



3<sup>rd</sup> PAGBA Seminar and Meeting  
***Public Financial Management in a  
Difficult and Changing  
Environment***

28 August 2019

**UNDERSECRETARY JANET B. ABUEL**

Department of Budget and Management

***“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.”***

**– Charles Darwin**



# ***Changing Environment:***

- ***2<sup>nd</sup> half of Duterte Administration***
- ***Recent elections***
- ***Digital age = well-informed, more critical and demanding population***
- ***Climate change***
- ***Various political, social, environmental, physical, cultural and other changes***



# Change Require Further Change From Government and Public Servants



- **Adaptive**
- **Responsive**
- **Resilient**
- **Effective**





# ***Good government***



***Open and actively listens***



***Efficiently responds***



***Genuinely felt by the citizens***



# Proposed FY 2020 National Budget

- Submitted to Congress on August 20, 2019
- President's Budget Message
  - Change was the basis of 6-year mandate
  - Vision and Commitment of the Administration
  - 2020 National Budget will build on the fruits and gains of previous budgets
  - Reiterated 2019 SONA that *“though we cannot change the past, we will not squander the future”*





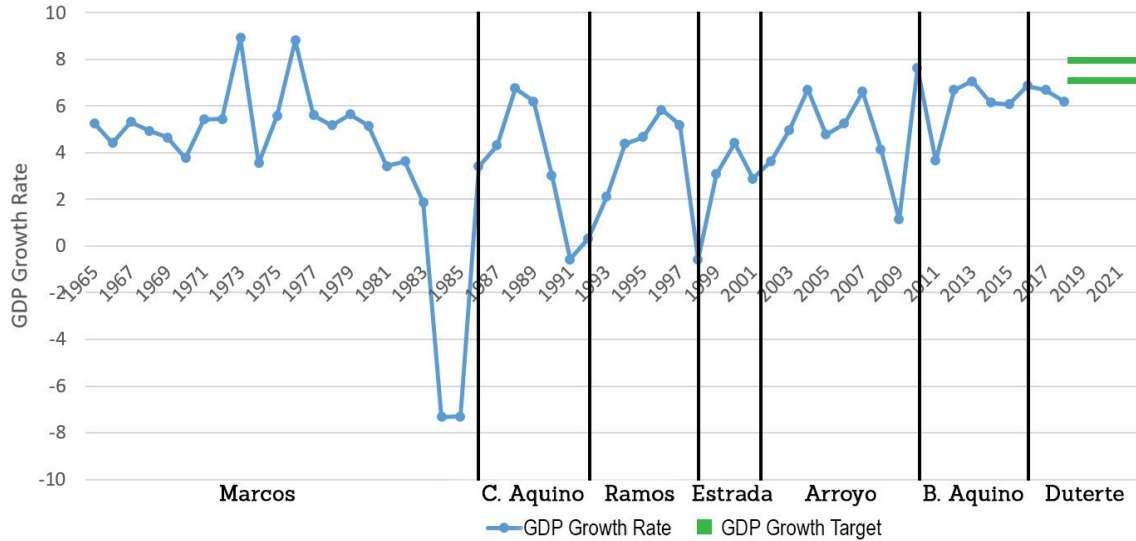
# ***Budget Philosophy***

*The FY 2020 President's Budget aims to achieve the government's growth targets by investing in priority programs, including infrastructure and social services, while adhering to fiscal sustainability.*



# Upward Trajectory of the Philippine Economy

GDP Growth Rate (1965-2018)

