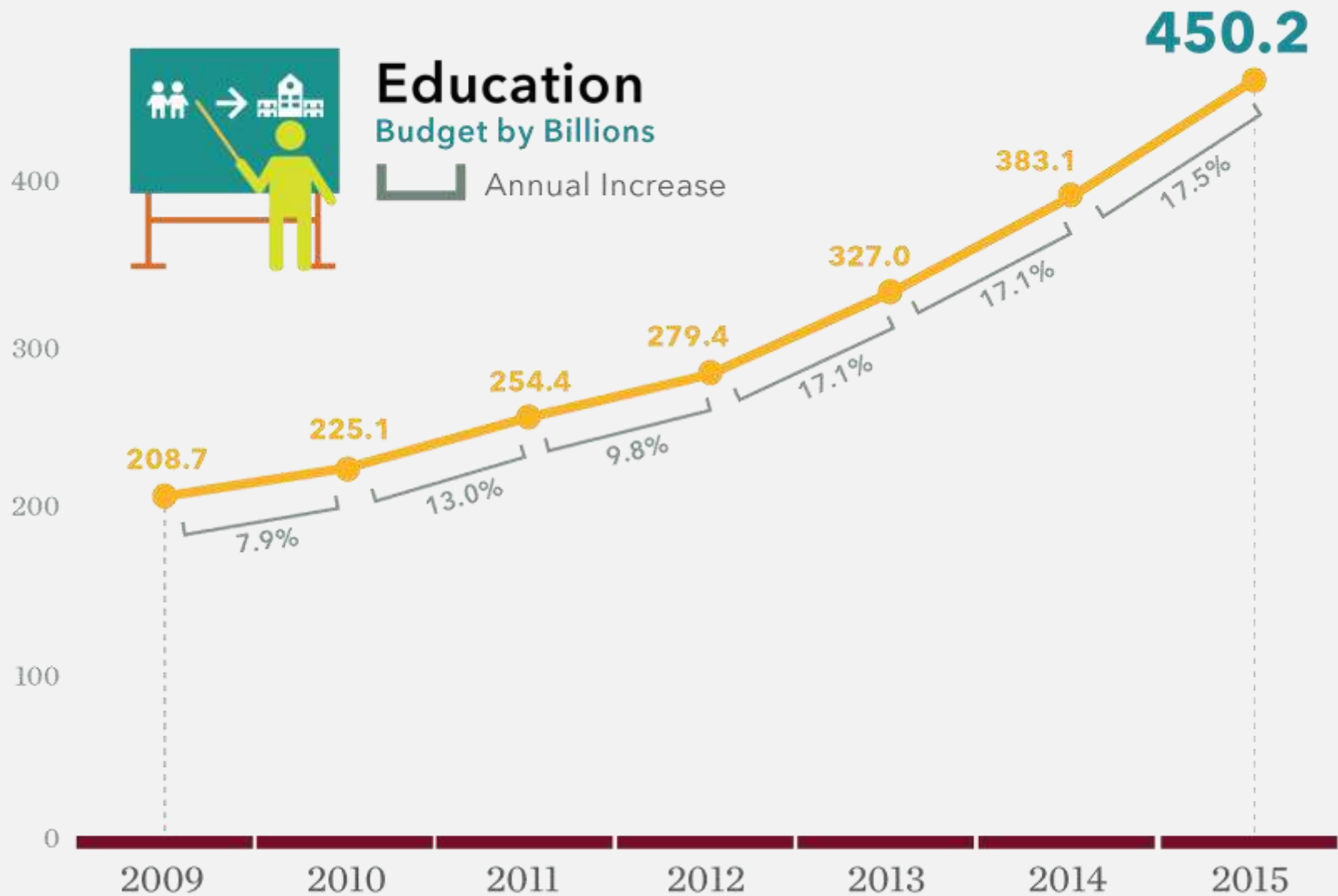
Pantawid Familyang Pilipino Program (4Ps)

