

**Philippine Association for Government  
Budget Administration (PAGBA), Inc.**

*“Theme: Responding to the Continuing Challenges  
of Innovations and Technology  
to Public Financial Management”*

Day 1 – Wednesday - 21 August 2024

**“Topic: Linking Budgeting and Planning  
with Operations Management”**

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# OUTLINE

**Part A. Introduction of Budgeting Concepts**

**Part B. Linkages of Planning and Budgeting**



**Part C. Budget Process/Cycle**



# OUTLINE

Part A.

Introduction of Budgeting Concepts



# Public Finance

- Refers to the income and expense of the government in the pursuit of national objectives.
- Involves the inflow of financial resources in the form of taxes and other revenues, and the outflow of such resources in the form of expenditure to finance goods and services.



# Public Finance Cycle

## ***(1) Formulation of Fiscal and Monetary Policy***

- ***Fiscal Policy*** – policies on taxation and other revenues, expenditures, and borrowings that are intended to promote the stabilization and development of the economy.
- ***Monetary Policy*** – generally understood to be that which influences the level of money supply in the economy.



# Public Finance Cycle

## ***(2) Generation of Revenues from Taxation and Other Sources***

- **Revenue** – all cash inflows of the national government treasury collected to support gov't expenditures, ***but do not increase the liability of the NG.***
- **Tax** - considered the main source of the national budget; a compulsory contribution mandated by law; and **exacted** by the government for a public purpose.



# Public Finance Cycle

***(3) Expenditure of Funds Through the National Budget***

***(4) Public Borrowings***

- **Funds obtained from repayable sources such as loans secured by the government from financial institutions and other sources, both domestic and foreign, to finance various government programs, activities and projects.**



# Public Finance Cycle

## ***(5) Accountability***

- A condition in which individuals who exercise power are constrained by **external means** and by **internal norms**.
- Checks and balances in an organization thru which an administrator accounts for his stewardship of resources or authority





# **WHAT IS GOVERNMENT BUDGETING?**

**Critical exercise of allocating revenues and borrowed funds to attain the economic and social goals of the country**

**Entails the management of government expenditures**



# WHAT IS A NATIONAL BUDGET?

- **Financial plan reflective of national objectives, strategies and programs**

*=> main policy document of gov't, reflects PDP*

- **Government's estimate of its income and expenditures**

*=> reflects fiscal stance in context of economic strategy*

- **Management plan to meet government targets and objectives**

*=> reflects agency strategic and operational plans*

*=> readiness to execute programs, projects, and activities*

# Legal Framework of Budgeting

- The **Philippine Constitution** and **Administrative Code of 1987, Book VI (Executive Order No. 292)** set out the budget policies, fundamental principles, requirements of budget process, and roles of different agencies of government.

**Art. VI, Sec. 29 of the Constitution provides:**

***“No money shall be paid by the Treasury except in pursuance of an appropriation made by law.”***

- The **Budget Circulars / Guidelines**

# The National Budget consists of:

Revenue Program (Financing)	P XXX
Expenditure Program	<del>XXX</del>
Budget Surplus or <b>Deficit</b>	<u>P xx</u>



# Revenues & Receipts - Total Resource Budgeting

- ❑ All resources of the government will be taken into account in evaluating budget levels:
  - Income in the **General Fund** (tax/non-tax revenues, grants, borrowings)
  - **Earmarked revenues** (Special Accounts, income authorized to be used);
  - **Off-budget accounts** (Revolving funds, retained revenues)
- ❑ Disclosure of all Public Sector Resources in the budget documents (**Budget of Expenditures and Sources of Financing**), i.e., NGAs, LGUs and GOCCs



Fees/Charges

Non-Tax

Taxes

Borrowings

General Fund  
(BTr)

# FY 2024 Budget of Expenditures and Sources of Financing (BESF)

**Table A.2**  
**NATIONAL GOVERNMENT FISCAL PROGRAM, 2022-2**  
(In Billion Pesos)

Particulars	2022 Actual	2023 Program <sup>1/</sup>	2024 Projection <sup>2/</sup>	2025 Projection <sup>2/</sup>	2026 Projection <sup>2/</sup>
<b>A. FISCAL PROGRAM</b>					
<b>REVENUES</b>	<b>3,545.5</b>	<b>3,729.0</b>	<b>4,272.6</b>	<b>4,729.5</b>	<b>5,294.9</b>
<i>Percent of GDP</i>	16.1	15.2	16.1	16.3	16.6
<b>Tax Revenues*</b>	<b>3,220.3</b>	<b>3,537.9</b>	<b>4,073.6</b>	<b>4,563.7</b>	<b>5,124.5</b>
<i>Percent of GDP</i>	14.6	14.4	15.3	15.7	16.1
of which:					
Bureau of Internal Revenue	2,335.7	2,639.2	3,046.8	3,442.5	3,902.1
Bureau of Customs	862.4	874.2	1,000.2	1,076.4	1,159.7
<b>Non-Tax Revenues</b>	<b>323.5</b>	<b>190.6</b>	<b>198.5</b>	<b>165.3</b>	<b>169.9</b>
<i>Percent of GDP</i>	1.5	0.8	0.7	0.6	0.5
<b>Privatization</b>	<b>1.6</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<i>Percent of GDP</i>	0.0	0.0	0.0	0.0	0.0
<b>DISBURSEMENTS</b>	<b>5,159.6</b>	<b>5,228.4</b>	<b>5,629.4</b>	<b>5,922.7</b>	<b>6,409.4</b>
<i>Percent of GDP</i>	23.4	21.3	21.2	20.4	20.1
<b>Current Operating Expenditures</b>	<b>3,831.8</b>	<b>3,932.1</b>	<b>4,180.5</b>	<b>4,397.4</b>	<b>4,726.7</b>
<i>Percent of GDP</i>	17.4	16.0	15.7	15.1	14.8
of which:					
Interest Payments	502.9	610.7	670.5	855.8	928.8
<i>Percent Share to Total Disbursements</i>	9.7	11.7	11.9	14.4	14.5
<b>Capital Outlays</b>	<b>1,300.6</b>	<b>1,267.6</b>	<b>1,420.2</b>	<b>1,496.6</b>	<b>1,654.0</b>
<i>Percent of GDP</i>	5.9	5.2	5.3	5.1	5.2
<b>Net Lending</b>	<b>27.2</b>	<b>28.7</b>	<b>28.7</b>	<b>28.7</b>	<b>28.7</b>
<i>Percent of GDP</i>	0.1	0.1	0.1	0.1	0.1
<b>DEFICIT</b>	<b>(1,614.1)</b>	<b>(1,499.4)</b>	<b>(1,356.8)</b>	<b>(1,193.2)</b>	<b>(1,114.5)</b>
<i>Percent of GDP</i>	(7.3)	(6.1)	(5.1)	(4.1)	(3.5)

# FY 2024 Budget of Expenditures and Sources of Financing (BESF)

**Table A.2**  
**NATIONAL GOVERNMENT FISCAL PROGRAM, 2022-2026**  
(In Billion Pesos)

Particulars	2022 Actual	2023 Program <sup>1/</sup>	2024 Projection <sup>2/</sup>	2025 Projection <sup>2/</sup>	2026 Projection <sup>2/</sup>
<b>DEFICIT</b>	<b>(1,614.1)</b>	<b>(1,499.4)</b>	<b>(1,356.8)</b>	<b>(1,193.2)</b>	<b>(1,114.5)</b>
<i>Percent of GDP</i>	<i>(7.3)</i>	<i>(6.1)</i>	<i>(5.1)</i>	<i>(4.1)</i>	<i>(3.5)</i>
<b>FINANCING <sup>3/</sup></b>					
Gross Borrowings	2,163.5 <sup>4/</sup>	2,207.0	2,460.0	2,205.0	2,186.0
Less: Amortization <sup>5/</sup>	<u>197.1</u>	<u>121.9</u>	<u>239.3</u>	<u>216.9</u>	<u>157.8</u>
Net Financing <sup>6/</sup>	<u>1,966.4</u>	<u>2,085.1</u>	<u>2,220.7</u>	<u>1,988.1</u>	<u>2,028.2</u>
Less: Total Net Financing Requirement/Deficit	<u>1,614.1</u>	<u>1,499.4</u>	<u>1,356.8</u>	<u>1,193.2</u>	<u>1,114.5</u>
<b>Budgetary Change in Cash</b>	<b><u>352.3</u></b>	<b><u>585.6</u></b>	<b><u>863.8</u></b>	<b><u>794.9</u></b>	<b><u>913.7</u></b>
<b>B. OBLIGATION BUDGET</b>					
<b>Expenditure Program <sup>7/</sup></b>	<b><u>5,175.2</u></b>	<b><u>5,268.0</u></b>	<b><u>5,767.6</u></b>	<b><u>5,958.4</u></b>	<b><u>6,435.7</u></b>
<b>Memo Items:</b>					
<i>Financing Mix (%)</i>					
<i>External</i>	24.0	25.0	25.0	20.0	20.0
<i>Domestic</i>	76.0	75.0	75.0	80.0	80.0
<i>Infrastructure Program (Disbursements)</i>	<u>1,278.5</u>	<u>1,292.7</u>	<u>1,365.2</u>	<u>1,470.0</u>	<u>1,617.7</u>
<i>Percent of GDP</i>	<i>5.8</i>	<i>5.3</i>	<i>5.1</i>	<i>5.1</i>	<i>5.1</i>
<i>NG Infrastructure</i>	<i>960.0</i>	<i>989.9</i>	<i>1,114.1</i>	<i>1,181.6</i>	<i>1,307.8</i>
<i>Infrastructure Subsidy</i>	<i>83.5</i>	<i>101.9</i>	<i>42.1</i>	<i>40.1</i>	<i>39.1</i>
<i>Infrastructure Equity</i>	<i>1.1</i>	<i>2.0</i>	<i>1.3</i>	<i>0.5</i>	<i>0.4</i>
<i>Infrastructure Transfers to LGUs <sup>8/</sup></i>	<i>233.8</i>	<i>199.0</i>	<i>207.7</i>	<i>247.8</i>	<i>270.4</i>
<i>Nominal GDP <sup>9/</sup></i>	<i>22,024.5</i>	<i>24,522.1</i>	<i>26,604.7</i>	<i>29,102.1</i>	<i>31,841.9</i>

# *FY 2024 Budget of Expenditures and Sources of Financing (BESF)*

**Table C.1**  
**REVENUE PROGRAM, BY SOURCE, 2022-2026**  
(In Million Pesos)

<b>PARTICULARS</b>	<b>2022 Actual</b>	<b>2023 Program</b>	<b>2024 Projection</b>	<b>2025 Projection</b>	<b>2026 Projection</b>
<b>TAX REVENUES</b>	<b><u>3,220,315</u></b>	<b><u>3,537,946</u></b>	<b><u>4,073,581</u></b>	<b><u>4,563,700</u></b>	<b><u>5,124,452</u></b>
Taxes on Net Income and Profits	1,237,372	1,397,708	1,552,625	1,736,715	1,953,154
Taxes on Property	11,826	13,167	14,914	17,014	19,496
Taxes on Domestic Goods and Services	<u>1,108,698</u>	<u>1,252,906</u>	<u>1,505,882</u>	<u>1,733,535</u>	<u>1,992,147</u>
General Sales, Turnover or VAT	475,986	538,131	620,708	708,974	809,867
Selected Excises on Goods	312,224	335,908	457,812	515,929	580,696
Selected Taxes on Services	105,713	124,443	144,158	164,942	189,093
Taxes on the Use of Goods or Property or Permission to Perform Activities	183	203	221	243	267
Other Taxes	214,592	254,220	282,982	343,446	412,223
Taxes on International Trade and Transactions	862,420	874,166	1,000,160	1,076,437	1,159,655



# FY 2024 Budget of Expenditures and Sources of Financing (BESF)

**Table C.1**  
**REVENUE PROGRAM, BY SOURCE, 2022-2026**  
(In Million Pesos)

PARTICULARS	2022 Actual	2023 Program	2024 Projection	2025 Projection	2026 Projection
<b>NON-TAX REVENUES</b>	<b>323,544</b>	<b>190,558</b>	<b>198,479</b>	<b>165,271</b>	<b>169,942</b>
Fees and Charges	26,384	27,993	29,869	32,020	34,357
Income from Treasury Operations	59,377	26,342	23,833	19,993	21,169
Interest Income on NG Deposits	11,187	2,000	1,700	1,700	1,700
Interest on Advances to GOCCs	232	58	58	58	58
Income from Investments	42,033	19,500	17,000	13,000	14,000
Guarantee Fee	1,567	1,700	1,800	1,800	1,800
Foreign Exchange Risk Cover Fee	1,167	1,300	1,400	1,400	1,400
Government Service Income	3,191	1,784	1,875	2,035	2,211
Fidelity Bond Premia	1,659	1,601	1,748	1,908	2,084
Subscription Fee - RoSS Participants	12	10	10	10	10
Escheat of Unclaimed Balances	86	80	81	82	83
Service Fee on Relent Loans	681	93	36	35	34
Other Miscellaneous Income	753	-	-	-	-
NG Income Collected by the BTr	95,387	31,952	47,269	50,185	53,359
Dividends on Shares of Stocks	69,125	16,000	16,000	16,000	16,000
NG Share from Airport Terminal Fee	285	377	272	325	379
NG Share from PAGCOR Income	24,861	15,033	29,869	32,568	35,559
NG Share from MIAA Profit	1,116	542	1,128	1,292	1,421
Other Non-Tax Revenues	141,288	104,270	97,508	63,073	61,057
Malampaya Royalties	25,902	20,234	13,497	8,505	8,505
Other Non-Tax Revenues	115,386	84,036	84,011	54,568	52,552
Foreign Grants	1,108	-	-	-	-
<b>PRIVATIZATION</b>	<b>1,646</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>TOTAL REVENUES</b>	<b>3,545,505</b>	<b>3,729,004</b>	<b>4,272,560</b>	<b>4,729,471</b>	<b>5,294,894</b>

