



# *A Great Opportunity for Fiscal Transparency*

**Francis Y. Capistrano**

Acting Director IV

Department of Budget and Management



# GIFT High Level Principles (Select)

- Everyone has the right to seek, receive and impart information on fiscal policies.
- The presentation of fiscal information should be an obligation of government, meet international standards, and be consistent across different reports.
- Governments should communicate the objectives and outputs with the resources entrusted to them.
- Citizens should have the right to have effective opportunities to participate directly in discussion over the design and implementation of fiscal policies.



# The Past: Limited Budget Transparency

Open Budget Index 2010



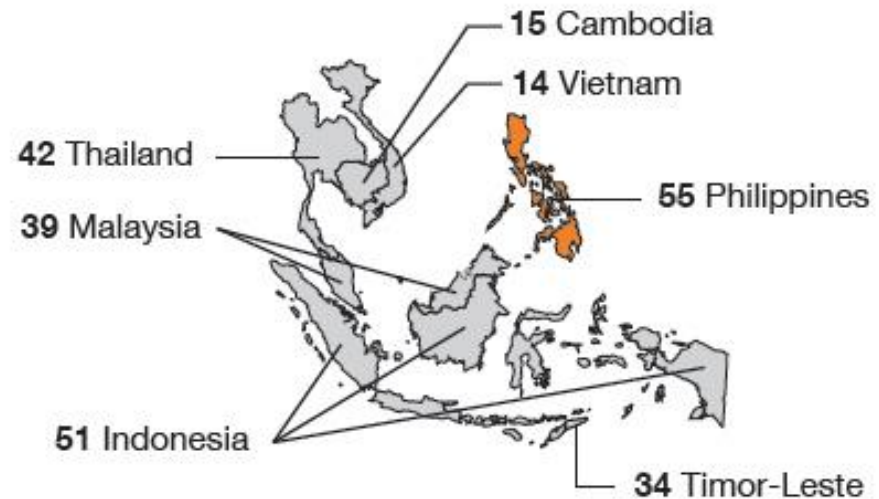
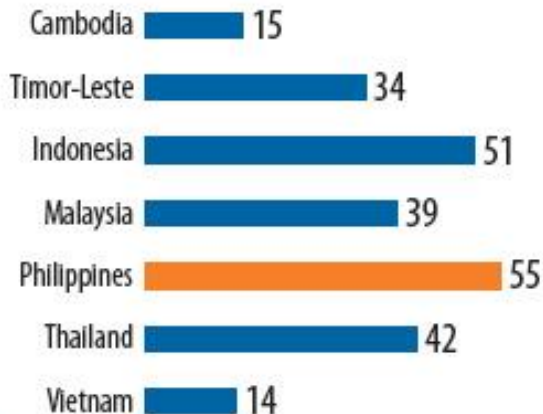
## Philippines



Overall score: **55**  
(Out of 100)

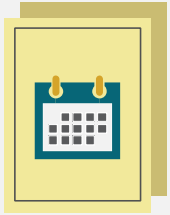
Provides some information to the public in its budget documents during the year.

How Does Philippines Compare to Its Neighbors?



# The Past:

## Not All Budget Documents Published



### Pre-Budget Statement

Not Published / Kept Internal



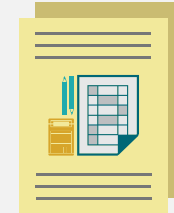
### In-Year Reports

Published



### Proposed Budget

Published (NEP, BESF, Etc)  
BUT with fundamental gaps



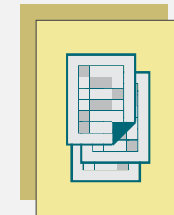
### Mid-Year Review

Not Published



### Enacted Budget

Published: GAA  
BUT frequently late/re-enacted



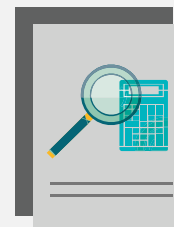
### Year-End Report

Published BUT with fundamental gaps  
and not produced by DBM / DBCC



### Citizen's Budget

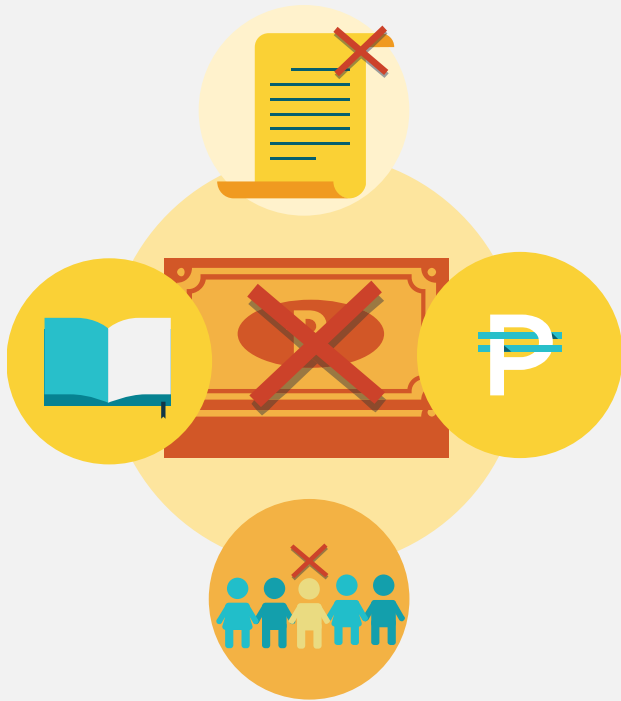
Not Published



### Audit Report

Published

# The Past: Fundamental PFM Issues



Budget Not Results-Based

Lack of Budget Credibility

Too Many Lump Sum Funds

Fragmented PFM Process

Poor Reporting & Oversight

Limited Space for Citizen Participation



*“Change can only come from our determination to stamp out extravagance and profligacy.”*

*-President Benigno S Aquino III  
1<sup>st</sup> State of the Nation Address (2010)*

# Aquino Budget Reform Agenda



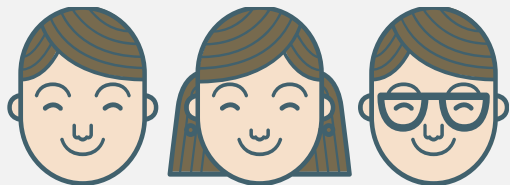
Spending **within our means**



Investing in the **right priorities**



Delivering **measurable results**

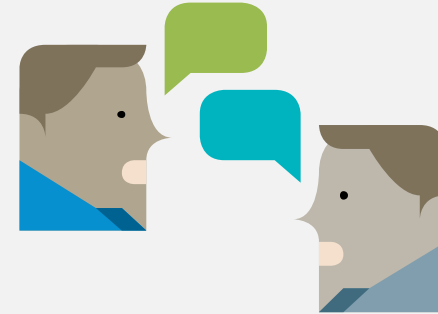


**Empowering citizens** through fiscal transparency, participation, and accountability

# Starting Points



Zero-Based Budgeting



Constructive Engagement  
w/ Civil Society



PFM Reform Roadmap



Global Partnerships



# Early Reforms: Disclosure of Pork Barrel Releases

← → ↻  ☆ ☰



Republic of the Philippines  
**Department of Budget and Management**  
ᐃᑦᐅᑦᐅᑦᐅᑦ ᐃᑦᐅᑦᐅᑦᐅᑦ ᐅᑦᐅᑦᐅᑦᐅᑦ ᐅᑦᐅᑦᐅᑦᐅᑦ