Budget by Billions

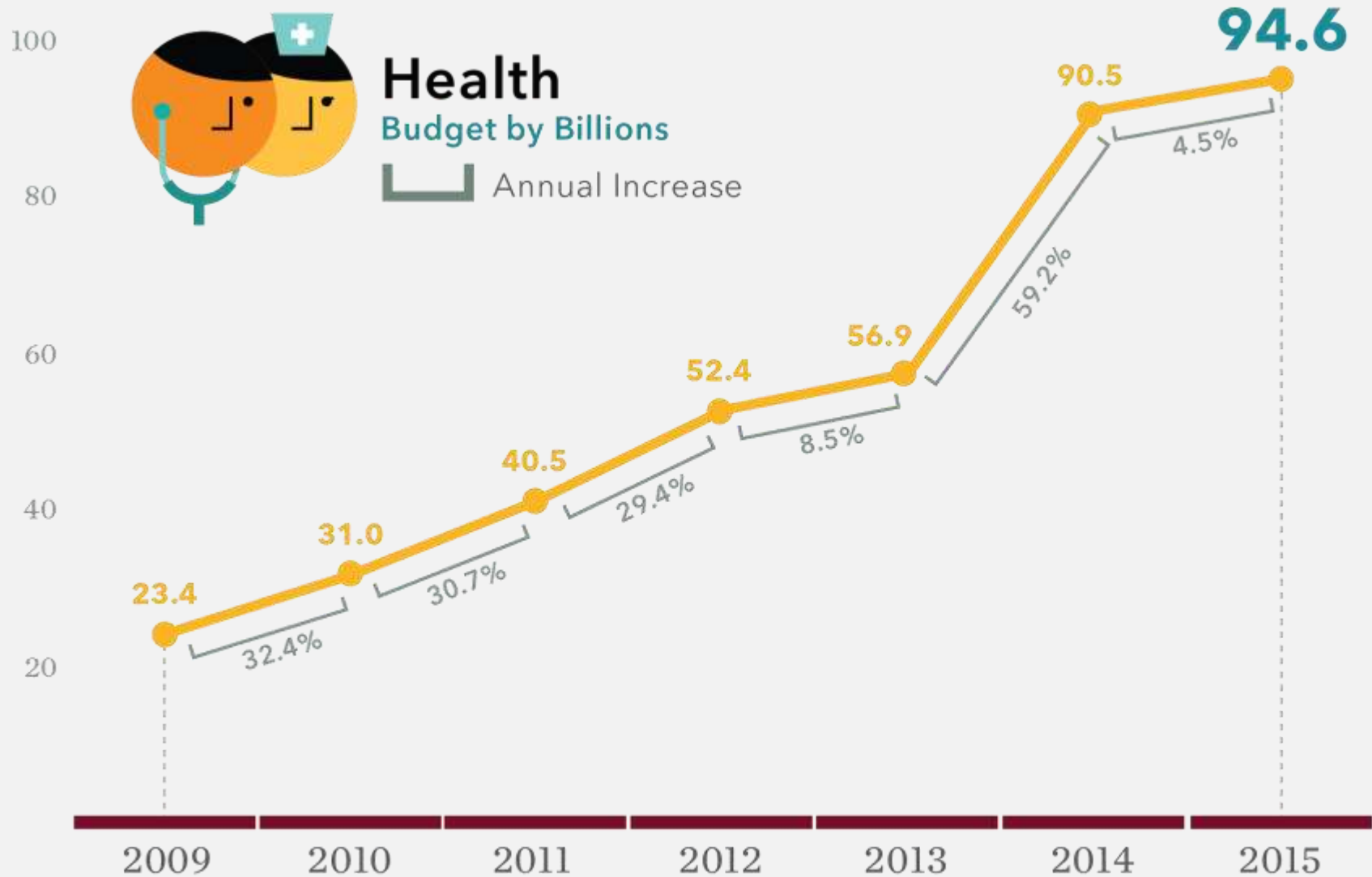
Annual Increase



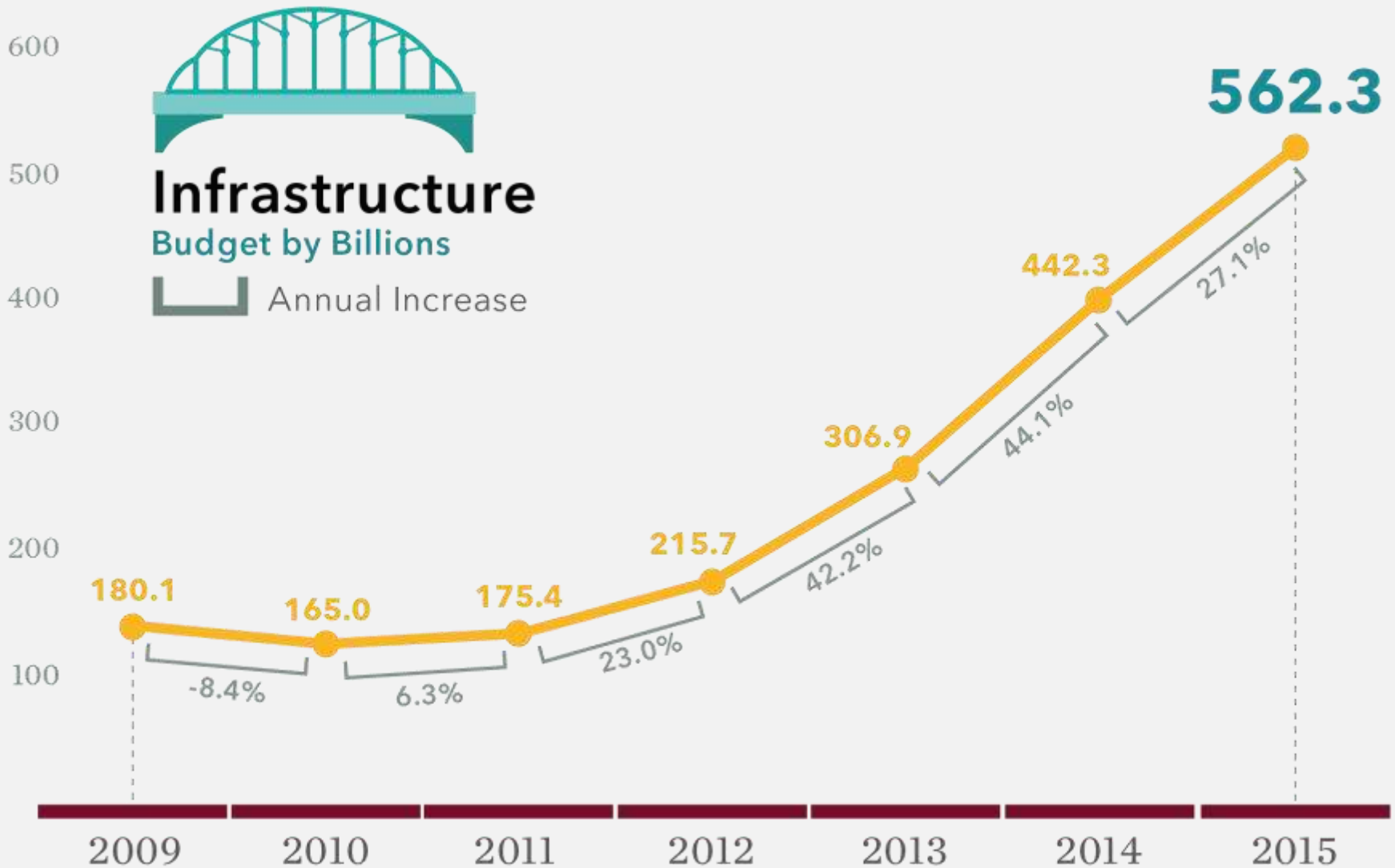