# FY 2024 Budget of Expenditures and Sources of Financing (BESF)

**Table B.15**  
**EARMARKED REVENUES, 2022-2024**  
(In thousand pesos)

Department/Agency/Fund	Legal Basis	Particulars	Balance as of Dec. 31, 2022	2022 ACTUAL	
				Revenues	Expenditures
<b>I. USE OF INCOME, GENERAL FUND</b>			<b>73,350,774</b>	<b>1,084,442,496</b>	<b>1,082,212,566</b>
<b>DEPARTMENT OF AGRICULTURE</b>			-	8,948,302	8,948,300
Rice Competitiveness Enhancement Fund (RCEF)	RA 11203	Annual appropriation of P10,000,000,000.00 for six (6) years which shall be automatically credited to a Special Account in the General Fund (SAGF) per Section 13 of RA 11203. If the annual tariff revenues exceeds P10,000,000, the excess tariff revenues shall be earmarked by Congress and included in the GAA.	-	8,948,302	8,948,300
<b>DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS</b>					
Office of the Secretary Special Road Fund	RA 11239	LTO - Motor Vehicle User's Charge (MVUC) Tax collections	66,188,936 <sup>iv</sup>	19,792,500	16,396,390
<b>DEPARTMENT OF SCIENCE AND TECHNOLOGY</b>					
Industrial Technology Development Institute	RA 9236	50% of the fees and charges collected from calibration services and other metrological works of the National Metrology Laboratory (NML)	-	22,329	6,472
Philippine Science High School System	RA 9036	Fees collected from school-related activities of each campus	-	13,873	3,700
<b>BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO</b>			75,218	69,751,667	71,580,565
Share in Taxes, Fees and Charges Collected in the Bangsamoro Autonomous Region	RA 11054	Share from taxes, fees and charges, other than tariff and custom duties	75,218	2,788,032	4,616,930
<b>LOCAL GOVERNMENT UNITS</b>					
Annual Block Grant Bureau of Internal Revenue	RA 11054	5% of net internal revenue tax collection from the third fiscal year immediately preceding the current fiscal year	-	66,963,635	66,963,635
Bureau of Customs	RA 11054	5% of net collection from the third fiscal year immediately preceding the current fiscal year	-	51,668,483	51,668,483
<b>LOCAL GOVERNMENT UNITS</b>			7,086,620	985,927,698	985,280,839
National Tax Allotment <sup>vi</sup> Bureau of Internal Revenue	RA 7160 / RA 11683	40% share in the national taxes based on the collection of the third fiscal year preceding the current fiscal year <sup>iv</sup>	-	959,041,250	959,041,250
Bureau of Customs	RA 7160 / RA 11683	40% share in the national taxes based on the collection of the third fiscal year preceding the current fiscal year <sup>iv</sup>	-	765,201,593	765,201,593
Bureau of the Treasury	RA 7160 / RA 11683	40% share in the national taxes based on the collection of the third fiscal year preceding the current fiscal year <sup>iv</sup>	-	193,738,592	193,738,592
Special Shares from Collections of DOE, DENR-Osec and MGB, DOF-BIR, and DILG-BFP pursuant to existing laws			-	101,065	101,065
Department of Energy	PD 87 / RA 7160 / RA 9513	40% royalty fees from energy resources production collected from prior years	1,273,298	1,796,689	2,625,681

# Off-Budget Accounts

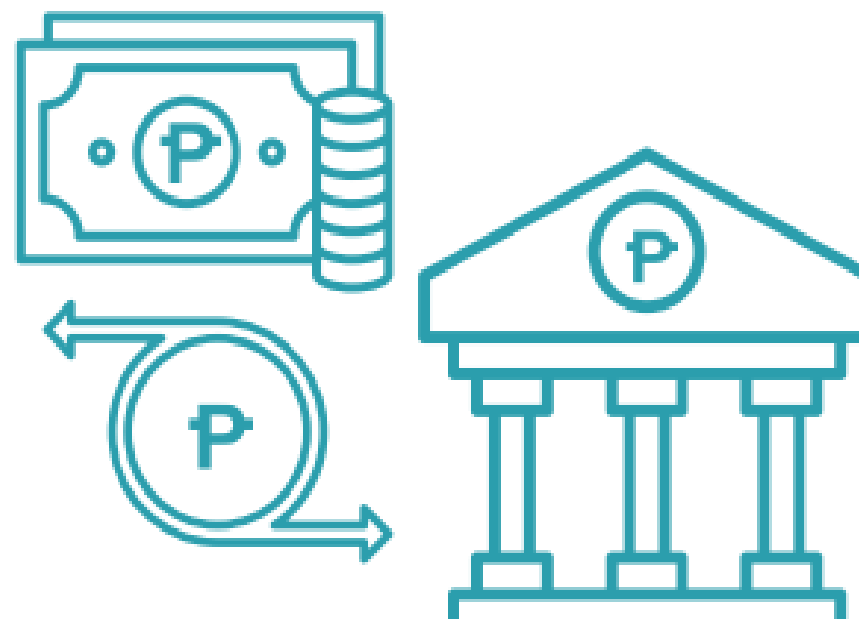
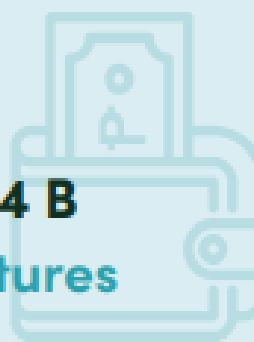
Off-budget accounts refer to revenues collected and retained by government agencies and, by operations of certain laws, are allowed to be used for particular expenditures that are not accounted for in the National Budget. However, like all public funds, these accounts are still subject to scrutiny by the Commission on Audit.

## Off-Budget Accounts, FY 2024

**Php 161.4 B**  
Receipts



**Php 136.4 B**  
Expenditures



## Top Ten Off-Budget Accounts, FY 2024

	Department/Agency	Revenues	Expenditures	Purpose
1.	Department of Health	Php 37.6 B	Php 30.2 B	For the purchase of drugs and medicines, and some operating expenses
2.	The Judiciary	Php 37.2 B	Php 27.7 B	For the allowances of justices and judges, and training expenses, among others
3.	State Universities and Colleges	Php 35.6 B	Php 34.8 B	For the payment of salaries, some operating expenses and capital investments
4.	Presidential Communications Office	Php 8.1 B	Php 7.1 B	For personnel services, some operating expenses, capital outlays and production costs
5.	Department of Education	Php 6.3 B	Php 5.9 B	For operational expenses (Provident Fund) and maintenance of facilities
6.	Department of Labor and Employment	Php 5.5 B	Php 4.4 B	For the payment of bond, monetary judgement awards, injunction and execution of awards in labor cases, among others
7.	Department of Finance	Php 4.9 B	Php 4.3 B	For relending to LGUs, personnel services, some operating expenses, and capital outlays, among others
8.	Department of Justice	Php 4.5 B	Php 3.0 B	For personnel services, purchase of products of the agro-industrial projects of the Bureau of Correction's livelihood and rehabilitation projects and allowance of prisoners, among others
9.	Department of Migrant Workers	Php 2.8 B	Php 2.2 B	For the Congressional Migrant Workers Scholarship Program Fund: <i>Kalinga sa Marino</i> , among others
10.	Department of Public Works and Highways	Php 2.8 B	Php 524 M	For the payment of BAC honoraria, and repair and maintenance of the quarters

**Appropriations** – An authorization pursuant to laws or other legislative enactment, hence, required Congressional action, directing the spending of public funds for a specific purpose, up to specified amount under specified conditions

**New General Appropriations**



**Appropriations legislated by Congress for every budget year under the General Appropriations Act (GAA)**

**Supplemental Appropriations**



**Special Appropriations enacted in addition to the new GAA covering additional requirements, supported with new revenues**

**Automatic  
Appropriations**

**Appropriations programmed annually or for some other period prescribed by law, by virtue of outstanding legislation which does not require periodic action by Congress, e.g. Debt Service, National Tax Allotment (NTA) (formerly called IRA), and Special Accounts**

**Continuing  
Appropriations**

**Appropriations previously enacted by Congress and which continue to remain valid as an appropriation authority beyond the budget year for the expenditure of public funds, e.g. MOOE and Capital Outlays – 2 years validity**

**Unprogrammed  
Appropriations**

**Unprogrammed Appropriations SPFs (e.g. BSGC, FAPS), are provided to cover deficiencies, i.e.. Requirements cannot be fully accommodated, vis-à-vis provisions in the agency specific budgets, subject to availability of excess/unexpected inflow of revenues/financing sources.**

# Allotment Class

## Classification of expenditures under the following categories:

- 1. Personnel Services (PS)** - Refer to an expenditure category/expense class for the payment of salaries, wages and other compensation (e.g., merit, **salary increase**, honoraria and commutable allowances, etc.) of permanent, temporary, contractual, and casual employees of the government.
- 2. Maintenance and Other Operating Expenses (MOOE)** - Refer to an expenditure category/expense class for support to the operations of government agencies such as expenses for supplies and materials; transportation and travel; utilities (water, power, etc.) and the repairs, etc.
- 3. Financial Expenses (FinEx)** - A new expense category, these refer to management supervision/trusteeship fees, interest expenses, gurantee fees, bank charges, commitment fees and other financial charges incurred in owning or borrowing an asset property.
- 4. Capital Outlays (CO)** - Refer to an expenditure category/expense class for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of the Government, including investments in the capital stock of GOCCs and their subsidiaries.

# Cost Structure of the Budget

- **General Administration and Support (GAS) - A cost component of the agency budget which consists of the activities and projects dealing with the provision of overall administrative management and operational support to the entire agency operation. It includes activities such as:**
  - **general management and supervision;**
  - **legislative liaison services;**
  - **human resource development; and**
  - **financial and administrative services.**
  
- » **Funds provided for GAS are management overhead expenses and common to all department/agencies**



# Cost Structure of the Budget

□ **Support To Operations (STO)** - programs and corresponding expenditures which provide staff, technical and/or substantial support to operations, but do not produce goods or deliver services or directly engage in regulation.

Examples include:

- Planning and policy formulation;
  - Program monitoring and evaluation;
  - Public information program;
  - Research and development;
  - Statistical services; and
  - Information systems development.
- **STO are likewise common across agencies.**

# Cost Structure of the Budget

- **Operations** – programs and corresponding expenditures which relate to the main purpose for which an agency has been created. It involves directly in:
  - regulatory services;
  - production of goods; or
  - delivery of services such as health care or education, national economic planning, and central statistics administration and management.

# Cost Structure of the Budget

- ❑ **Locally-Funded Projects (LFPs) – Projects financed out of revenue collections and borrowings.**
- ❑ **Foreign-Assisted Projects (FAPs)-Government projects which are wholly or partly financed by foreign loans and/or foreign grants.**

# Definitions of P/A/P

## PROGRAM

- **Integrated group of activities and projects that contribute to a particular continuing objective of a department/agency**
- **A program should have the following:**
  - **Unique expected results or outcomes;**
  - **A clear target population or client group external to the agency;**
  - **A defined method of intervention to achieve desirable result; and**
  - **A clear mgt structure that defines accountabilities.**

## ACTIVITY

**Work process that contributes to the implementation of a program or sub-program or project**

## PROJECT

**Special department or agency undertaking carried out with a definite time frame and intended to result in some pre-determined measure of goods and services**