Home > PDFAF > Summary > Upper House

[Download CSV](#) [Download PDF](#)

## PDFAF Releases of Upper House for Fiscal Year 2013

Legislator Name	Continuing	New Appropriation	Total
ANGARA, EDGARDO J.	0	100,000,000	100,000,000
CAYETANO, ALAN PETER S.	8,800,000	48,500,000	57,300,000
CAYETANO, PIA S.	20,137,000	0	20,137,000
DRILON, FRANKLIN M.	44,500,000	0	44,500,000
EJERCITO-ESTRADA, JINGGOY P.	0	95,500,000	95,500,000
ENRILE, JUAN PONCE F.	5,000,000	75,000,000	80,000,000
ESCUDERO, FRANCIS G.	3,800,000	99,000,000	102,800,000
GUINGONA, TEOFISTO III	5,000,000	61,630,000	66,630,000
HONASAN, GREGORIO II B.	0	93,000,000	93,000,000
LAPID, MANUEL M.	0	100,000,000	100,000,000



# Early Reforms: Transparency Seal

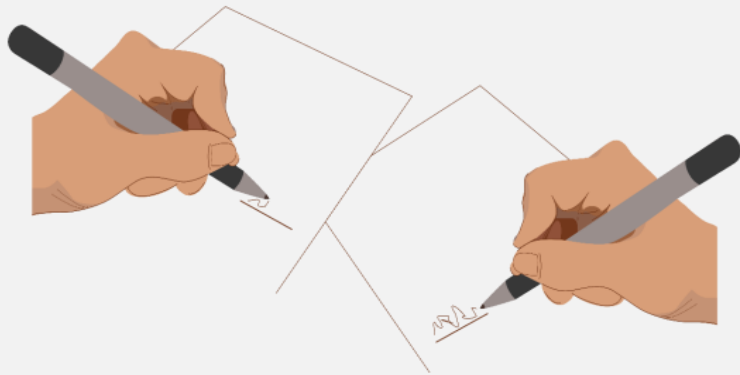
All Agencies must disclose the ff. in their websites:



- Agency mandates, officials, and contact information
- Accountability reports
- Approved budgets & targets
- Major programs & projects
- Program/project beneficiaries
- Implementation status
- Procurement & contracts

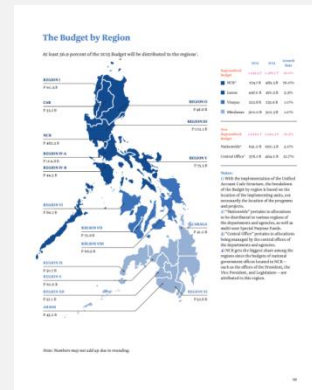
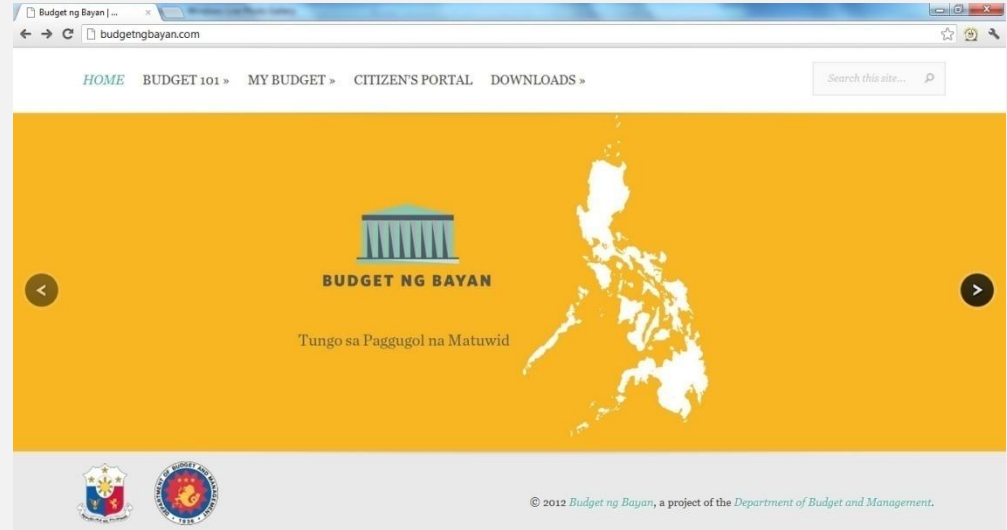
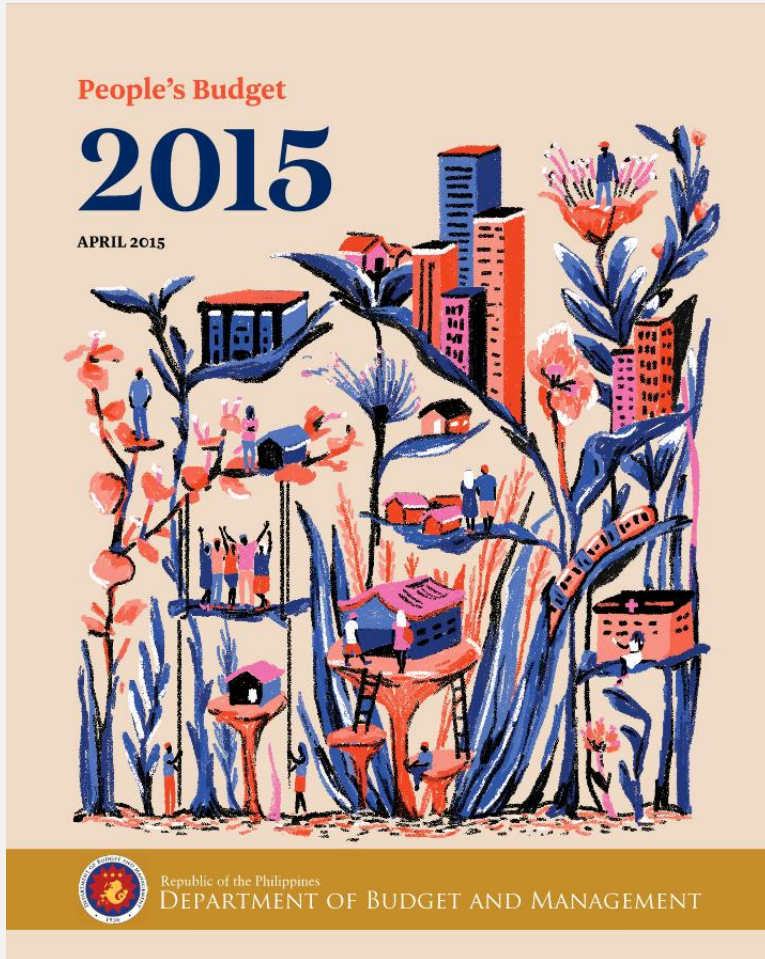
# Early Reforms: Budget Partnership Agreements

## Formal Mechanism for CSO Engagement



- Budget preparation: evidence-based analysis & inputs to agency budget proposals
- Budget execution: monitoring & evaluation of agency programs & projects
- Transparency: agency commitment to provide agreed-upon information