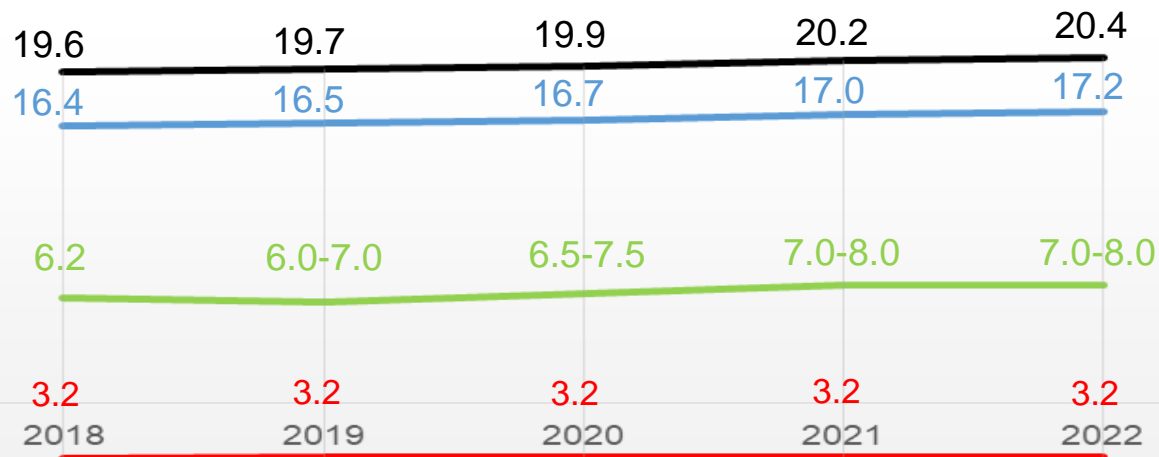


Year	Growth Target Range (%)
2019	6.0 – 7.0
2020	6.5 – 7.5
2021	7.0 – 8.0
2022	7.0 – 8.0



# Adherence to Fiscal Sustainability

Expansionary fiscal policy to sustain the government's investments in infrastructure and human capital development.



## End-of-Plan Targets

**20.4%**  
Disbursements-to-GDP

**17.2%**  
Revenue Effort

**7.0-8.0%**  
Growth Target

**3.2%**  
Deficit Target

— Revenues — Disbursements — Deficit — GDP Growth



# Cash Budgeting System

**Massive changes in the size and composition of the Budget required reform in the budget system to attain targets**

# Two-Year Obligation Budgeting

- **Confusing and ironic.**
- **Appropriations are valid for two fiscal years, hence no sense of urgency.**
- **Actual delivery of goods and services and payment to contractors may only happen in year three and beyond.**
- **Led to a slowdown in public service delivery.**



# Annual Cash Budgeting

- **Clear and straightforward.**
- **Appropriations are valid for one fiscal year – not two**
- **Contracts should be fully delivered, inspected, and accepted by the end of the fiscal year.**
- **Payment to contractors or suppliers is done within the fiscal year and up to the 3-month Extended Payment Period.**

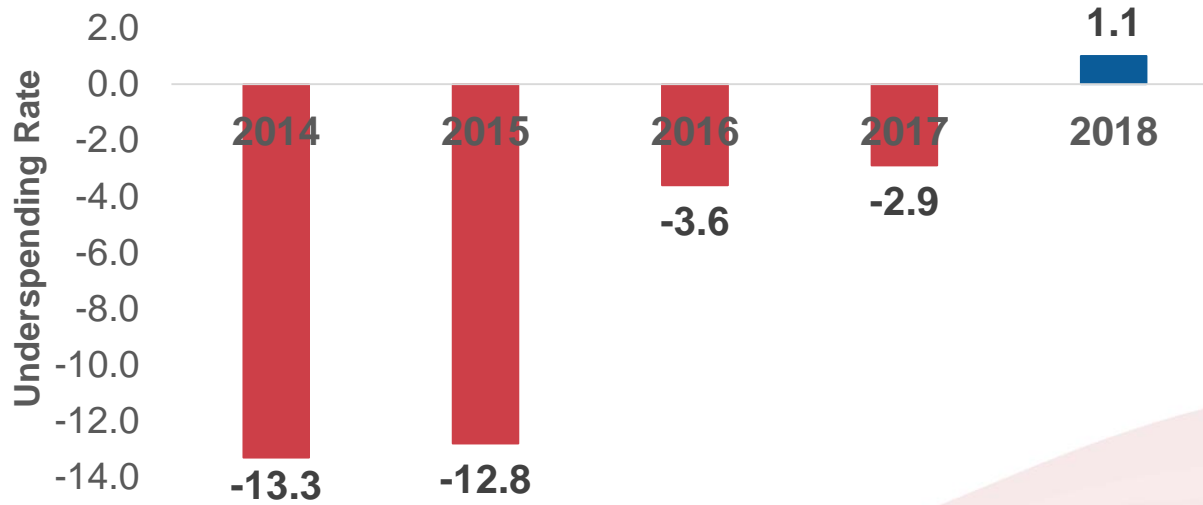
# Annual Cash Budgeting

- **Covers spade-ready programs and projects**
- **Does not exclude multi-year contracts for multi-year projects**
- **For 2019, adjustments were made for transition**
- **Discourages, if not eliminates, underspending**