## FOR EXAMPLE: ITEM OF APPROPRIATION

Program: **TOURISM POLICY FORMULATION AND PLANNING PROGRAM**

Activity: **Tourism Planning**

**PHP 255,892,000**



### ALLOTMENT CLASS 1



**PERSONNEL  
SERVICES**

E.g. Salaries and Wages

**PHP 62,571,000**

### ALLOTMENT CLASS 2



**MAINTENANCE  
AND OTHER  
OPERATING  
EXPENSES**

E.g. Consultancy Services,  
Other Professional Services

**PHP 162,256,000**

### ALLOTMENT CLASS 3



**FINANCIAL  
EXPENSES**

E.g. Bank Charges

**PHP 50,000**

### ALLOTMENT CLASS 4

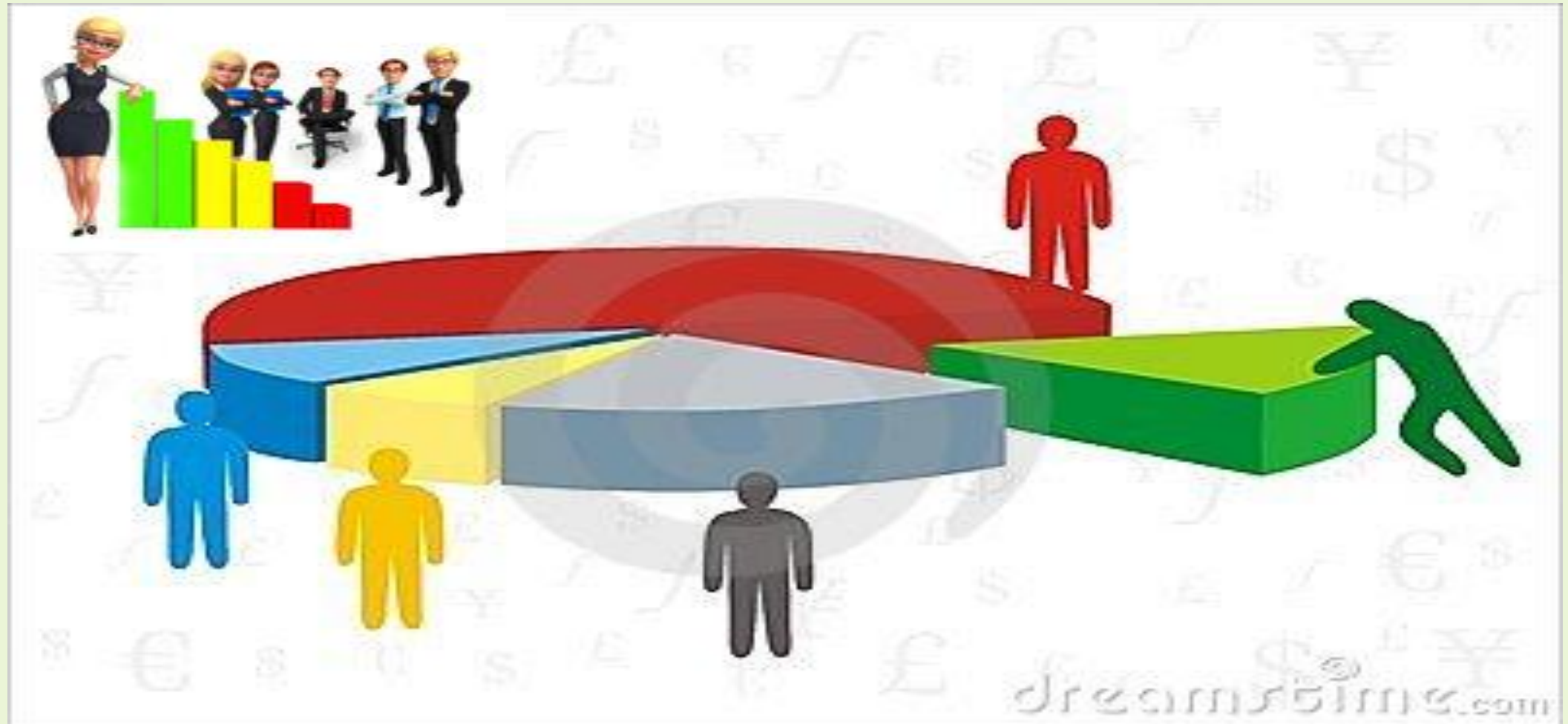


**CAPITAL  
OUTLAYS**

E.g. Machinery and  
Equipment Outlay

**PHP 31,015,000**

# An Expenditure Management Problem: **Tragedy of the Commons**





**CHALLENGE**



**Development  
Needs**



**NATIONAL BUDGET**



**Resources**



# Characteristics of a Good Budgeting System

## ❑ **Aggregate Fiscal Discipline**

- Hard control on the level of spending
- Putting a leash on the deficit

## ❑ **Allocative Efficiency**

- Spending on the “right things”
- Setting your priorities straight

## ❑ **Operational/Technical Efficiency**

- Obtaining the best value for money
- Producing more with less cost



Spending **within** means



Spending on the **right** priorities



Spending with **measurable** results



**In a regime of transparency, accountability and citizen's engagement**



# Spending on the Right Priorities

## Budget Priorities Framework



Good  
Governance  
& Anti-Corruption



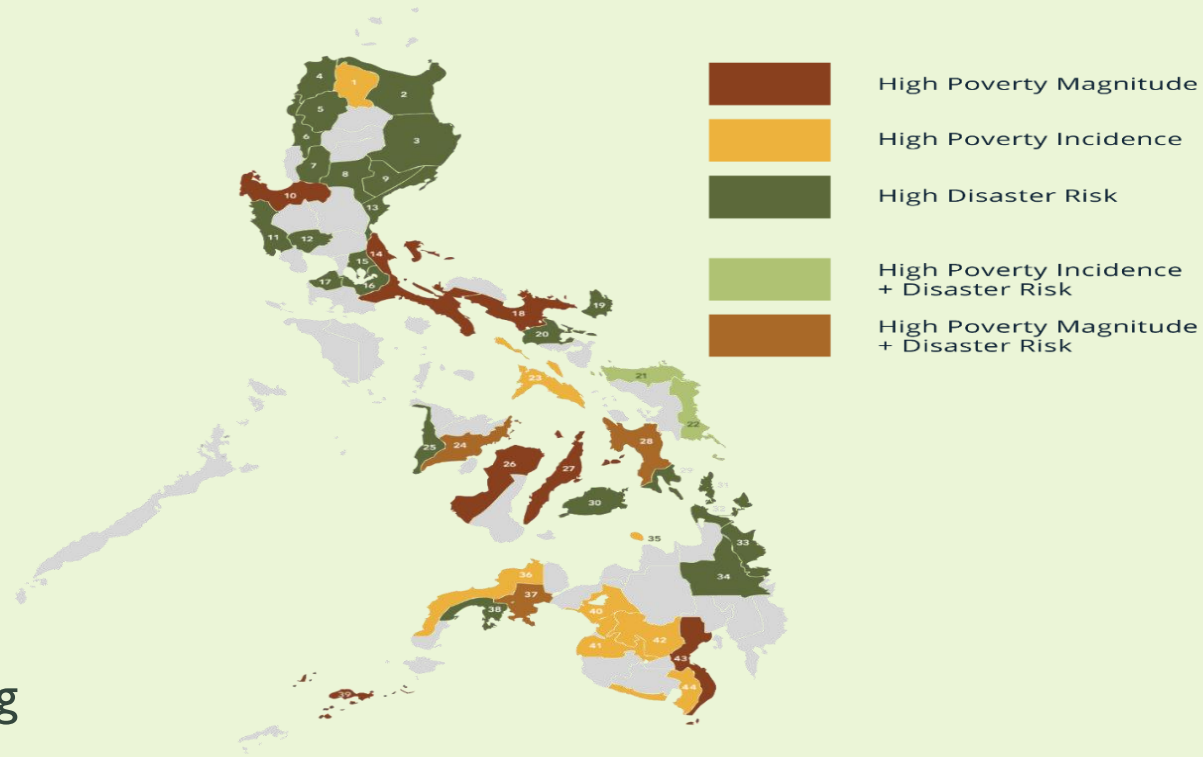
Sustaining the Growth  
Momentum



Managing  
Disaster Risks



Forging Just and Lasting  
Peace



# Budget Priorities Framework

## EXPENDITURE PRIORITIES OF THE 2019 BUDGET



- Intensifying Infrastructure Development*
- Enhancing Programs on Human Development*
- Building a More Peaceful and Secure Nation*
- Sustaining Reforms in Government Service Delivery*

# Agenda for Prosperity: Economic Transformation towards Inclusivity and Sustainability

**O**n August 22, 2022, President Ferdinand R. Marcos, Jr. submitted to the Congress his Administration's first full-year spending program—the Php 5.268 Trillion Proposed National Budget for Fiscal Year (FY) 2023. Crafted in harmony with the 8-Point Socioeconomic Agenda, the proposed Budget will transform the national economy towards inclusivity and sustainability for a more prosperous Philippines.

## Key Budget Priorities

Priority expenditures in the proposed 2023 National Budget are consistent with the government's 8-Point Socioeconomic Agenda, which outlines strategies to address the immediate issues confronting the Filipino people, such as rising inflation, low income, and socioeconomic scarring from the pandemic.

### Strengthen the purchasing power of Filipinos

- Food security
- Improved transportation
- Affordable and clean energy

### Reduce vulnerability and mitigate scarring from the COVID-19 pandemic

- Social services
- Healthcare
- Education





### Reduce vulnerability and mitigate scarring from the COVID-19 pandemic

- Social services
- Healthcare
- Education



### Ensure sound macroeconomic fundamentals

- Bureaucratic efficiency
- Sound fiscal management



### Support Local Governments

To facilitate full devolution pursuant to Executive Order No. 138 (s. 2021), the proposed Budget provides allocations to empower local government units (LGUs) in delivering the services that have been devolved to them.

- **Php 820.3 billion**  
National Tax Allotment for LGUs
- **Php 28.9 billion**  
Local Government Support Fund

# Rolling-Out Key PFM Reforms

In 2014:



Towards:



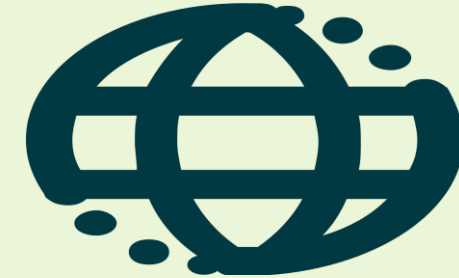
**Unified Accounts  
Code Structure  
(UACS)**



**Treasury Single  
Account  
(TSA)**



**Performance  
Informed  
Budgeting  
(PIB)**



**Budget and Treasury  
Management System  
(BTMS)**



**GAA as  
Allotment  
Order  
(GAAAO)**



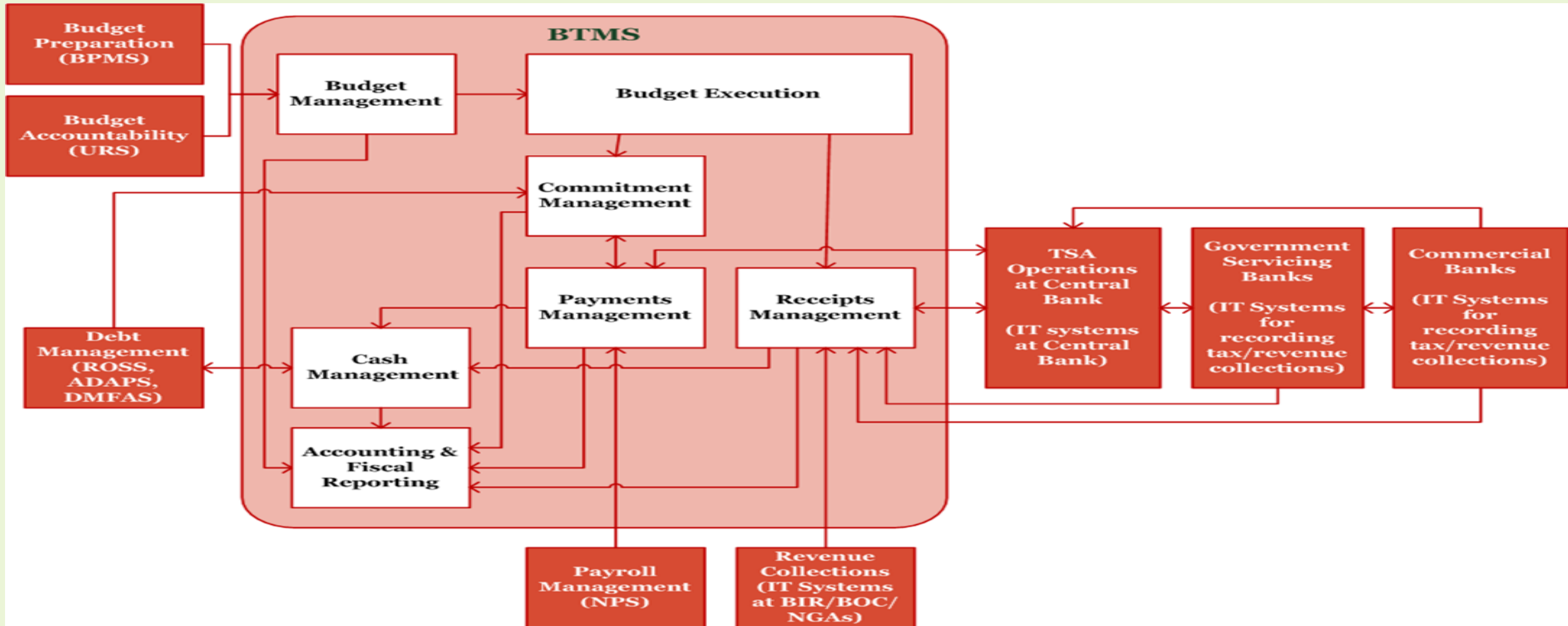
**Accounting and  
Auditing Standards  
(AAS)**



**Unified  
Reporting  
System (URS)**

**OPEN AND PARTICIPATIVE  
GOVERNMENT : BROADER  
AND DEEPER CITIZEN'S  
ENGAGEMENT**

# Integrated Financial Management Information System (IFMIS)



The single portal of all financial transactions and reports to be used by NGAs, LGUs and GOCCs to integrate budgeting, cash management, accounting and auditing purposes.



# OUTLINE

END of Part A.

Introduction of Budgeting Concepts



# OUTLINE

Part B. Linkages of Planning and Budgeting



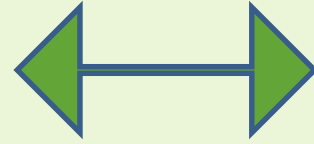
# Legal Framework of Planning

- ❑ **Philippine Constitution, Art. XII, Section 9.** *Until the Congress provides otherwise, the National Economic and Development Authority shall function as the independent planning agency of the government.”*
- ❑ **Administrative Order No. 230.** *”The authority shall primarily be responsible for formulating continuing, coordinated and fully integrated social and economic policies, plans and programs. The linkage between development planning, programming and budgeting shall be of the highest priority in planning and budgeting activities.”*

# The GOP Public Financial Management Cycle

## 1. Agency Planning and Priority Setting

Agency priority settings derived from the departmental mandate, the Administration's priorities and ongoing business to citizens



## 2. Administration Planning and Priority Setting

Top-down: Priority setting through medium term fiscal strategy linked to the PDP, Investment Plan and annually updated through the Budget Priorities Framework (BPF)

## 3. Budget Preparation

Bottom-up: Spending agencies link their respective strategic plan with their operational plan and draft Budget proposal accordingly.