# Early Reforms: People's Budget



### Taking Ownership of Prosperity

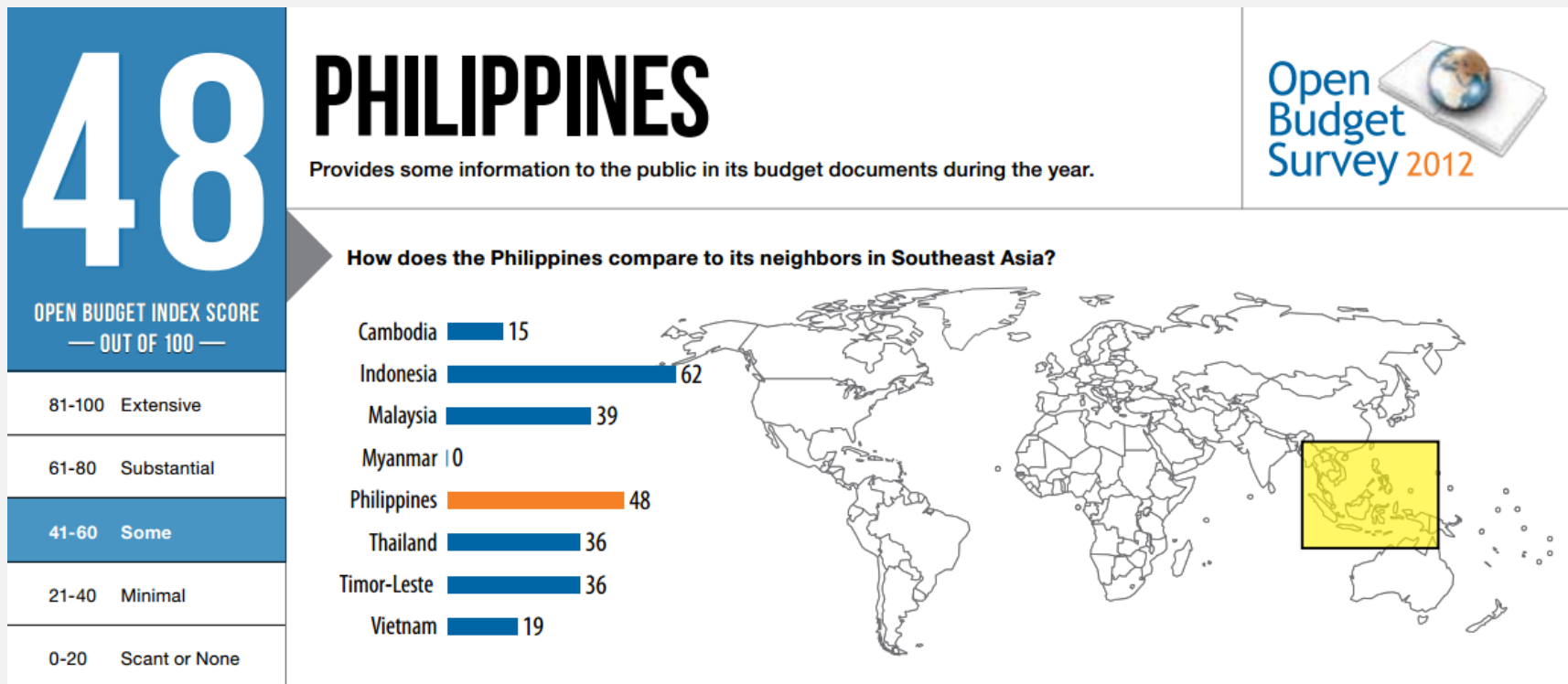
When Barangay B leads to a more vibrant and prosperous community through the government's new work program, the citizens are the ones who benefit. This is the spirit of the People's Budget. It is a budget that is designed to be more people-oriented and more people-responsive. It is a budget that is designed to be more people-oriented and more people-responsive. It is a budget that is designed to be more people-oriented and more people-responsive.

- ### Budget Accountability: Each Peso Spent with Measurable Results
1. The Department of Budget and Management (DBM) is committed to ensuring that every peso spent is accounted for and that the results are measurable.
  2. The DBM will continue to improve its systems and processes to ensure that the budget is implemented efficiently and effectively.
  3. The DBM will continue to work with the various agencies to ensure that the budget is used for the intended purposes.
  4. The DBM will continue to monitor and evaluate the performance of the various agencies to ensure that the budget is used for the intended purposes.
  5. The DBM will continue to report on the results of the budget implementation to the public.