RESHAPING BUDGET PRIORITIES



RESHAPING BUDGET PRIORITIES

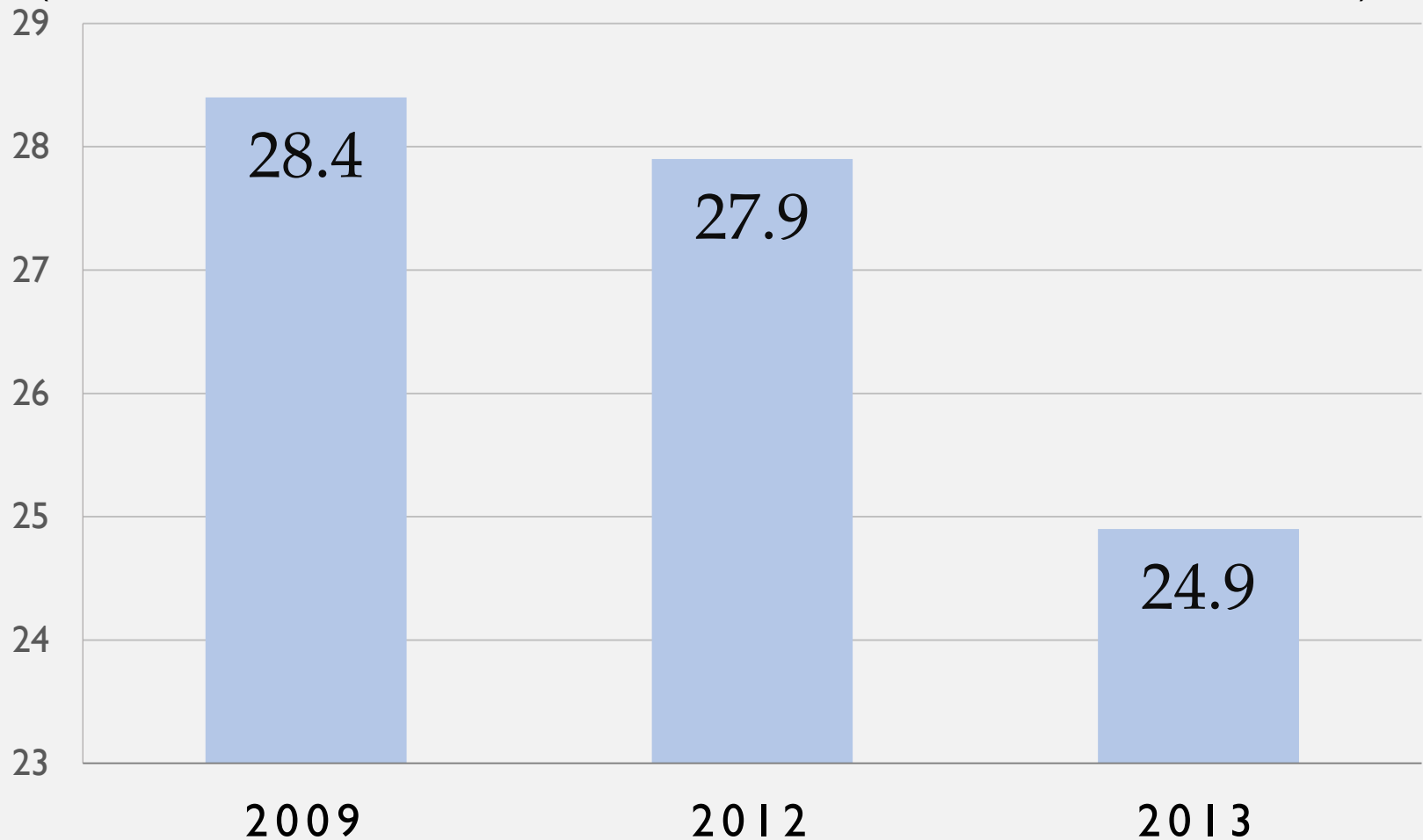


RESHAPING BUDGET PRIORITIES



Poverty Reduction

(INCIDENCE BY % OF POPULATION, 1st SEMESTER)