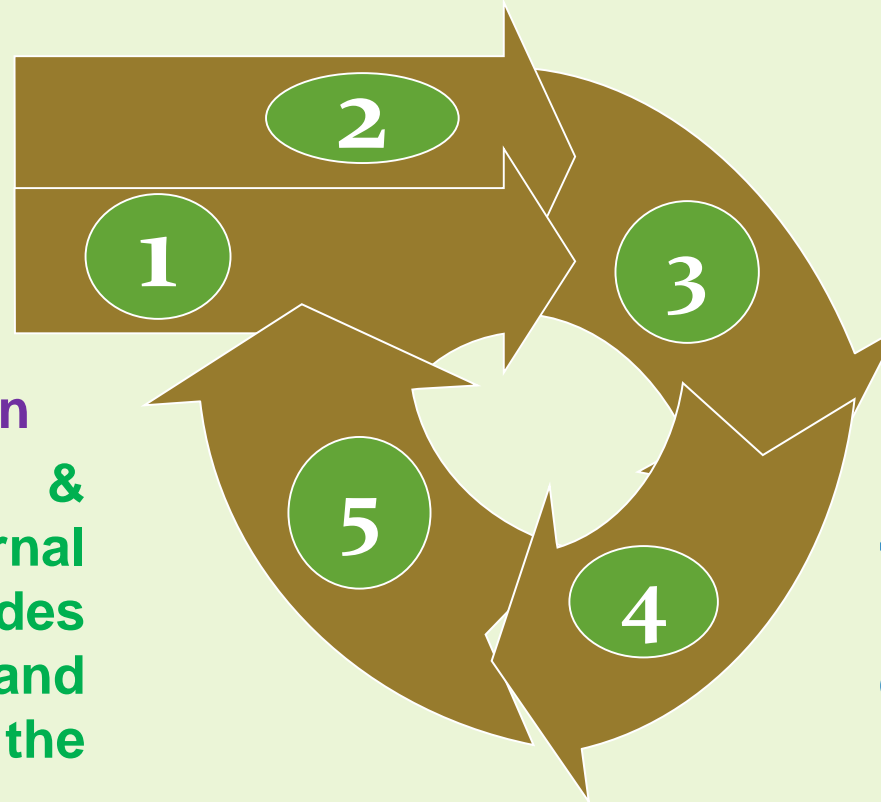
Link new policy initiatives to government priorities highlighted in the BPF

## 4. Budget Execution

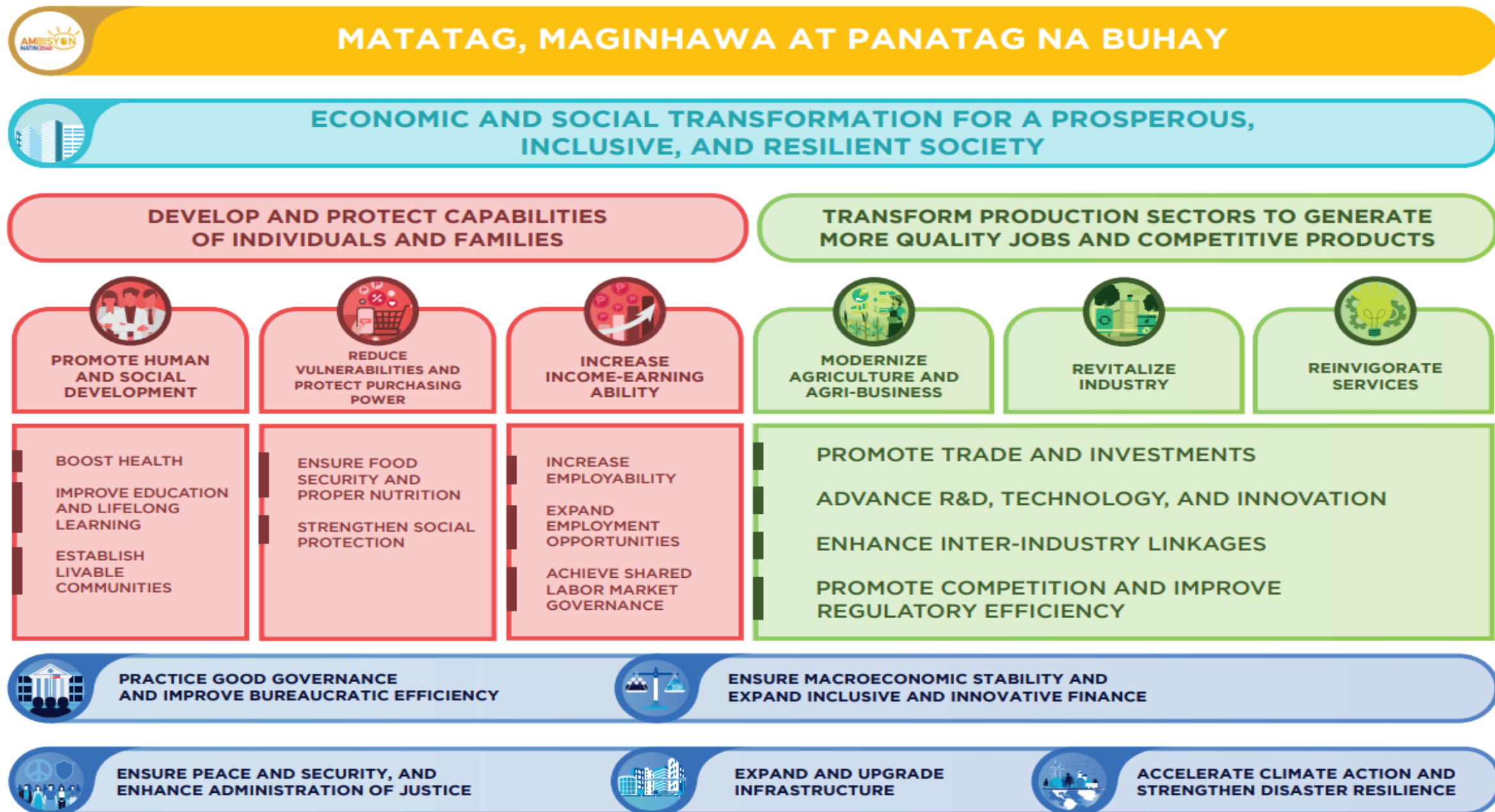
Budget execution and service delivery to citizens through the PAPs administered through Allotments, NCAs and SAROs

## 5. Reporting and Verification

Reporting, Monitoring & evaluation review and internal & external audit provides verification of results and provides inputs back into the planning process



**Figure 1.1 Strategy Framework of Philippine Development Plan 2023–2028**



# 8-Point Socioeconomic Agenda for the Near Term (1<sup>st</sup> year)



**Ensure food security**



**Reduce transport and logistics cost**



**Reduce energy cost to families**



**Sound fiscal management**



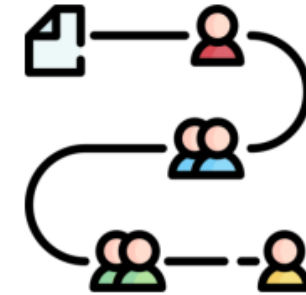
**Tackle health**



**Address learning losses**



**Strengthen social protection**



**Enhance bureaucratic efficiency**

## 8-Point Socioeconomic Agenda for the Medium Term (until 2028)



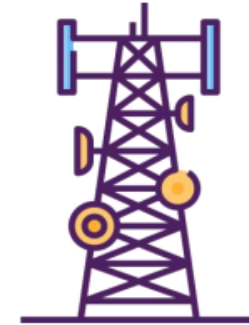
**Promote investments**



**Improve infrastructure**



**Ensure energy security**



**Expand and improve the digital infrastructure**



**Increase employability**



**Encourage R&D and innovation**



**Establish livable and sustainable communities**



**Pursue a green (and blue) economy**

## Administration and Agency Planning and Priority Setting

***PH Development Plan (PDP)*** : Basis, framework, priorities, strategies, targets

***Public Investment Programming (PIP)***: process, criteria, prioritization

***Investment Appraisal Process- ICC processes***: concepts, criteria, timetables

***3 Year Rolling Infrastructure Program (TRIP)*** – link to budgeting and developing implementation ready projects

# Development Planning

- **Rationale for development planning in the Philippines**

- Enables the government to achieve a shared vision of where the country should be in the future, and a concerted program of action to achieve this vision
- Sees to it that resources and investments are channeled towards activities that best achieve the national goals and objectives

- **Types of development plans**

- By Time Frame  
Short-term (1-2 yrs); **medium-term (3-10 yrs)**; and long-term (10 years and above)
- By Administrative Level  
National, Regional, Local, Barangay
- By Scope  
National or Sectoral

# What is PIP?

- **The Public Investment Program (PIP) is a six-year programming document accompanying the PDP together with the Results Matrix (RM)**
- **It contains the priority programs and projects to be implemented by the NG, GOCCs, GFIs, and other NG offices and instrumentalities that contribute to the societal goals and outcomes in the PDP and RM, and within the medium term.**
- **PIP incorporates proposed NG-implemented programs and projects in the Regional Development Investment Program (RDIP) that are:**
  - **Linked to Results Matrix**
  - **With RDC endorsement**
  - **To be implemented within 2023 - 2028**



# PIP, CIP, TRIP and RDIP Relationship

Contains priority PAPs that contribute to the societal goals and outcomes spelled out in the Regional Development Plan and its Results Matrices.

Core Investment Program/Project (CIP)

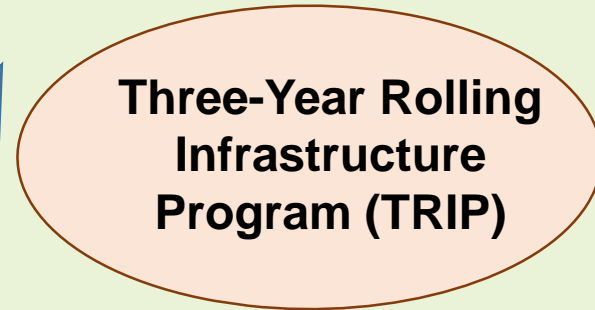
Big ticket programs and projects that serve as pipeline for the Investment Coordination Committee (ICC) and the NEDA Board.

2023 - 2028 Public Investment Program (PIP)

Regional Development Investment Program (RDIP)

Three-Year Rolling Infrastructure Program (TRIP)

Three-year programming document containing nationally-funded priority infrastructure PAPs. (It shall form the basis of the DBM for the determination of the infrastructure PAPs to be included in the National Budget of the Government.)



# The Medium-Term Fiscal Framework

Medium-Term Fiscal Framework to attain short-term macro-fiscal stability while remaining supportive of the economic recovery and to promote medium-term fiscal sustainability.

The MTFF aims to consolidate the National Government's resources so that these are mobilized and utilized in order to gain the maximum benefit and high multiplier effects for the economy.



SENATE

S. Ct. Res. No. 3

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INTRODUCED BY SENATORS ZUBIRI, LEGARDA, AND  
VILLANUEVA

---

CONCURRENT RESOLUTION SUPPORTING THE 2022-  
2028 MEDIUM-TERM FISCAL FRAMEWORK OF  
THE NATIONAL GOVERNMENT

WHEREAS, *Ambisyon Natin 2040* recognizes the need for a bold vision and effective development planning based on a forward-looking approach that goes beyond a single administration and ensures sustainability and consistency of strategies, policies, programs and projects across political administrations;

WHEREAS, the Marcos Administration designed the 2022-2028 Medium-Term Fiscal Framework to attain short-term macro-fiscal stability while remaining supportive of the economic recovery and to promote medium-term fiscal sustainability;

# Key Components of MTEF

## Medium – Term Fiscal Strategy

- Sets out government's fiscal objectives and proposed policies
- Contains projections of revenues and expenditures based on macroeconomic conditions and fiscal policy
- Ensures that annual budget is planned and formulated with a realistic understanding of financial constraints

## Budget Priorities Framework

- **Statement of Administration's priorities for current round of budget preparation**
- **Assessment of budget resources that are available for spending, and amounts that have already been allocated to continue existing PAPs.**

## Two-Tier Budgeting Approach

- **Separates discussions and deliberations for existing activities and projects from consideration of entirely new spending proposals, including proposals for expansion of existing activities**

# Two-Tier Budgeting Approach

## TIER I

Ongoing Spending

Covers existing programs included in the Agency Operational Plan

Assessed on the basis of Forward Estimates and Agency Performance

+

## TIER II

New Spending Proposals

Covers new programs and expansion of existing programs

Assessed by alignment of Agency Strategic Plan to Budget Priorities Framework (BPF) & ability to deliver the program

=

FY 2025 NATIONAL EXPENDITURE PROGRAM



# KEY CONSIDERATIONS FOR TIER I

**1**

**FEs shall estimate the future costs of ongoing policies and existing P/A/Ps considering any expansion/reduction of the said P/A/Ps**

**2**

**FEs shall be prepared in consultation with the department/agencies concerned**

**3**

**The budgetary requirements shall incorporate changes resulting from the agency's previous year's Budget Utilization Rate**

**4**

**Estimates based on demand-driven parameters, e.g. population-based P/A/Ps shall all be subject to BUR**

**5**

**Targeted outputs and outcomes shall be consistent with the level supported by the cash-based budgetary requirements for the pertinent FEs years**

# KEY CONSIDERATIONS FOR TIER II

1

## Available fiscal space set by the DBCC

Tightly prioritize proposals given limited fiscal space

2

## Consistency with the Priorities of the current Administration

Aligned with the PDP and shall address identified gaps through the strategies indicated in the BPF

3

## Implementation Readiness

PAPs to be included in the budget must be implementation-ready and shall be completed within the fiscal year. Only the cash requirements to be fully disbursed shall be proposed.