Making budget information understandable to citizens



# Setbacks & Gains: Decrease in OBI Score

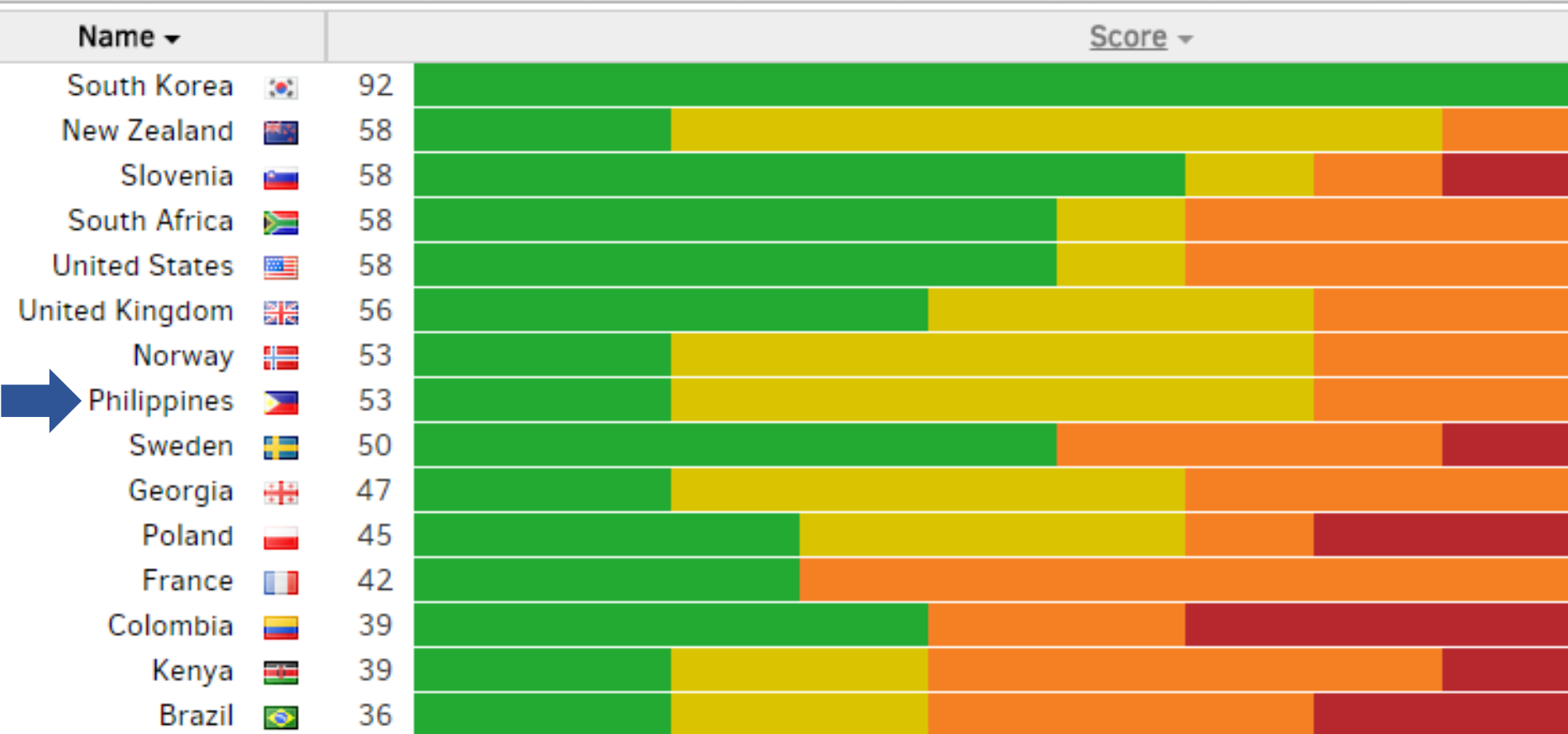


*Remains in the majority group of countries with limited transparency:*

- 4/8 budget documents not published (CB, YER, MYR, PBS)
- Proposed Budget suffered a decline due to late Book of Outputs

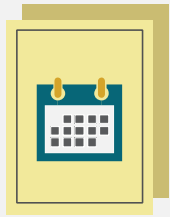
# Setbacks & Gains: 2012 OBS: PH Ranks 8<sup>th</sup> in Budget Participation

survey.internationalbudget.org/#rankings



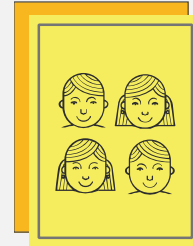
# Actions Taken:

## Publish All 8 Budget Documents



### Pre-Budget Statement

Budget Priorities Framework



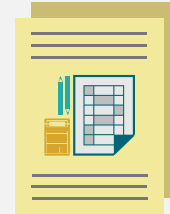
### Citizen's Budget

Publish People's Budget on Time  
& Expand to Other Stages



### Proposed Budget

Improve Comprehensiveness



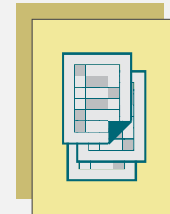
### Mid-Year Review

New DBCC Publication



### Enacted Budget

General Appropriations Act



### Year-End Report

New DBCC Publication



### In-Year Reports

Various by DBM, DoF, BTr

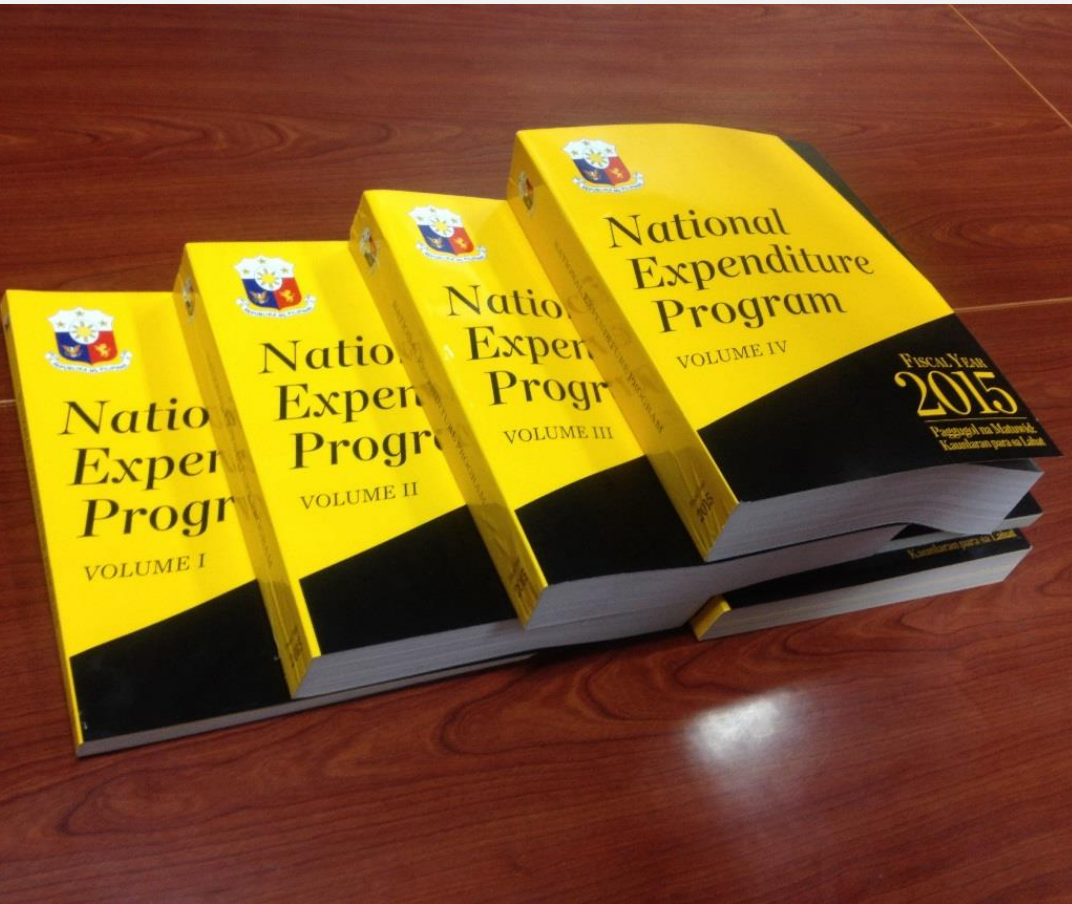


### Audit Report

CoA Financial & Audit Reports

## Actions Taken:

# Improve Comprehensiveness of the Budget via Fundamental PFM Reforms



- Early Budget Preparation & Enactment
- Medium-Term Economic & Fiscal Estimates
- Performance Informed Budgeting
- Budget-as-Release Document
- Unified Accounts Code Structure
- Narrative Discussions
- Fiscal Risks Statement