# Eliminating Underspending

## Underspending Rates (2014 – 2018)



Source: Department of Budget and Management



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# Cash Budgeting System

- **International best practice adopted by 3/4 of OECD countries, as well as the private sector**
- **Projects get done faster, the benefits are enjoyed sooner, and contractors get paid earlier.**



# FY 2020 Proposed Budget

# P4.100T

12.0% year-on-year growth  
19.4% of GDP





# FY 2020 Proposed Budget, By Sector

## Debt Burden

P461.0 billion; 11.2%

## Economic Services

P1,183.7 billion; 28.9%

## General Public Services

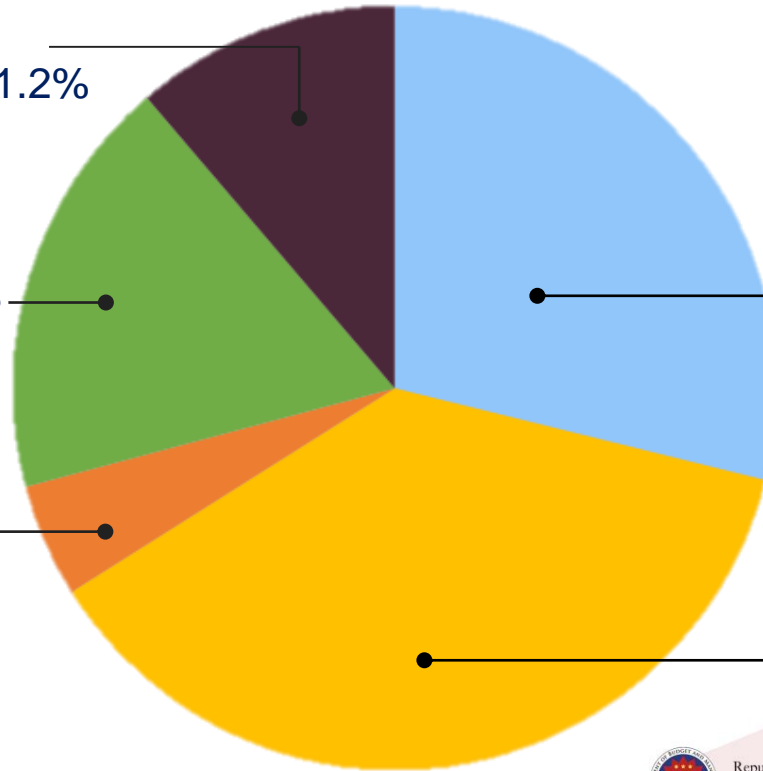
P734.5 billion; 17.9%

## Defense

P195.6 billion; 4.8%

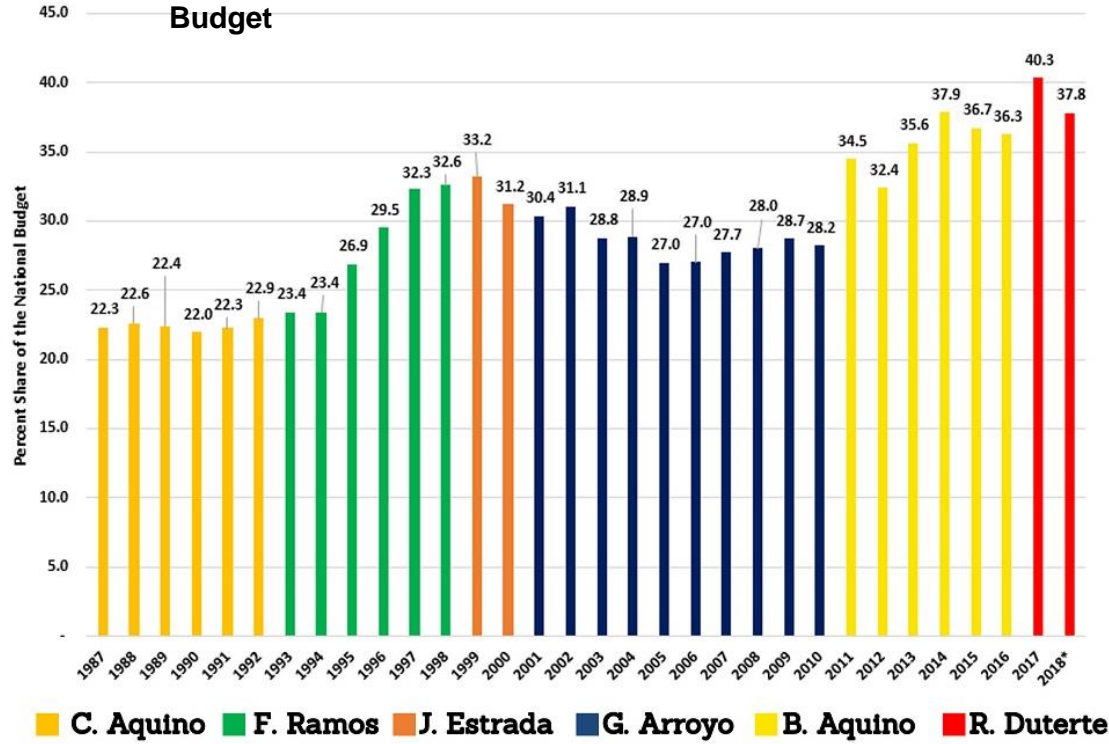
## Social Services

P1,525.2 billion; 37.2%



# Social Services

## Spending on Social Services as Share of the Budget



\*2018 is based on program levels.

# Social Services

The Philippines has a young and growing population, whose median age is 24 years old. In an aging world, this is an asset we plan to mold into an educated, healthy, and competent labor force



**Basic Education**



**Tertiary Education**



**Health**



**Social Protection**

Photos from various sources



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# Subsidy/Transfer Programs

(In billion pesos\*)

Particulars	2020 Proposed