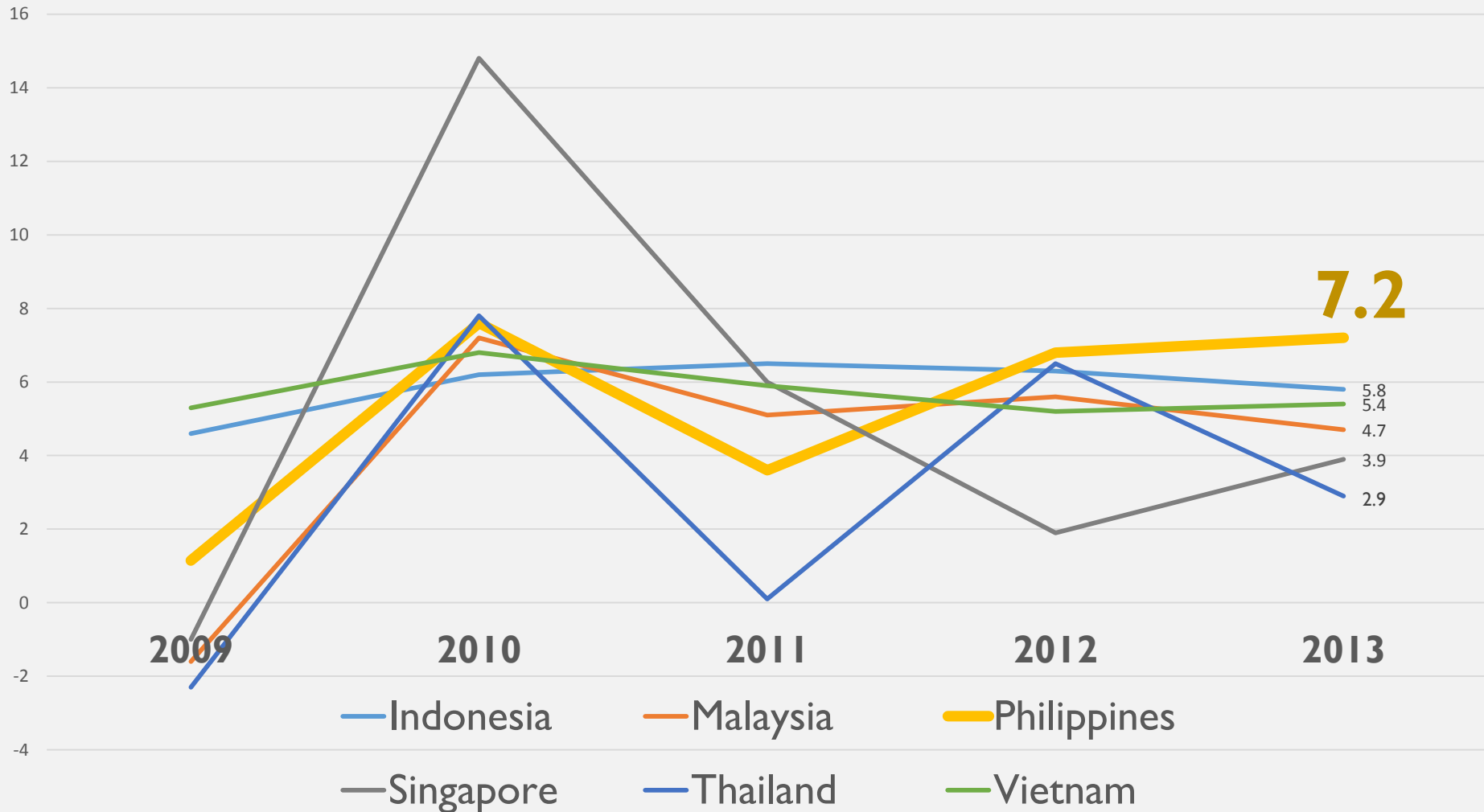


Source: National Statistical Coordination Board (as of 4 July 2014) Note: New methodology for 2013



Robust Economic Growth

PHL GDP GROWTH FASTEST IN ASEAN



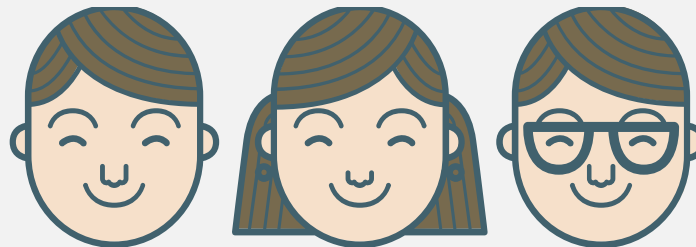
Desired New National-Local Dynamics



National Executive enabled to deeply align spending, priorities and measurable performance and focus on expanding inclusive growth