# Actions Taken: Open Budget Data



About

News

Data

Infographics

Apps

Contact



 data.gov.ph



SEARCH DATA  
HERE

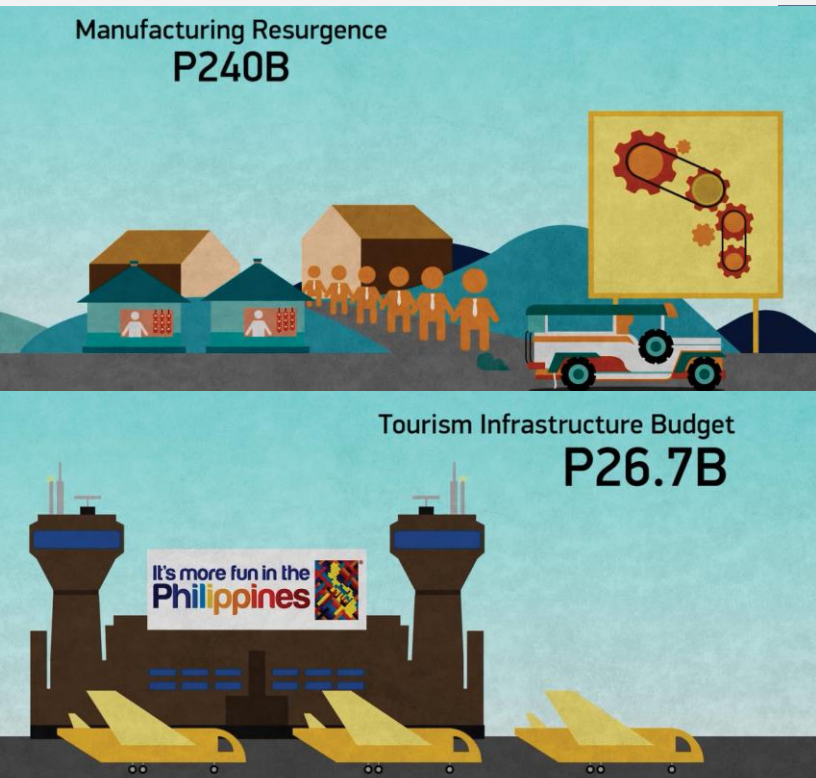


CATEGORY

Economy Environment  
Geospatial Agriculture  
Population Education And  
Science Infrastructure Public  
Finance Cultural Transport And  
Communication Transport Social  
Media Public Administration



# Actions Taken: Audio-Visual Presentations & Social Media Action



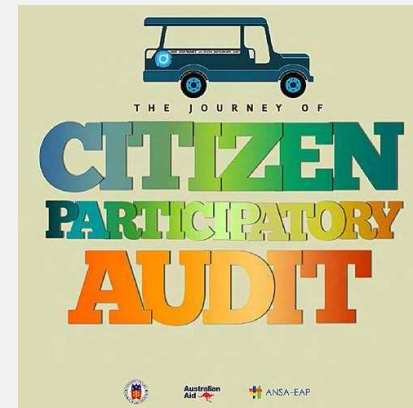
## Actions Taken:

# Bottom-Up Budgeting



- Give communities & local CSOs a greater voice & stake in the Budget
- Incentivize LGU adoption of good PFM & participation
- Bring NG closer to people by reflecting their needs in Budget

*Also:*  
Citizen's Participatory  
Audit of COA (SAI)



# OPEN BUDGET SURVEY

PH now joins elite group of 24 countries with sufficient fiscal transparency.