<b>Social Health Protection</b>	<b><u>67.4</u></b>
Philippine Health Insurance Corporation	67.4
<b>Medicines and Vaccines</b>	<b><u>12.6</u></b>
Department of Health <sup>1/</sup>	12.6
<b>Medical Assistance for Indigent Patients</b>	<b><u>9.4</u></b>
Department of Health	9.4
<b>Health Facilities Enhancement Program</b>	<b><u>5.9</u></b>
Department of Health	5.9

1/ include provisions for medicines for cancer, diabetes, hypertension, and tuberculosis; vaccines for children and Senior Citizens



# FY 2020 Proposed Budget, Top Departments

(In billion pesos\*)

DEPARTMENT	2019 GAA		2020 Proposed		Increase/(Decrease)	
	Amount	Rank	Amount	Rank	Amount	%
Education (DepEd, SUCs, CHED, TESDA)	665.1	1	673.0	1	8.0	1.2
Public Works (DPWH) <sup>1/</sup>	464.6	2	534.3	2	69.7	15.0
Interior & Local Gov't (DILG)	230.4	3	238.0	3	7.5	3.3
Social Welfare (DSWD, includes budget for Unconditional Cash Transfer Program)	177.9	5	195.0	4	17.2	9.7
Defense (DND)	186.5	4	189.0	5	2.4	1.3
Health (includes budget for National Health Insurance Program)	168.5	6	166.5	6	(1.9)	(1.1)
Transportation (DOTr)	69.4	8	147.0	7	77.6	111.9
Agriculture (DA, NIA)	85.7	7	93.1	8	7.4	8.6
Judiciary	39.5	9	38.7	9	(0.8)	(2.0)
DENR	22.9	10	26.4	10	3.6	15.7
<b>TOTAL</b>	<b>2,110.4</b>		<b>2,301.1</b>		<b>190.7</b>	<b>9.0</b>

1/ DPWH level is inclusive of Php 26.37B for Local Infrastructure Projects.