Applicable pre-requisite documents should have been secured (e.g., ICC approval, permits/clearances)  
ROW issues have been settled  
Beneficiaries and specific locations of implementation should have been identified

4

## Agency Absorptive Capacity

Agency's budget utilization rates represents the likelihood that the new appropriations can be utilized by the agency

5

## Indicative Annual Procurement Plan (APP)

To enable the agency's conduct of the Early Procurement Activities once the NEP is submitted to Congress

# Linking Planning and Budgeting Underpin the MTEF



- **DBCC determines the levels of expenditures, revenues, deficit, financing plan and macro economic parameters**

## **Development Budget Coordination Committee (DBCC)**



resource  
allocation  
and  
management

**DBM**



resource  
generation  
and debt  
management

**DOF**



overall  
economic  
policy

**NEDA**



monetary  
measures  
and  
policies

**BSP**



Presidential  
oversight

**OP**



# ROLES AND RESPONSIBILITIES OF OVERSIGHT GOVERNMENT AGENCIES



## Department of Budget and Management (DBM)

- Spearhead preparation of policy advisories and other DBCC documents
- Ensure timely and complete submission of budget and DBCC documents
- Update Fiscal Calendar



## Department of Finance (DOF)

- Ensure timely and complete release and publication of Cash Operations Report (COR)
- Provide relevant inputs to policy advisories and other DBCC documents



## National Economic and Development Authority (NEDA)

- Formulate PDP, PIP/CIP and Socio-Economic Reports
- Ensure timely submission to approving bodies
- Provide relevant inputs to policy advisories and other DBCC documents

## Macroeconomic Parameters / Assumptions, FYs 2023-2028

Parameters	Latest Actual 2023	Projections <sup>1/</sup>		
		2023	2024	2025 - 2028
Real GDP Growth (%) <sup>2/</sup>	5.3 (S1)	6.0-7.0	6.5-8.0	6.5-8.0
Inflation (%)	7.2 (Jan-Jun)	5.0-6.0	2.0-4.0	2.0-4.0
Dubai Crude Oil (US\$/bbl)	78.61 (Jan1-Jun7)	70-90	70-90	60-80
FOREX (P/US\$)	55.29 (Jan3-Jun7)	54-57	53-57	53-57
364-Day Tbill Rate (%)	5.8 (Jan3-Jun5)	5.5-6.5	4.0-5.5	3.0-4.5
6-month SOFR (%)	5.0 (Jan4-Jun7)	4.0-5.0	3.5-4.5	3.0-4.0
Goods exports (BPM6) (%)	-10.0 (Q1)	1.0	6.0	6.0
Goods imports (BPM6) (%)	-0.5 (Q1)	2.0	8.0	8.0
Services exports (BPM6) (%)	25.7 (Q1)	17.0	16.0	6.0
Services imports (BPM6) (%)	16.9 (Q1)	11.0	10.0	8.0

<sup>1/</sup> Projections were adopted in the 185<sup>th</sup> DBCC Meeting

<sup>2/</sup> At Constant 2018 Prices

Sources: National Economic and Development Authority, Bangko Sentral ng Pilipinas

# Alignment to 8 Point Socio - Economic Agenda

## Philippine Development Plan

**Results Matrix**

**Strategic Policies**

**National level**

**Regional level**

Public Investment Program (PIP)

Regional Development Council

Core Investment Programs and Projects (CIPs)

**Stakeholders Priorities  
and Requests**

Three Year Rolling Infrastructure Projects  
(TRIP)

**Agency Budget Proposals > National Expenditure Program (NEP)**



# OUTLINE

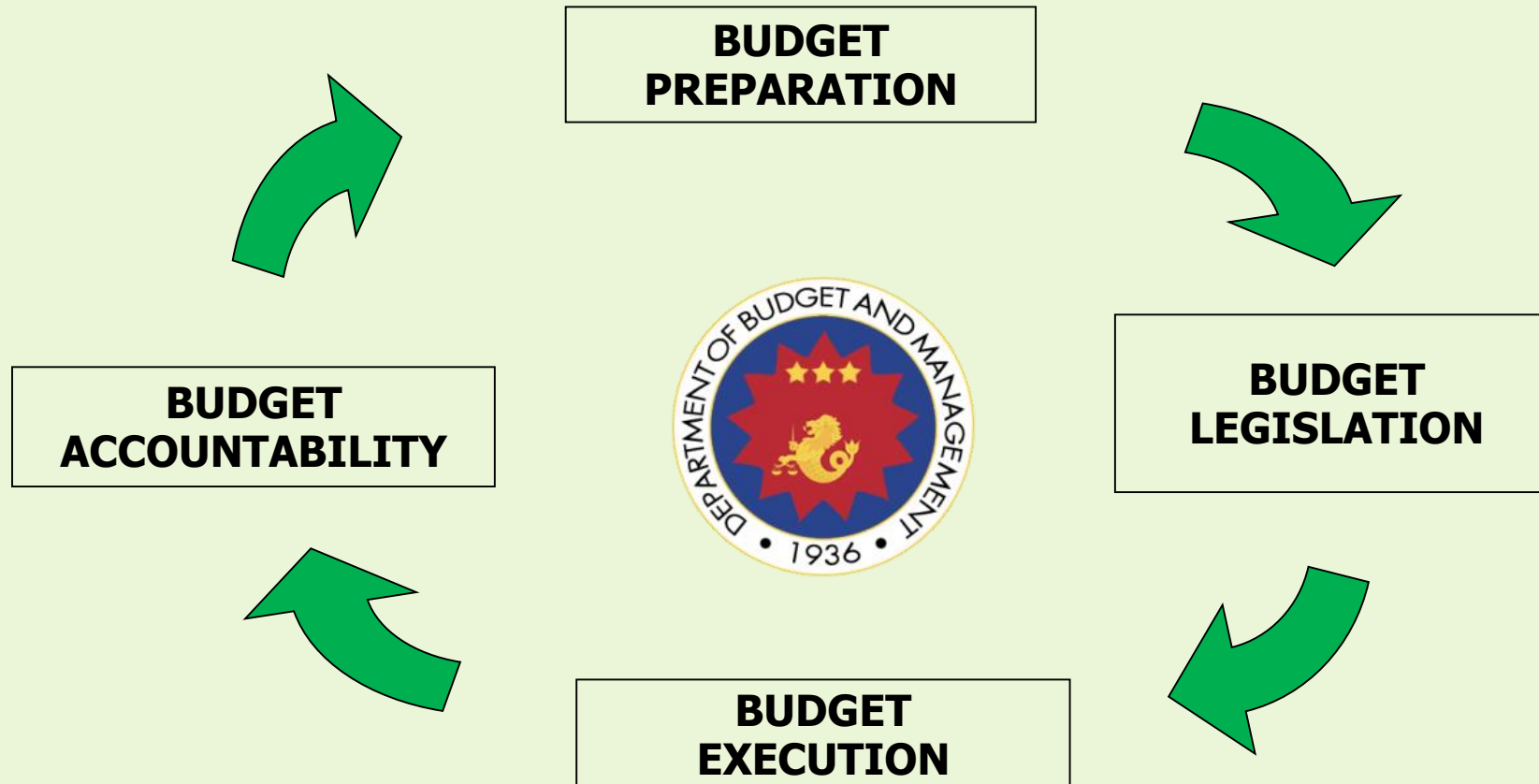
End of Part B.  
Linkages of Planning and Budgeting

# The Budget Process



# BUDGET PROCESS

Process during which the national government budget is planned and prepared, evolves into a law, and is implemented and accounted for.



Period	Preparation	Execution
Oct-Dec of Previous Year	<ul style="list-style-type: none"> <li>- Agency planning, consultations</li> <li>- DBM issues Budget Call</li> </ul>	<ul style="list-style-type: none"> <li>-Agency Early procurement based on NEP</li> <li>-Agency submission of BEDs (NEP)</li> </ul>
Jan-March of Current Year	<ul style="list-style-type: none"> <li>- Citizen engagement/consultation</li> <li>-Tier 1 preparation</li> </ul>	<ul style="list-style-type: none"> <li>-Submission of revised BEDs (GAA) if there are changes</li> </ul>
		<ul style="list-style-type: none"> <li>- DBM issuance of authorities</li> </ul>
		<ul style="list-style-type: none"> <li>-Agency awarding of contracts</li> </ul>
Apri-June	<ul style="list-style-type: none"> <li>-Agency submission of Tier 2 proposal</li> </ul>	<p style="text-align: center;">Implementation of programs, projects, activities</p>
	<ul style="list-style-type: none"> <li>-Conduct of technical budget hearings</li> </ul>	
	<ul style="list-style-type: none"> <li>-Consolidation , validation, finalization of levels</li> </ul>	
July	<ul style="list-style-type: none"> <li>-Submission of Budget to Congress</li> </ul>	

# 1<sup>st</sup> Phase: Budget Preparation





# 1<sup>st</sup> PHASE : BUDGET PREPARATION

## 1 Preparation

**1.1** | December of PY

Issuance of Budget Call

**1.2** | January-February of CuY

Citizen Engagement/  
Regional Development Council (RDC) Consultations

**1.3** | February of PY

Conduct of budget hearings and review of Tier I for BY

**1.4** | April of CuY

Program Convergence

**1.5** | April-May of CuY

Submission of Tier II budget proposals for BY

**1.6** | May-June of CuY

Conduct of budget hearings and review of Tier II for BY

**1.7** | June of CuY

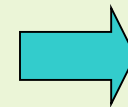
Consolidation, validation, and confirmation

**1.8** | July of CuY

Approval of the proposed National Budget for BY by the Cabinet

**1.9** | July/August of CuY

Submission of the proposed National Budget to the Congress



**President's Budget Message, NEP, BESF, Staffing Summary**

# Budget Preparation Guidelines and Procedures

## 1. DBM issues Budget Call

- National, **Corporate** and **Local Government Budget Calls**

## 2. Budget Priorities Framework

## 3. Forward Estimates

## 4. Two Tier Budget Approach

# Budget Call

A budget document issued by the DBM at the start of the budget preparation phase. This document contains the general and specific guidelines, procedures, prescribed forms (including instructions), and a calendar of activities in the formulation of budget proposals

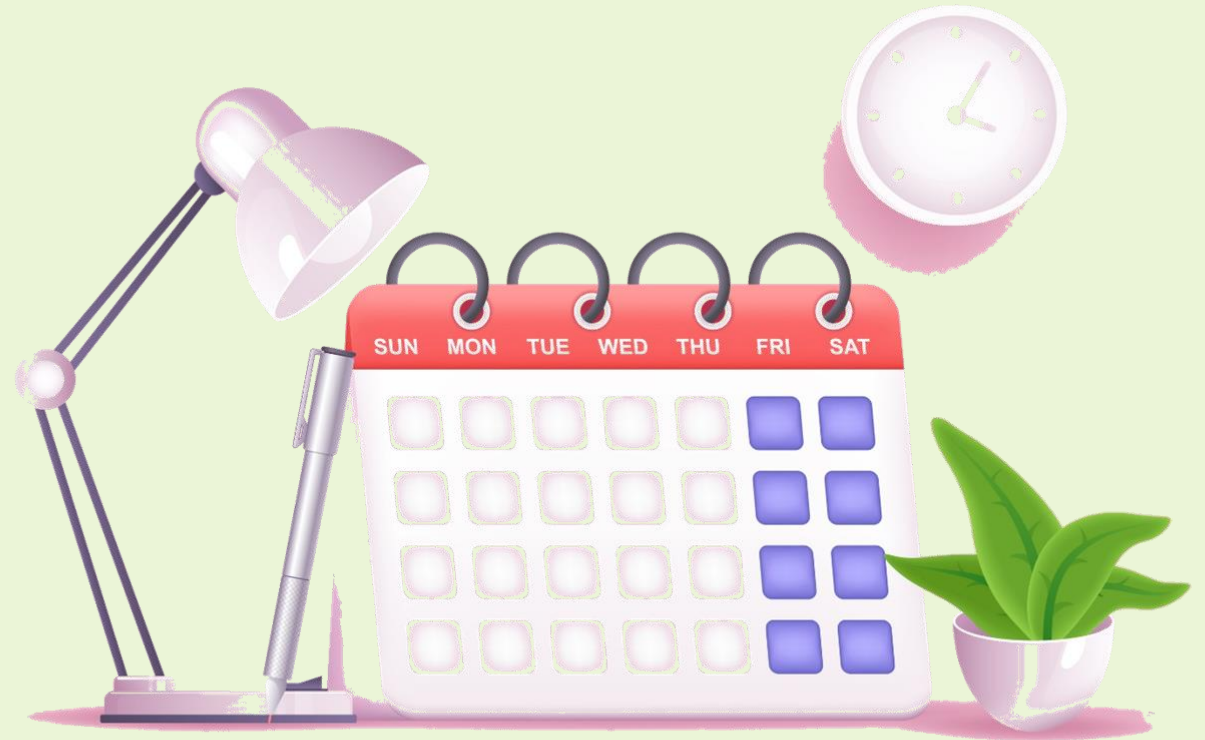
- A separate Corporate Budget Call is issued for government corporations and for local government units
- **The** Budget Call for the FY 2025 Budget Preparation was issued on December 27, 2023 as National Budget Memorandum (NBM) No. 149 for NGAs, while for GOCCs as Corporate Budget Memorandum No. 46 dated January 18, 2024

# The DBCC and the Cabinet submit to the President the Budget Priorities Framework which contains the ff:

- Fiscal policies (revenues, debt, expenditures and risk management);
- Medium Term Fiscal Strategy requirements;
- Priority areas for government expenditure vis-à-vis Philippine Development Plan and Public Investment Plan; and
- Aggregate Budget Ceilings and Calculation of **Fiscal Space**.