**#1 IN BUDGET  
TRANSPARENCY  
IN ASEAN**



**#4 IN ASIA<sup>1</sup>**



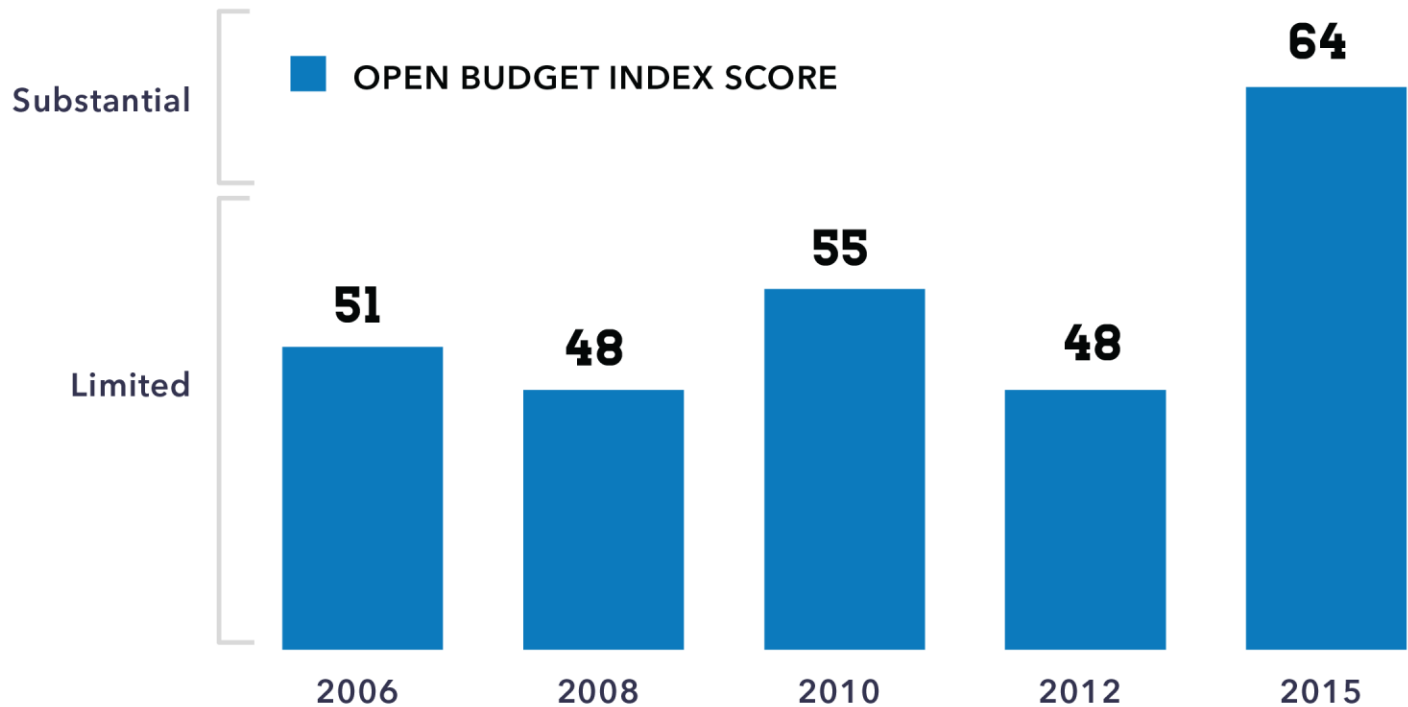
**#21 IN THE<sup>2</sup>  
WORLD**

## Change in Transparency Over Time

from 48  
points in  
2012 to

**64**

in 2015

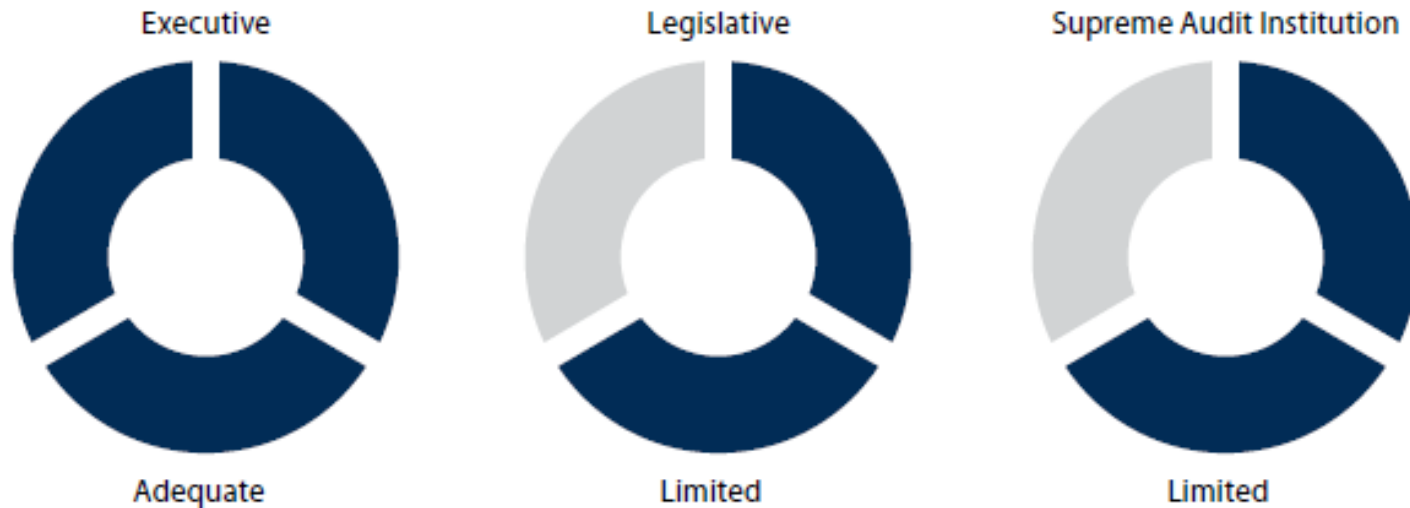


<sup>1</sup> Following Russia, Georgia, and South Korea

<sup>2</sup> Tied with Portugal and Poland

# Open Budget Survey 2015: Philippines at Top 5 in the World

## Elements of Public Participation



The Philippines's score of 67 out of 100 indicates that the public is provided with **adequate** opportunities to engage in budget processes. This is higher than the global average score of 25.

# IMF Fiscal Transparency Evaluation: “Broadly Favorable”

Pillar I: Fiscal Reporting		Pillar II: Fiscal Forecasting and Budgeting		Pillar III: Fiscal Risk Analysis and Management	
	Coverage of Institutions		Budget Unity		Macroeconomic Risks
	Coverage of Stocks		Macroeconomic Forecasts		Specific Fiscal Risks
	Coverage of Flows		Medium-term Budget Framework		Long-term Fiscal Sustainability Analysis
	Frequency of In-Year Reporting		Investment Projects		Budgetary Contingencies
	Timeliness of Annual Fin'l Statements		Fiscal Legislation		Tax Expenditures
	Classification		Timeliness of Budget Documents		Asset and Liability Management
	Internal Consistency		Fiscal Policy Objectives		Guarantees
	Historical Consistency		Performance Orientation		Public-Private Partnerships
	Statistical Integrity		Public Participation		Financial Sector Exposure
	Audit of Annual Fin'l Statements		Independent Evaluation		Natural Resources
	Comparability of Fiscal Data		Supplementary Budget		Environmental Risks
			Forecast Reconciliation		Subnational Governments
					Public Corporations

## Assessment:

<i>Advanced</i>	<b>7</b>
<i>Good</i>	<b>16</b>
<i>Basic</i>	<b>8</b>
<i>Not Rated</i>	<b>1</b>
<i>Not Met</i>	<b>4</b>
<b># of Principles</b>	<b>36</b>

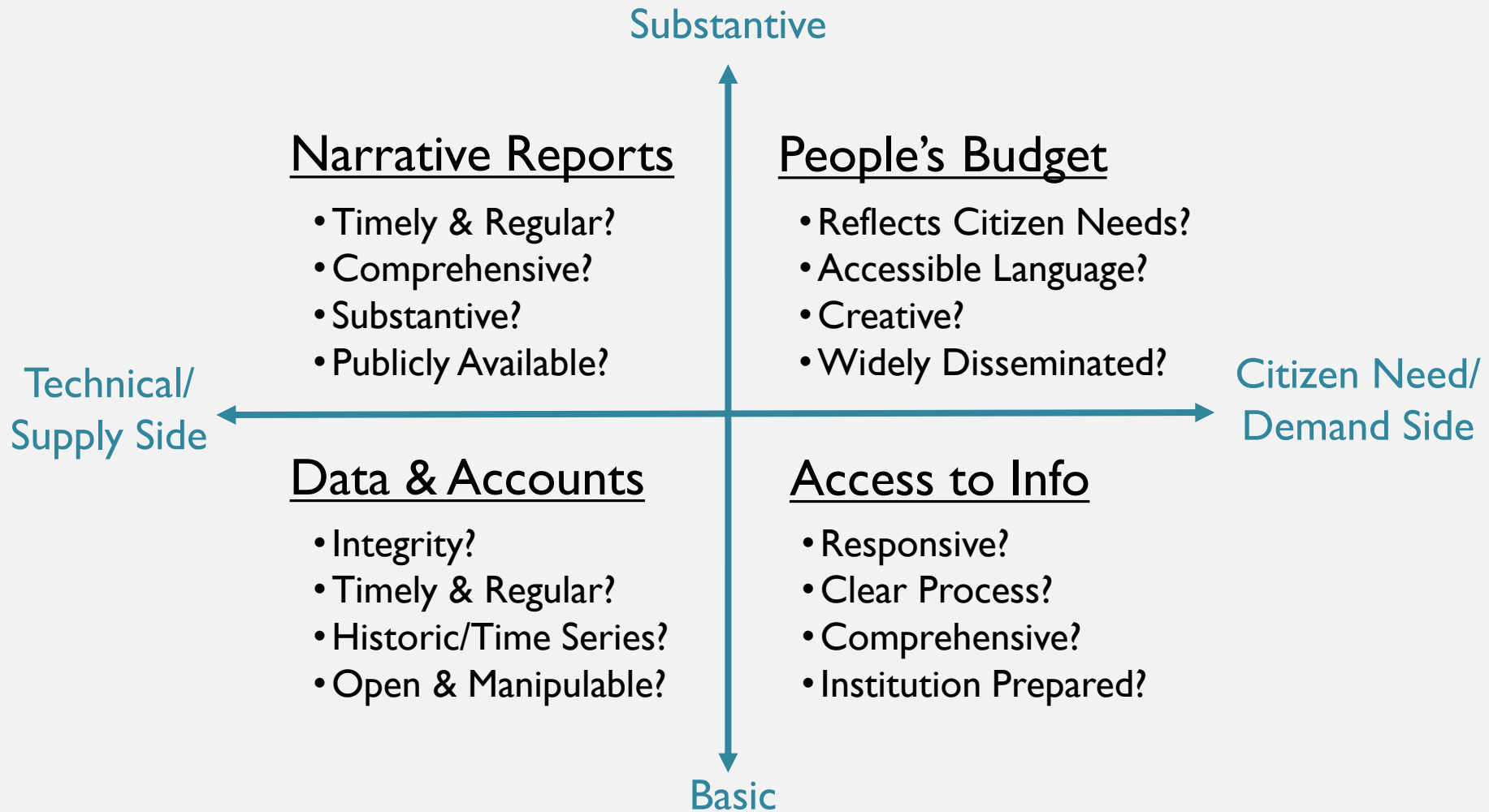
## Moving Forward:

# Address Barriers to Fiscal Openness

- Legal & Structural Issues, e.g.
  - Lack of Freedom of Information Act
  - Integrity (Budget & reports comparable & credible)
  - Structure of appropriations, special purpose funds,
  - Power of the President & heads of Congress, Judiciary & constitutional bodies to use savings (i.e. virement of funds)
- Highly Technical Information
  - E.g. contingent liabilities, debt sustainability, tax expenditures, medium-term forecasts of expenditures per program
- Institutional & Civil Society Capacity
  - Capacity of agencies to produce info & engage CSOs
  - Capacity of CSOs to analyze reports & engage the process
- “Weak” Congressional Oversight