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# Subsidy/Transfer Programs

(In billion pesos\*)

Particulars	2020 Proposed
<b>Universal Access to Quality Tertiary Education</b>	<b><u>39.3</u></b>
Commission on Higher Education	35.4
Technical Education and Skills Development Authority	3.9
<b>Basic Education Facilities</b>	<b><u>36.0</u></b>
Department of Education	36.0
<b>Education Assistance and Subsidies</b>	<b><u>31.2</u></b>
Department of Education <sup>2/</sup>	31.2
<b>School-based Feeding Program</b>	<b><u>6.0</u></b>
Department of Education	6.0
<b>Last Mile Schools Program</b>	<b><u>1.5</u></b>
Department of Education	1.5

1/ Includes P36.5 billion lodged under Land Bank of the Philippines as the conduit GFI for the distribution of cash transfers

2/ Includes the Education Service Contracting for Junior High School Students and the Senior High School Voucher Program

# Subsidy/Transfer Programs

(In billion pesos\*)

Particulars	2020 Proposed
<b>Pantawid Pamilyang Pilipino Program</b>	<b><u>69.8</u></b>
Department of Social Welfare and Development <sup>1/</sup>	69.8
<b>Social Pension for Indigent Senior Citizens</b>	<b><u>22.8</u></b>
Department of Social Welfare and Development <sup>2/</sup>	22.8
<b>Financial Assistance (Protective Services for Individuals and Families in Difficult Circumstances)</b>	<b><u>5.9</u></b>
Department of Social Welfare and Development <sup>2/</sup>	5.9
<b>Sustainable Livelihood Program</b>	<b><u>2.6</u></b>
Department of Social Welfare and Development <sup>2/</sup>	2.6
<b>Cash Gift for Centenarians</b>	<b><u>0.1</u></b>
Department of Social Welfare and Development <sup>2/</sup>	0.1

\*Numbers may not add up due to rounding

1/ only includes health and education grants  
2/ only includes grants

# Select Programs for Youth and the Marginalized

(In billion pesos\*)

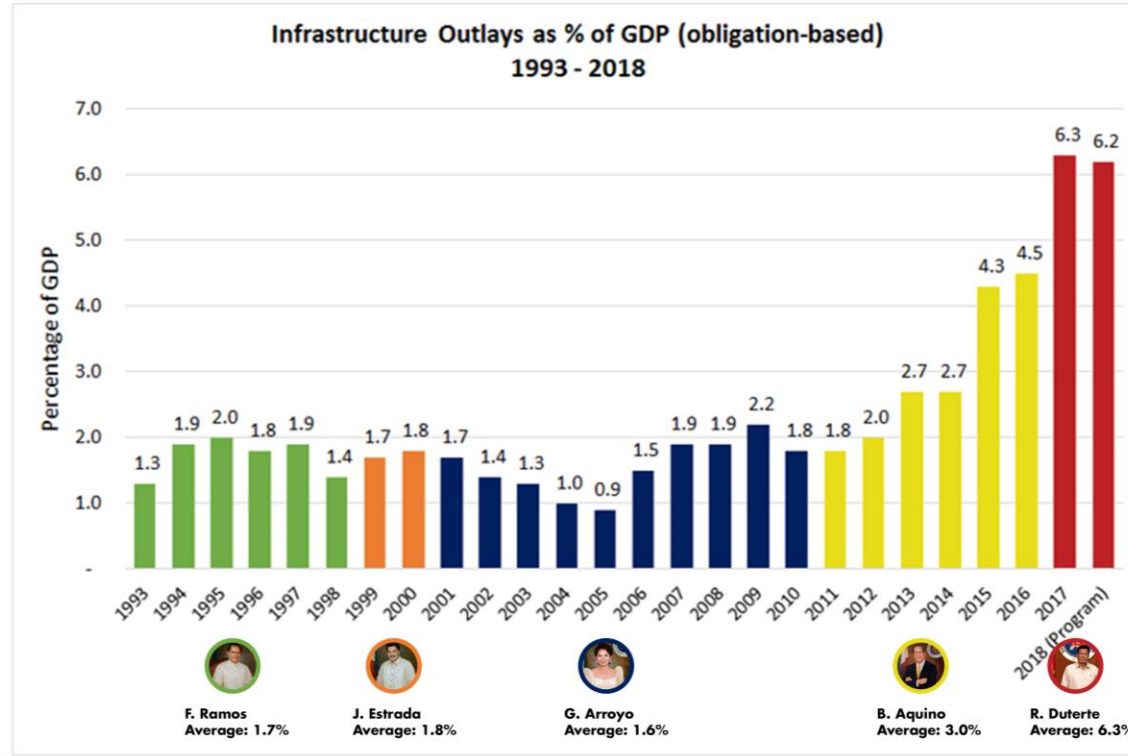
Particulars	2020 Proposed
Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers Program (DOLE)	3.9
Resettlement Program for ISFs Affected by the Supreme Court's Mandamus to Clear the Manila Bay Area (NHA)	2.3
Sitio Electrification Program (NEA)	1.2
Special Program for Employment of Students (DOLE)	0.5
JobStart Philippines Program (DOLE)	0.04