**Fiscal Space** – The difference between the **Proposed Budget Ceilings** And the **Forward Estimates for Ongoing Programs and Projects**

# FY 2025 BUDGET PREPARATION CALENDAR





January

Issuance of  
Budget Call



January

Conduct of  
Budget Forum



February

Stakeholder  
Engagement/  
Consultation

# STAKEHOLDER ENGAGEMENT / CONSULTATION



Citizen engagement and regional consultations thru the Regional development councils (RDCs)



Agencies undertake consultations and coordination with the LGUs within the RDCs to ensure that the national priorities are responsive to regional and local needs





January 23 – April  
30

Encoding and Submission  
of Actual Obligations and  
Revenue Program



March 30

Issuance of  
Budget Priorities  
Framework



March 25 –  
April 20

Encoding and  
Submission of Tier  
I and  
Tier 2 Proposals





March 25 –  
April 22

Submission of signed  
hard copies of Budget  
Proposals



April 1 – 30

Conduct of  
Technical  
Budget Hearings



May 13 –  
June 4

Conduct of  
Executive Review  
Board (ERB)  
Hearings



June 10

Sending of  
Confirmation Letters to  
Agencies of the Total  
Budget  
Levels



June 21/24

Presentation to the  
President and the  
Cabinet of the FY  
2025 Proposed  
Budget Levels



June 24 –  
July 1

Finalization of  
FY 2025 Budget  
Documents



July 2 – July 17

Printing of Budget Documents



July 19

Submission of the Budget Documents to the President

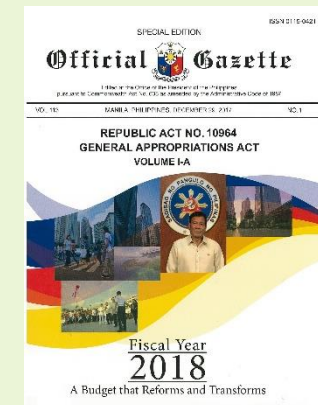
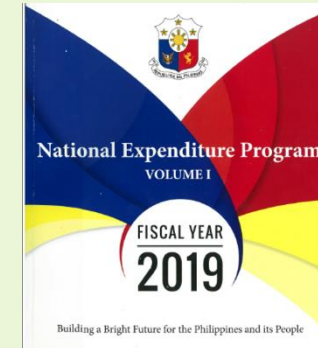


July 29

Submission of the President's Budget to Congress

# The President's Budget Documents

1. *President's Budget Message*
2. *Budget of Expenditures and Sources of Financing (BESF)*
  - *Tables*
  - *Technical Notes*
3. *National Expenditure Program (NEP)*
4. *Staffing Summary*



## **2<sup>ND</sup> PHASE: BUDGET LEGISLATION**

- **The second phase of the budget process.** It begins when Congress receives from the President the proposed national budget.
- **The legislative branch of government** reviews, deliberates and enacts into law the national budget proposal of the President

# BUDGET LEGISLATION

## Section 22, Article VII of the 1987 Constitution

The President shall submit to the Congress ***within 30 days from the opening of every regular session***, as the basis of the General Appropriations Bill, a budget of receipts and expenditures and sources of financing, including receipts from existing and proposed revenues measures.

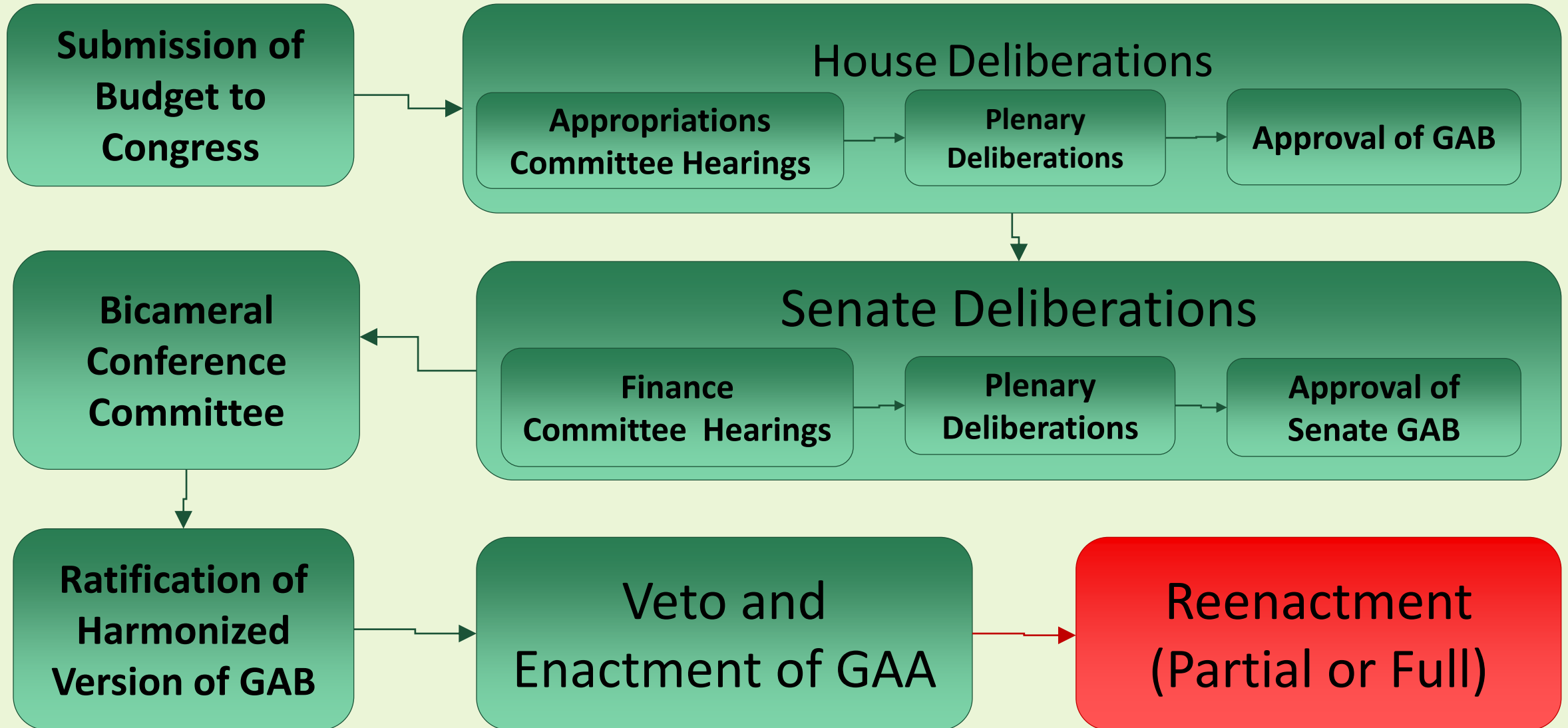
# BUDGET LEGISLATION

## **ROLE OF THE CONGRESS**

### **Article VI, Section 26 of the Constitution**

**“All appropriation, revenue or tariff bills, bills authorizing increase of the public debt, bills of local application, and private bills shall originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments.”**

# 2<sup>nd</sup> Phase: BUDGET LEGISLATION





# **Joint Bicameral Committee**

- **Differences, if any, between the House's version of the GAB and the Senate's amended version are submitted for resolution**

# President's Approval

- The President may approve the **General Appropriations Bill (GAB)** as presented by Congress and signs it into law called the **General Appropriations Act (GAA)**
- The President may exercise his veto power partially or totally. Partial veto shall not affect the items in the GAB to which he does not object to.  
*Sec. 27(2), Article VI, 1987 Constitution*

# The President's Veto Message – Prior Years GAA

## Veto Actions

### Direct Veto

- Renders the provision inoperative, as if not written in the GAA

### Conditional Implementation

- Specifies conditions in the implementation of a provision
- Requires the issuance of guidelines for the proper implementation of a provision

### General Observation

- Clarifies how a provision is to be implemented

### Adoption

- Makes the inserted proviso or provision effective and applicable in the release of funds

# The FY 2020 President's Affirmation Message

General Comments

Conditional  
Implementation

- Specifies conditions in the implementation of a provision
- Requires the issuance of guidelines for the proper implementation of a provision
- Clarifies how a provision is to be implemented

General  
Observation

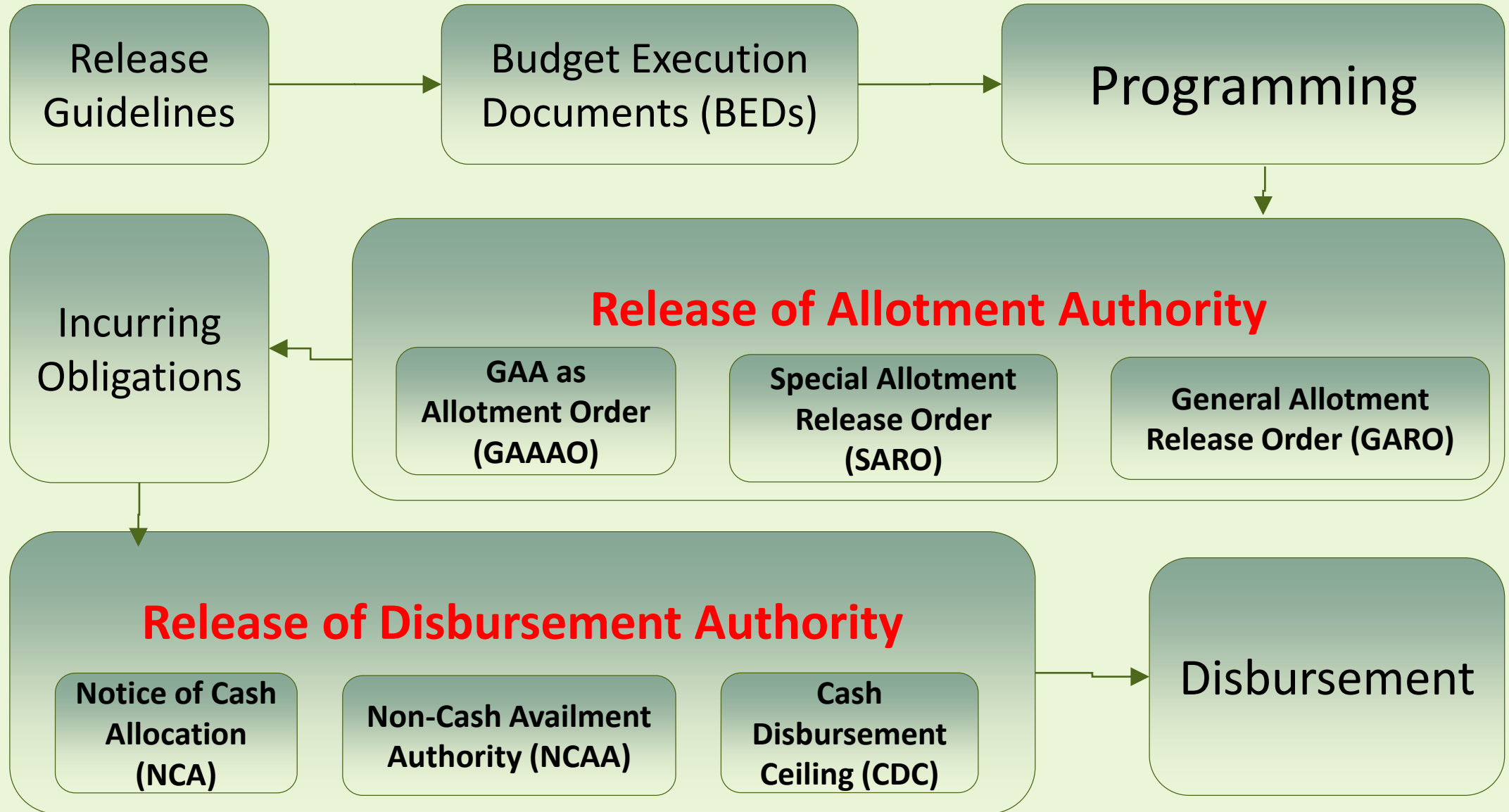
Increases in Appropriations and New Budgetary Items

Closing Statement

# President's Approval

- If Congress, during its reconsideration period, is not able to pass the **General Appropriations Bill (GAB)** into law, the **preceding budget year's GAA** is considered re-enacted and shall remain in force until the passage of a new GAA

# 3<sup>RD</sup> PHASE : BUDGET EXECUTION



# 3<sup>RD</sup> PHASE : BUDGET EXECUTION

**3**  
Execution

**3.1** | August of PY  
Early procurement activities

**3.2** | October of PY  
Submission of Monthly Disbursement Program

**3.3** | December of PY  
Submission of Budget Execution Documents (BEDs) based on the National Expenditure Program (NEP)