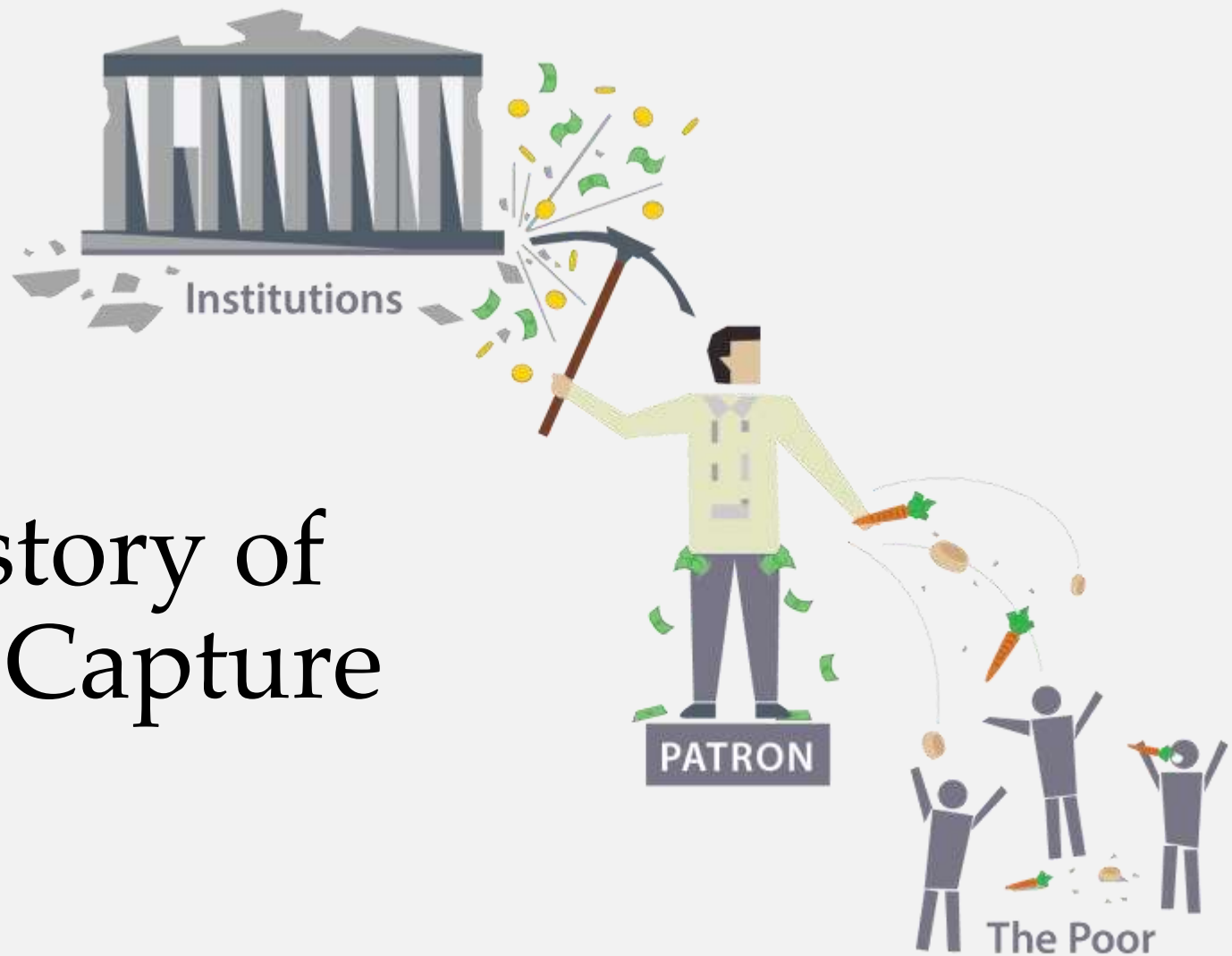
Local Executives strengthened to deliver frontline governance based on performance & accountability



Citizens empowered to hold government units accountable for how these perform their respective roles



A History of State Capture



Lets Look Back at How Far We've Come

- Long history of struggle for participation, representation and empowerment
- **People Power I** at **II**
- **Social Reform Agenda**
- Enactment of the **Local Government Code** and opening spaces for citizens and communities in governance
- A peoples'campaign and a new **Social Contract**
- “Kayo ang Boss Ko”
- **Constructive Engagement** and policies like BPA, FDP, Bottom-up-Budgeting, Citizen Participatory Audit, etc.