# Build Build Build

Infrastructure is also a top priority of this administration



Source: Department of Budget and Management



DEPARTMENT OF BUDGET AND MANAGEMENT

# FY 2020 Infrastructure Budget, By Sub-Object

(In billion pesos\*)

Particulars	2020 Proposed	
	Amount	% Share
<b>GRAND TOTAL</b>	<b>972.5</b>	
<i>% of GDP</i>	4.6%	
of which:	<b>849.2</b>	<b>87.30</b>
Road Networks	314.1	32.29
Development Fund of LGUs	129.8	13.34
Railways	103.9	10.68
Flood Control Systems	102.7	10.56
Right-of-way Acquisition	63.2	6.49
Buildings	47.8	4.91
School Building	38.4	3.95
Irrigation Systems	25.7	2.64
Housing and Community Facilities	5.7	0.58
Power Supply Systems	5.2	0.54
Water Supply Systems	5.0	0.51
Reforestation Projects	4.1	0.42
Hospitals and Health Centers	1.9	0.19
Airport Systems	1.5	0.16
Seaport Systems	0.3	0.04

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# Build Build Build

Infrastructure is also a top priority of this administration



Roads



Bridges



Airports



Railways

Photos from various sources



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# Agricultural Development Program

(In billion pesos\*)

Particulars	2020 Proposed
Irrigation Development <sup>1/</sup> (DA, NIA)	25.7
Farm-to-Market Roads (DA)	12.4
Rice Competitiveness Enhancement Fund (RCEF) (DA)	10.0
National Rice Program (DA)	7.0
National Fisheries Program (DA)	4.6
Crop Insurance (PCIC)	3.5
Credit Support Services (DA)	2.5
National Corn Program (DA)	1.5
National High Value Crops Development Program (DA)	1.4
National Livestock Program (DA)	0.9
Promotion and Development of Organic Agriculture (DA)	0.5

<sup>1/</sup> National Irrigation Systems, Communal Irrigation Systems, Small Water Impounding Systems, Other Irrigation Systems



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# AFP Modernization and Capability Enhancement Program

(In billion pesos\*)

Particulars	2020 Proposed
AFP Modernization (DND-AFP)	25.0
Capability Enhancement Program (DILG-PNP)	2.0



# Philippine Anti-Illegal Drugs Strategy

(In billion pesos\*)

Particulars	2020 Proposed
<b><u>Philippine Anti-Illegal Drugs Strategy</u></b>	<b><u>1.9</u></b>
Department of Health <sup>1/</sup>	1.2
Philippine National Police	0.5
Department of the Interior and Local Government	0.1
Dangerous Drugs Board	0.1

1/ Part of the regular program of the DOH (Operation of the Dangerous Drug Abuse Treatment and Rehabilitation Centers)





# Smooth Transition to the Bangsamoro Autonomous Region in Muslim Mindanao

(In billion pesos\*)