**3.4** | January of CuY  
Awarding of contracts

**3.5** | January of CuY  
Submission of adjusted BEDs based on GAA

**3.6** | January of CuY  
Release of Notices of Cash Allocation (NCAs) for the 1st semester

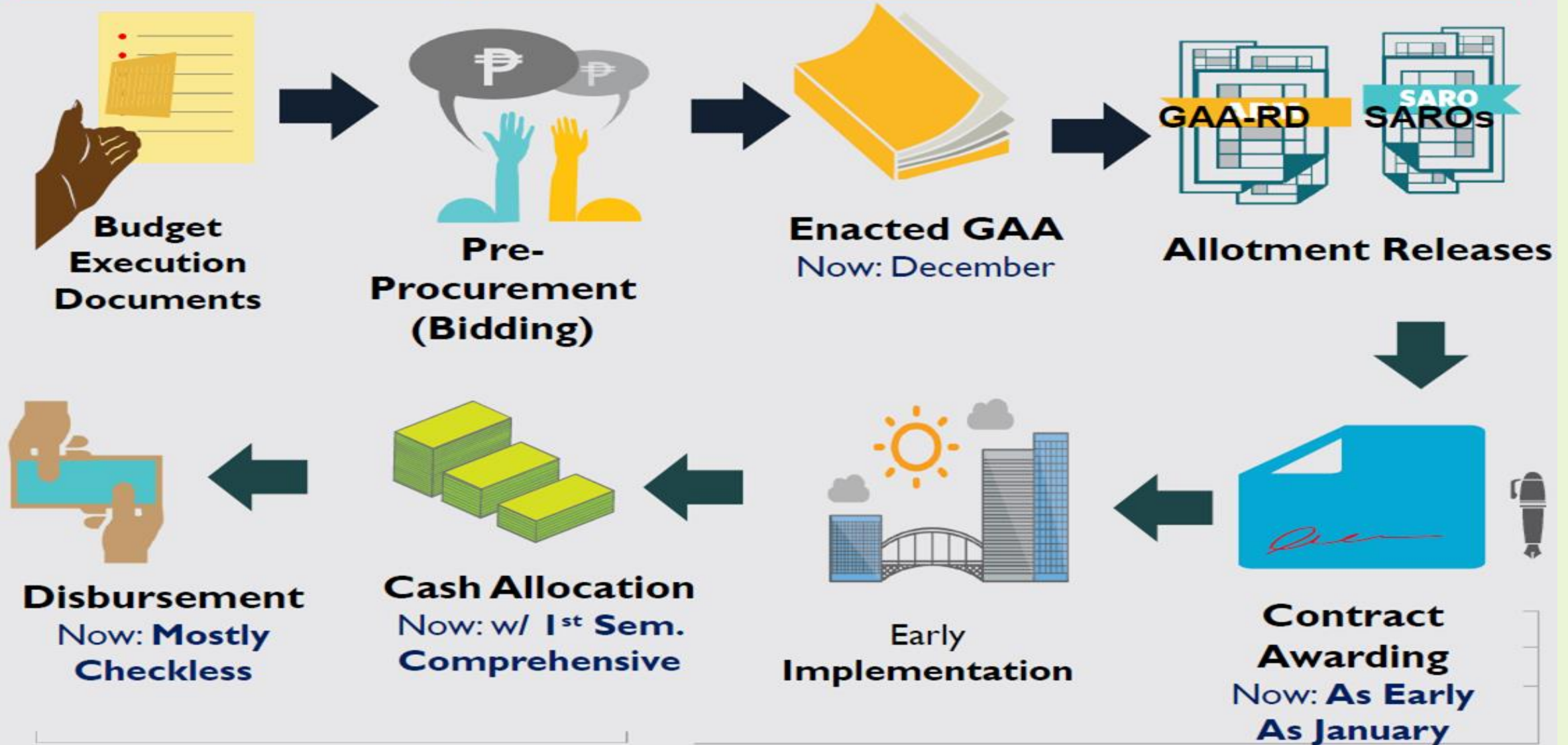
**3.7** | July of CuY  
Release of NCAs for the 2nd semester

# 3<sup>RD</sup> PHASE : BUDGET EXECUTION

- ❑ Issuance of **obligational** and **disbursement** authorities to agencies by DBM
- ❑ Program/project implementation by agencies out of the authorities issued by DBM
- ❑ Agencies incur obligations including through procurement
- ❑ Agencies pay their obligations to deliver programs and projects
- ❑ BTr manages cash, revenues, borrowings, assets and liabilities of Government



# Budget Execution Process



# Early Procurement

## BEFORE



GAA is Enacted Late  
(March)



Allotment Releases a Bottleneck  
(April)



Bidding takes a lot of time  
(3-4 mos)  
(April-June)



Contract Awarding  
(June/July)



**Delayed Implementation**  
(July onwards)  
Rainy season leads to delays, cost overruns & poor quality

## NOW



Early Bidding  
Oct-Dec (PY)



GAA is Enacted Early  
(January)



Allotment Releases thru  
GAARD  
(January)



Contract Award  
(January)



Early Implementation  
Feb/March onwards

# Procurement Planning and Budget Linkage

Procuring  
Entity



End-User



Budget  
Office



BAC &  
Secretariat

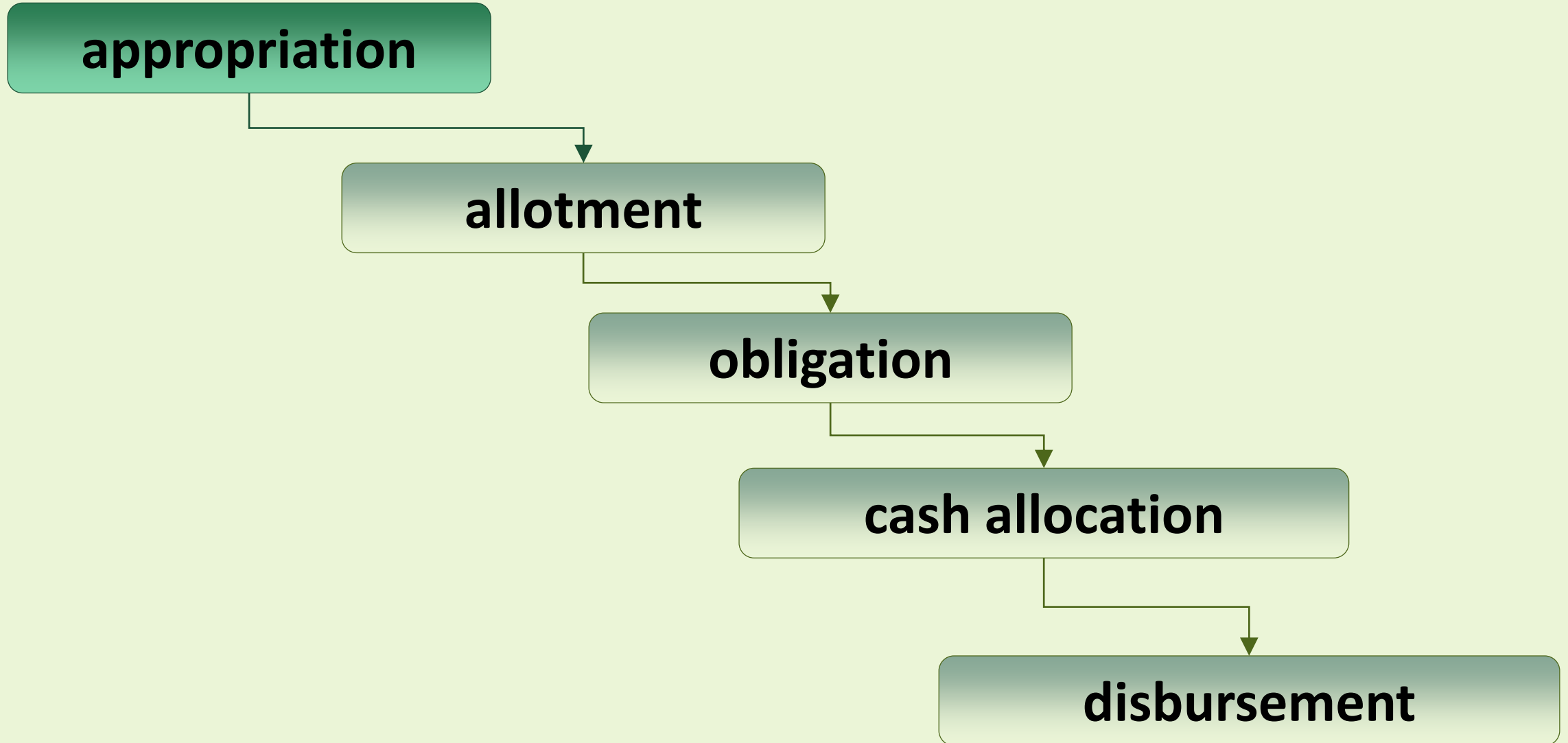
- **Procuring Entity (PE) prepares proposed budget for succeeding CY.**
- **PE considers budget framework to reflect project priorities and objectives.**

- **End-User shall prepare Project Procurement Management Plan (PPMP) for various PAPs.**
- **PPMP shall be submitted to the Budget Office.**

- **Budget Office shall evaluate end-user's submitted PPMP; if warranted, shall include it in the PE's Budget Proposal for Approval by the Head of the Procuring Entity (HOPE).**
- **After Budget Proposal is approved by HOPE, Budget Office shall furnish PE's Budget Proposal and PPMPs to the BAC Secretariat for review and consolidation into the proposed Annual Procurement Plan (APP).**

- **As soon as the NEP is final, the End-Users shall revise and adjust the PPMPs to reflect budgetary allocation for their PAPs.**
- **Revised PPMPs shall be submitted to BAC, through the Secretariat, for the finalization of the MODES OF PROCUREMENT in the proposed APP.**
- **BAC starts procurement process, stopping short of award.**

# “Spending” the Budget



# Inherent Expenditure Controls

## Appropriation (Expenditure Program)

**Legislative enactment directing the payment of goods and services out of government funds under specified conditions or specific purposes.**

## Allotment Program -

**Maximum allotment that can be issued to an agency.  
(not more than budget level per GAA & automatic)**

## Obligation Program-

**Ceiling on the obligations that could be incurred by the government in a given budget year. (not more than obligational authorities)**

## Cash/Disbursement Program –

**Level of disbursement for a particular period (not more than disbursement authorities)**

## A. Obligation Authorities for GAA items

### FUND RELEASE PROCEDURES

- ❑ **General Appropriations Act as Allotment Order (GAAAO)**
  - For items in the GAA **“For Comprehensive Release” (FCR)**
  
- ❑ **Special Allotment Release Order (SARO)**
  - For budget items (Agency Specific and SPFs) in the GAA tagged **“For Later Release” (FLR)**

# FUND RELEASE PROCEDURES

## A. Obligation Authorities for **Automatic Appropriations**

### **Special Allotment Release Order (SARO)**

→ **Items under Automatic Appropriations**

(National Tax Allotment, Tax Expenditure Fund, Net Lending, SAGF Requirements, Additional RLIP for newly filled/created positions during the year and deficiencies in RLIP contributions etc. )

### **General Allotment Release Order (GARO)**

→ **For Full Year RLIP Requirement of filled positions at the beginning of the year**

# FUND RELEASE PROCEDURES (CONT.)

## B. Disbursement Authorities

### For Cash Disbursements

- Notice of Cash Allocation (NCA)

### For Non-cash Disbursement

- Non-Cash Availment Authority (NCAA)
- Cash Disbursement Ceiling (CDC)
- Tax Remittance Advice (TRA)
  - issued by agencies to BIR



# Modes of Release of Agency Funds

## Obligational Authorities

- **GAAAO**
- **GARO (RLIP)**
- **SAROs**

## Disbursement Authorities

- **NCA**
- **NCAA**
- **CDC**
- **TRA**

# Budget Execution Problem: Underspending

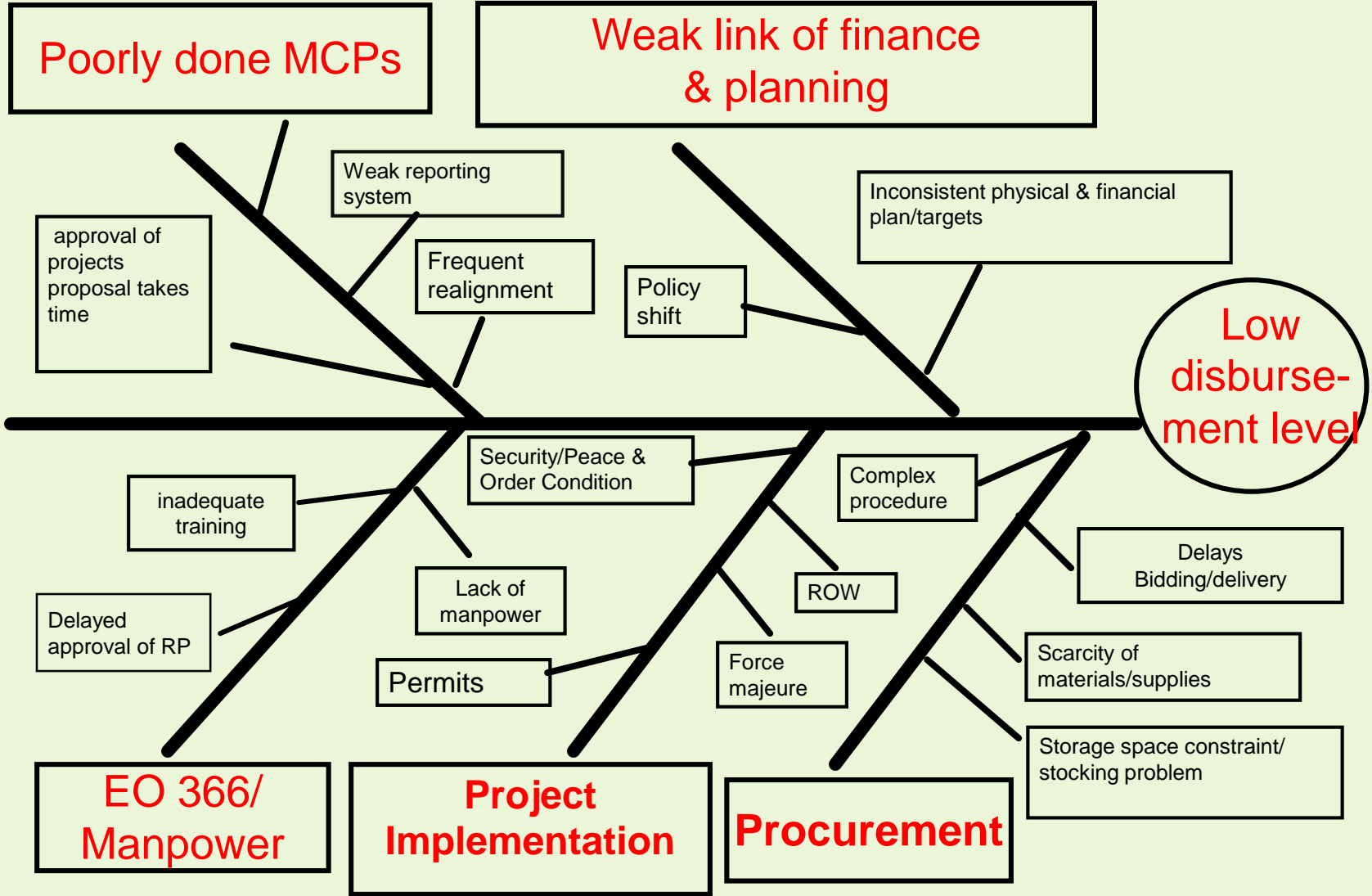
NG Disbursements 2011 - 2022, Actual vs Program (In Billions)				
YEAR	PROGRAM 1/	ACTUAL 2/	VARIANCE	
			AMT	%
2011	1,711.3	1,557.7	(153.61)	(8.98)
2012	1,839.7	1,777.8	(61.97)	(3.37)
2013	1,983.9	1,880.2	(103.73)	(5.23)
2014	2,284.3	1,981.6	(302.68)	(13.25)
2015	2,558.9	2,230.6	(328.27)	(12.83)
2016	2,645.6	2,549.3	(96.25)	(3.64)
2017	2,909.0	2,823.8	(85.20)	(2.93)
2018	3,370.0	3,408.4	38.48	1.14
2019	3,769.7	3,797.7	28.06	0.74
2020	4,335.2	4,227.4	(107.80)	(2.49)
2021	4,737.1	4,675.6	(61.51)	(1.30)
2022	4,954.6	5,159.6	205.04	4.14

1/ Program approved by the DBCC for the pertinent year.  
2/ Actual per the BTr's Cash Operations Report.