Bottom-up-Budgeting

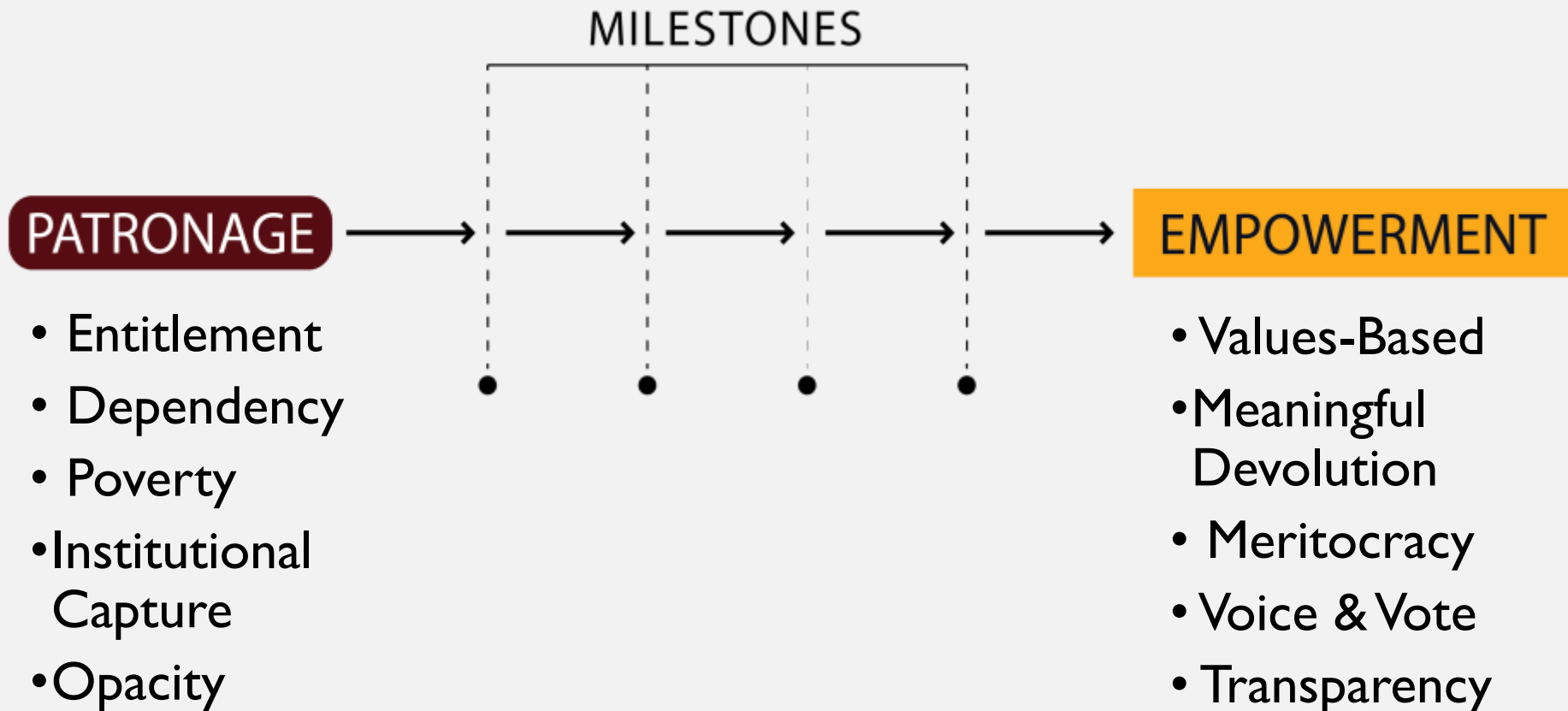


From Patronage to Empowerment:

- Giving communities a greater “voice and vote” over the Budget
- Enable CSOs & NGOs to perform mediating role with LGUs
- Incentivize LGU investment in PFM and engaging communities and CSOs
- Bringing NG “closer to people” by reflecting people’s needs in the budget



Roadmap to Sustain Momentum



Bottom-up-Budgeting



Budget Year

2013
Budget
(Enacted)

2014
Budget
(Enacted)

2015
Budget
(Proposed)



Amount of Locally-
Developed Projects

P8 B

P20 B

P20.9 B



Participating
Local Govts

595
Cities &
Municipalities

1,225
Cities &
Municipalities

1,599
Cities &
Municipalities



Irreversibility of Reform



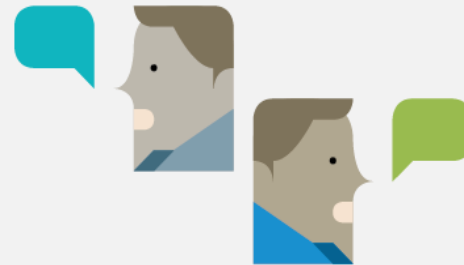
Deeply install reform measures in public institutions



Reforms must lead to tangible benefits to people



Leverage Technology



Strong constituency to support & demand for reforms



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