Programs	2020 Proposed
<b>Smooth Transition to the Bangsamoro Autonomous Region in Muslim Mindanao</b>	<b><u>70.6</u></b>
Annual Block Grant	63.6
Special Development Fund	5.0
Share in National Taxes	2.0



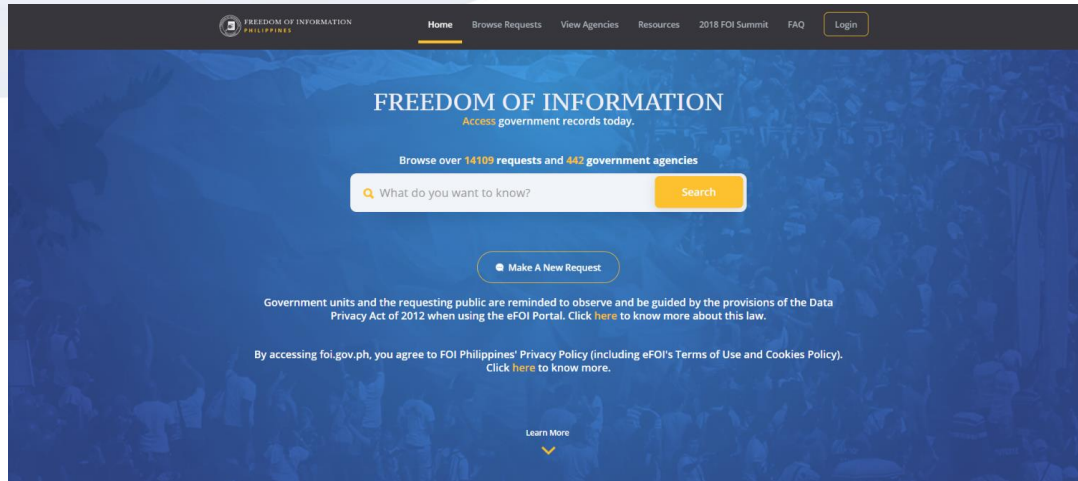
# Risk Resiliency

(In billion pesos\*)

Particulars	2020 Proposed
National Disaster Risk Reduction and Management Fund	20.0
Quick Response Fund <sup>1/</sup>	6.4
National Greening Program (DENR)	5.2
Solid Waste Management Program (DENR)	0.6
Coastal Resource Management (DENR)	0.2

1/ Lodged under agency-specific budgets





**14,109 requests**  
**42%** requests granted as of **May 2019**



**Ease of Doing Business-  
streamline systems and  
procedures**

**ARTA - National policy on  
anti-red tape and  
regulatory reform; improve  
competitiveness**



**Revolutionize public  
service through ICT**

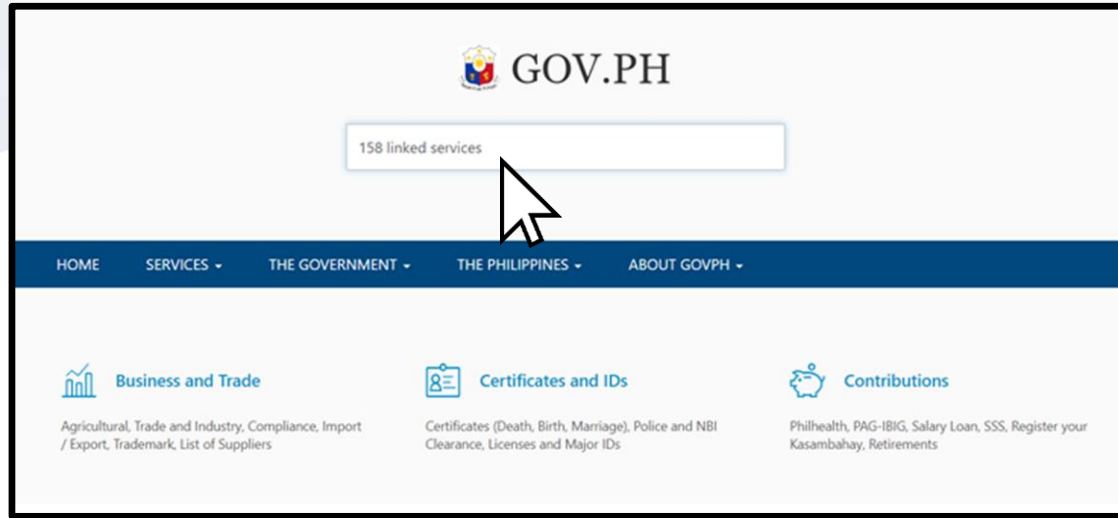
**“One Digitized  
Government, One Nation”**