# Moving Forward: Key Actions for Fiscal Transparency





## Moving Forward

# Deepening Bottom-Up Budgeting



OpenBUB.gov.ph Reporting Portal

LGU Implementation of BUB Projects

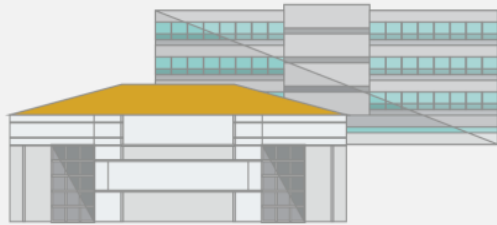
Integration with Community-Driven  
Development Program

Integration with Local Dev't Process

Barangay BUB



# Institutionalizing Greater Fiscal Openness



Proposed Public Financial  
Accountability Act



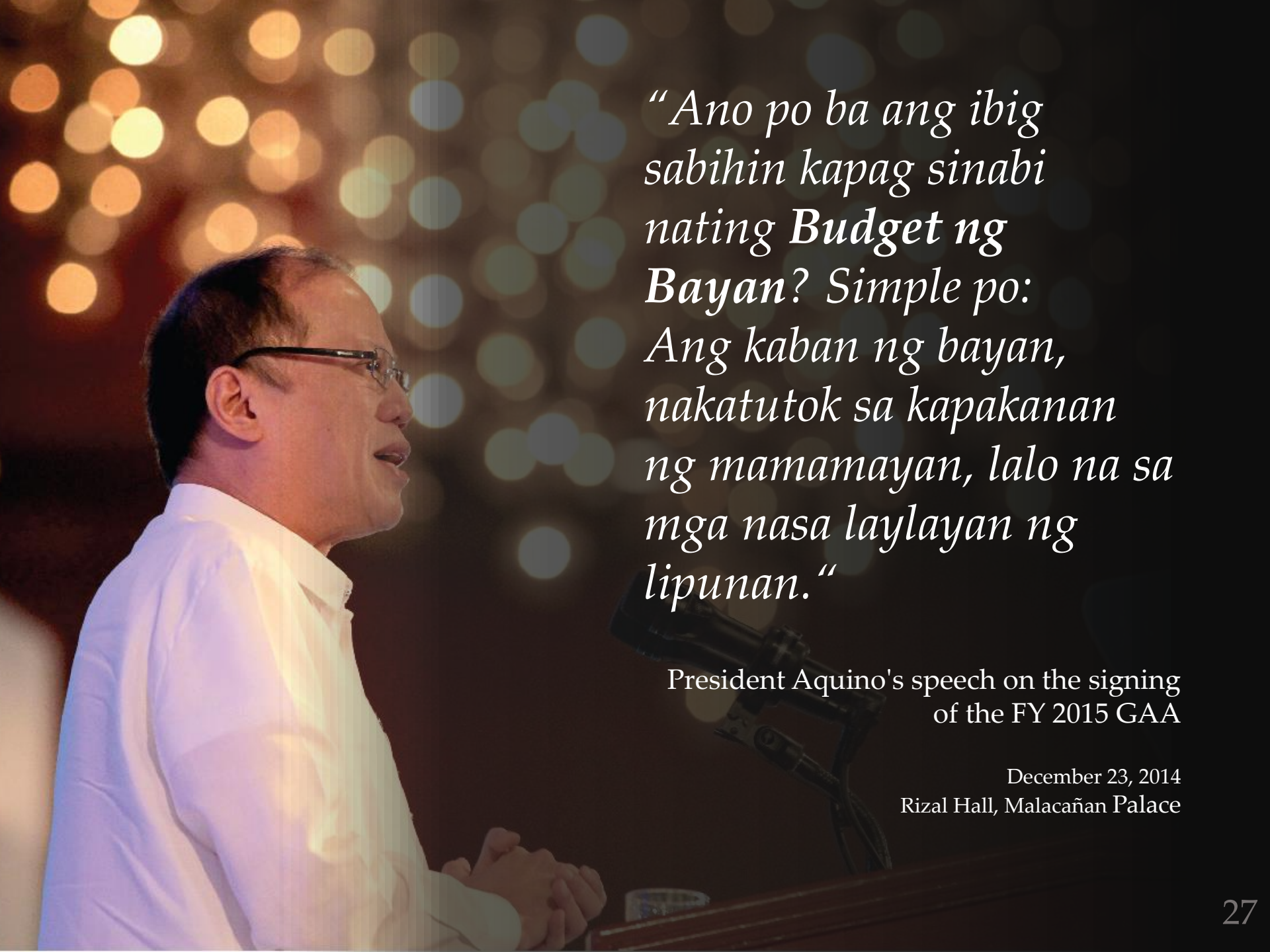
Towards an Integrated  
Financial Mgt Info System



Institutional  
Strengthening Efforts



Consolidating Reform  
Stakeholders

A photograph of President Benigno Aquino III speaking at a podium. He is wearing a white shirt and glasses, and is looking to the right. The background is dark with many out-of-focus, warm-toned lights, creating a bokeh effect. A microphone is visible in front of him.

*“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.”*

President Aquino's speech on the signing  
of the FY 2015 GAA

December 23, 2014  
Rizal Hall, Malacañan Palace



# *A Great Opportunity for Fiscal Transparency*

**Francis Y. Capistrano**  
Acting Director IV  
Department of Budget and Management



# *Backup Slides*



# Transparency: Key to Empowerment (IAP2 Spectrum of Participation)

**INFORM**

**CONSULT**

**INVOLVE**

**COLLABORATE**

**EMPOWER**



# Irreversibility of Reform



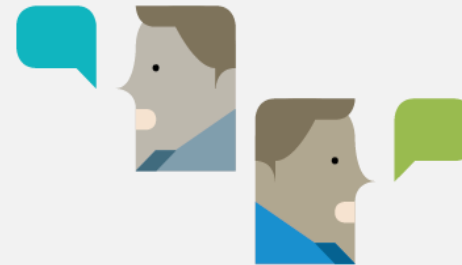
Deeply install reform  
measures in public  
institutions