# **A Government That is Transparent and Accessible**

**Enhancement of Transparency Seal  
standards for national government  
agencies and continued implementation  
of the Full Disclosure Policy for local  
governments.**



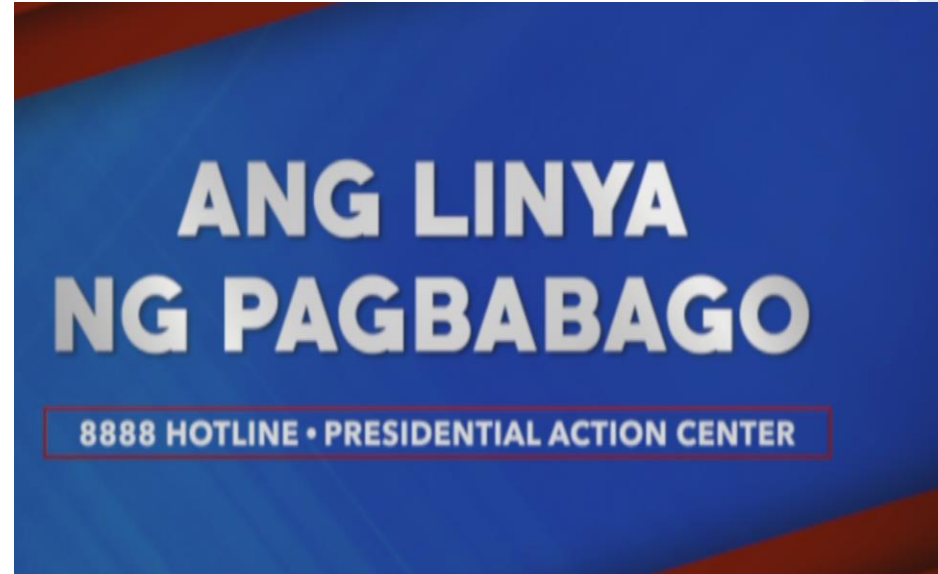


Institutionalization of online access to key government services through the National Government Portal or **www.gov.ph** with 158 linked services.



**24/7 Hotline 8888**

**2018: 144,057  
legitimate complaints**





Leveraging Technology  
for Citizens and  
Government



# DevLive

Featuring citizen satisfaction indicators, GPS tracking, and real-time data analytics

Any citizen can become government's partner in monitoring and flagging irregularities in public projects



**67** in the last Open Budget Survey (OBS) released in January 2018 which currently makes the Philippines number **1** in **Asia** for budget transparency



THE PHILIPPINES IS  
**#1 IN ASIA**  
ON BUDGET TRANSPARENCY  
AND NUMBER 19 WORLDWIDE



The Philippines is the only country in the world where citizens are part of the auditing team.



# PH as Global Leader in Open Government

The Philippines is recognized as a global leader in the open government space and contribute to shaping international good governance standards.



# Project DIME



## **PROJECT DIME**

DIGITAL IMAGING  
FOR MONITORING & EVALUATION



# Project DIME



**Drones**



**Lidars**



**Satellites**

*Photos from various sources*



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# Project DIME



**Schools**



**Roads**



**Greening Projects**

*Photos from various sources*



Republic of the Philippines  
**DEPARTMENT OF BUDGET AND MANAGEMENT**







President Rodrigo Roa Duterte  
during his SONA 2019

“ I have identified the enemy who dumped us into this quagmire we are in. I have met the enemy face-to-face and sadly, the enemy is “us.” ”

**Together,  
we can be  
a strong force.**



**BAYAN  
BAGO SARILI.**





# **Maraming Salamat! Mabuhay!**

**UNDERSECRETARY JANET B. ABUEL**  
**Department of Budget and Management**