Reforms must lead to  
tangible benefits to people



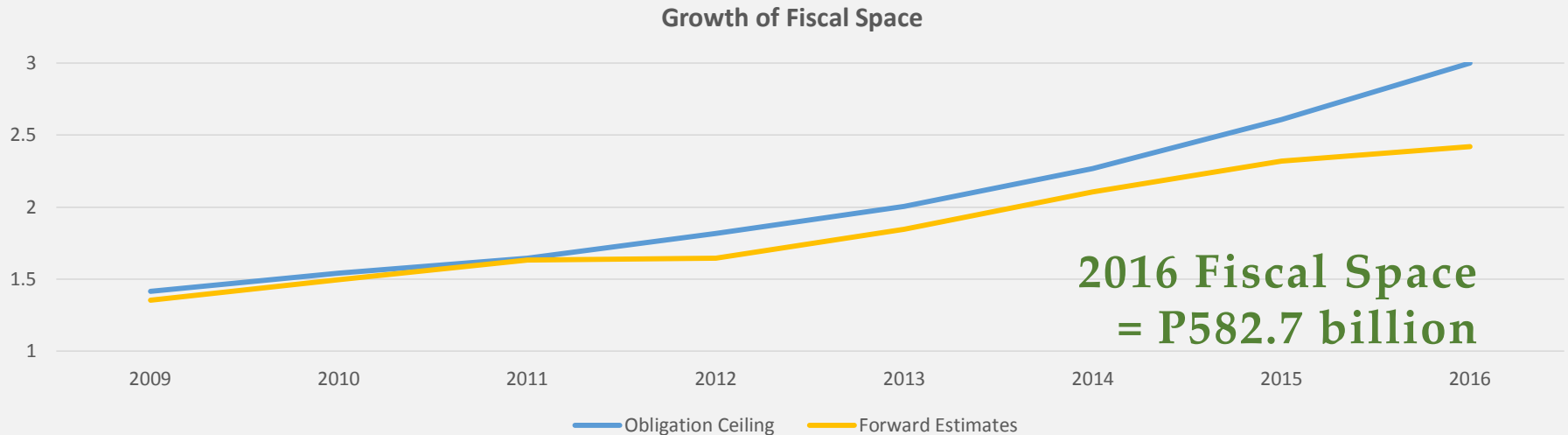
Leverage Technology



Strong constituency  
to support &  
demand for reforms

# Spending Within Our Means

## *Two-Tier Budgeting Approach*



### TIER 1: OPERATING EXPENDITURES + ONGOING PROGRAMS

- Operating expenditures contained through hard budget ceilings
- Agencies' absorptive capacity considered in the setting of budget ceilings

### TIER 2: NEW/EXPANDED PROGRAMS

- Aligned w/ Budget Priorities Framework
- Implementation-ready proposals prioritized
- Agencies can absorb additional funds





# Performance Informed Budgeting

EXAMPLE

## Department of Social Welfare and Development

**Organizational Outcome:**  
Well-being of families approved

1M

Pantawid Pamilya families uplifted from **survival** to **subsistence**



150,000

Pantawid Pamilya families uplifted from **subsistence** to **self-sufficiency**

**Major Final Output:**  
Social Protection Services

**Pantawid Pamilyang Pilipino Program (P62.7 billion)**

**Sustainable Livelihood Program (P9.6 billion)**



4.4 M households covered by **Regular CCT**



218,337 households covered by **Modified CCT**



170,470 families served through **microenterprise budget**



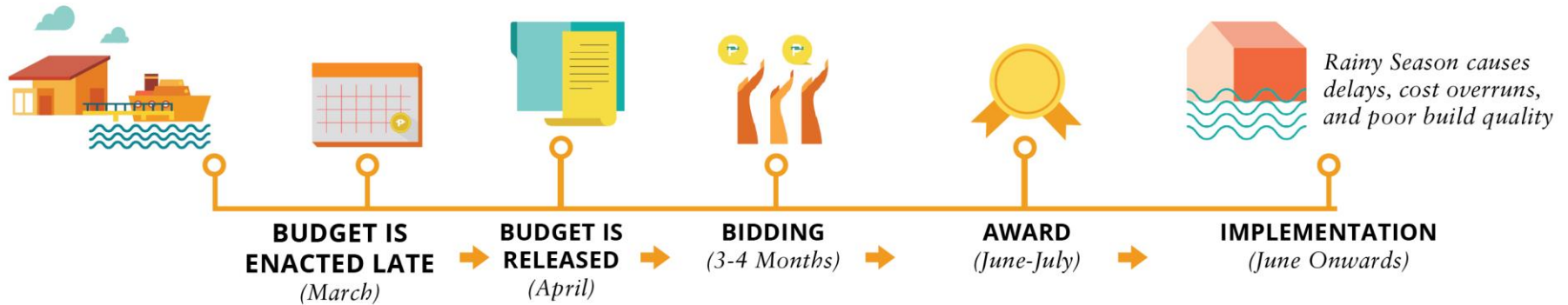
208,332 families facilitated for **employment**

1.15 M children covered by **Extended CCT until high school**

# GAA-as-Release Document and Faster Budget Execution

**THEN**

EX. INFRASTRUCTURE



**NOW**



<sup>1</sup> Even without early bidding, the budgets of agencies are released by January 1. This allows agencies to implement projects well before the rainy season.

<sup>2</sup> General Appropriations Act (GAA) serves as the allotment release document for all budget items except those in the Negative List, which still require SAROs. See FAQs on the GAA-as-Release-Documents reform at: [www.bit.ly/gaarelease](http://www.bit.ly/gaarelease)

# Unified Account Codes Structure

*Example:*



**DPWH\* Rehabilitation/  
Reconstruction of Abra-Kalinga Rd**  
**165003011 2400001**



**CODE AS  
ENACTED**



**SAME WHEN  
IMPLEMENTED**



**SAME WHEN  
ACCOUNTED**






**SAME WHEN  
AUDITED**

*\*Actual UACS code for this PAP under the 2015 GAA*



# Special Purpose Funds

## *Only 3 Lump Sum Funds in 2016 Budget*

	2015	2016
 <b>National Disaster Risk Reduction &amp; Management Fund (NDRRMF)</b>	<u>P14.0 B</u>	<u>P38.9 B</u>
NDRRM Program (Calamity Fund Proper)	P13.0 B	P19.0 B
Yolanda Reconstruction and Rehabilitation Program		P18.9 B
People's Survival Fund	P1.0 B	P1.0 B
 <b>Allocations to LGUs</b>	<u>P31.28 B</u>	<u>P36.37 B</u>
<i>Of which:</i>		
Barangay Officials Death Benefits Fund	P0.05	P0.05
Special Share in the Proceeds of Fire Code Fees	P0.2	P0.2
Special Share in the Proceeds of National Taxes	P27.90 B	P35.92 B
Local Government Support Fund	P3.13 B	P0.2
 <b>Contingent Fund</b>	<u>P2.0 B</u>	<u>P4.0 B</u>

# Other Special Purpose Funds (1)

	<b>What we did for 2016</b>	<b>2015</b>	<b>2016</b>
<b>Miscellaneous Personnel Benefits Fund</b>	Reduced by P21 billion (18%); Significant part is now lodged under recipient agencies	P117 B	P96.5 B
<b>Pension and Gratuity Fund</b>	Reduced by P17.5 billion (14%); Significant part is now lodged under recipient agencies	P127 B	P109 B
<b>International Commitments Fund</b>	Allocations now completely lodged under the DFA	P10.7 B	None
<b>E-government Fund</b>	Allocations now completely lodged under agency budgets	P1 B	None

# Other Special Purpose Funds (2)

	<b>What we did for 2016</b>	<b>2015</b>	<b>2016</b>
<b>Budgetary Support to GOCCs</b>	Subsidies already disaggregated per GOCC; with performance targets; support given for priority programs & projects	P62.5 B	P125 B
<b>ALGU-MMDA</b>	Functions as a government agency; budget is disaggregated per program/project and with performance targets	P2.2 B	P2.0 B
<b>ALGU-Internal Revenue Allotment</b>	Increased because of larger revenue collections in 2013; disaggregated per LGU in the BESF; direct release via Treasury	P390 B	P429 B
<b>Debt Service-Interest Payments</b>	Decreasing year-on-year as a share of the National Budget (from 20.7% in 2010 to 14.3% in 2015 and 13.09% in 2016)	P373 B	P393 B