# THE PROBLEM

- ***LOW DISBURSEMENT MEANS THREE THINGS:***
  - ❖ Delivery of public service is delayed
  - ❖ Involves additional/unnecessary cost of borrowing by BTr
  - ❖ A drag to GDP growth

# Entry Points to Solve the Problem



# Measures to Facilitate Budget Execution

- **Streamlining the release of funds (comprehensive release thru GAAAO)**
- **Timely submission by agencies of requirements for release of allotment:**
  - **Complete disaggregation of project listings**
  - **Documentary requirements (e.g. Network plans, geo-tagged photos etc.)**
- **Improve planning and capacity building, and early procurement based on the National Expenditure Program (NEP)**

# Measures to Facilitate Budget Execution, Con't.

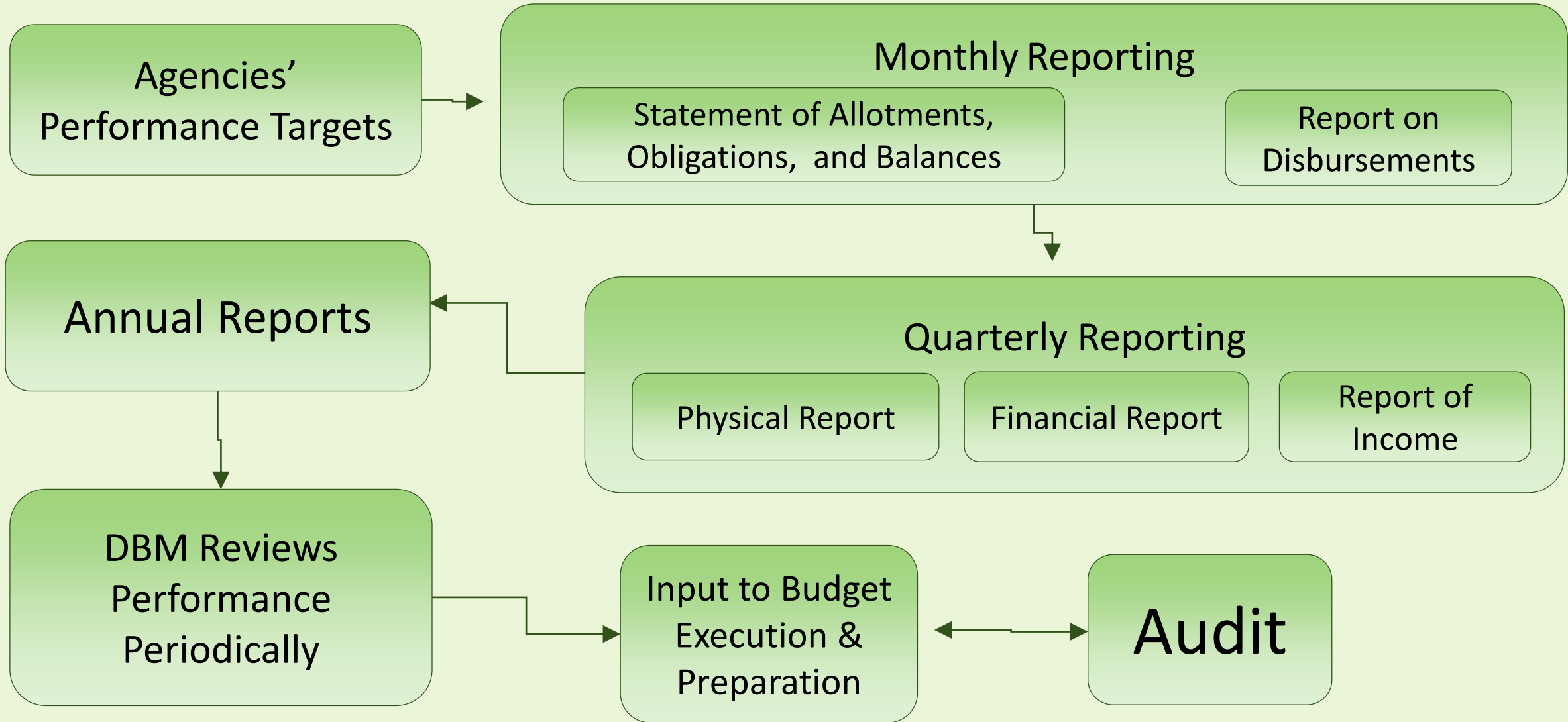
- **Procurement Measures**

- Assign full time support staff for BAC
- BAC Members and TWGs to prioritize procurement assignment over all other duties
- Increase number of BACs in Key Departments

- **Full Time Delivery Units or Account Management Teams**

- Designate Responsible Officer (*not lower than Undersecretary*) and personnel who shall ensure execution and delivery of services, outputs and outcomes according to implementation program
- Documentary requirements (e.g. Network plans, geo-tagged photos etc.)
- Develop delivery and execution strategy to trouble shoot anticipated bottlenecks and delays
- Work closely with DBM FOR QUARTERLY MONITORING AND EVALUATION OF PROJECT EXECUTION.

# 4<sup>th</sup> PHASE : BUDGET ACCOUNTABILITY



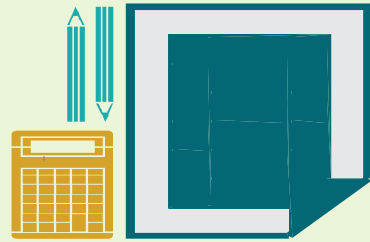
# Budget Accountability and Monitoring



**Agency**

**Performance Targets**

**Before:** Separate Document  
**Now:** In the GAA (Performance-Informed-Budget)



**Budget and Financial**

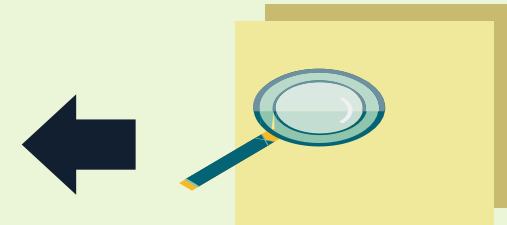
**Accountability Reports**

**Before:** different reports  
**Now:** Unified BFARs of COA & DBM



**Public**

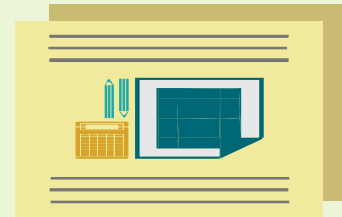
**Disclosures** **Before:** weak / none  
**Now:** Transparency Seal



**Periodic DBM**

**Performance Review** **Before:** via BMBs **Now:** w/ FDUs

The Department of Budget and Management



**Mid-Year & Year-End**

**Budget Reports**

**Before:** nonexistent  
**Now:** Published

**Citizen Engagement**

**Before:** nonexistent

**Now:** Budget Partnership Agreement & Grassroots Budgeting



# BUDGET ACCOUNTABILITY

- ❑ **Submission of Budget and Financial Accountability Reports (BFARs) by Departments/Agencies**
- ❑ **Validation of Accomplishments per BFARs vs. Planned Targets / Plans per Budget Execution Documents (BEDs)**
- ❑ **Conduct of the Periodic Performance Review by DBM**
- ❑ **Disclosure of budget information to the public by DBM**

**COA – DBM Joint Circular No. 2019-1 dated January 1, 2019:  
Updated Guidelines Relative to Budget and Financial Accountability  
Reports Starting FY 2019**

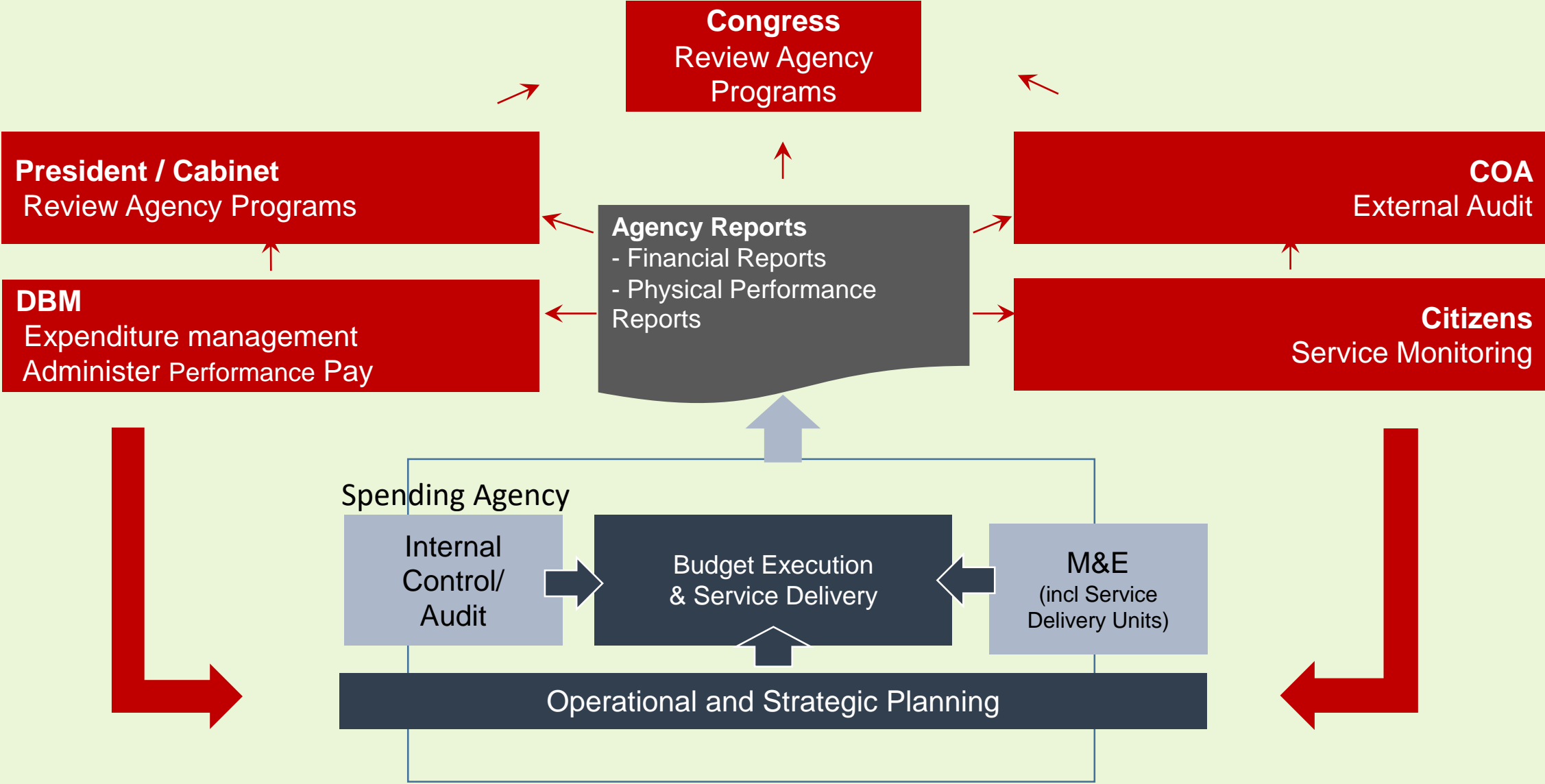
**□ Budget Execution Documents (BEDs)**

- **BED No. 1 – Financial Plan**
- **BED No. 2 - Physical Plan**
- **BED No. 3 – Monthly Disbursement Program**
- ***Submitted to DBM on or before November 15 of the current year of the above BEDs for the next budget year***

**COA – DBM Joint Circular No. 2019-1 dated January 1, 2019:  
Updated Guidelines Relative to Budget and Financial Accountability  
Reports Starting FY 2019**

- Budget and Financial Accountability Reports (BFARs)**
  - BED No. 1 – Financial Plan**
    - FAR No. 1, FAR No. 1-A, FAR No. 1-B, FAR No. 1-C;**
    - FAR No. 2, FAR No. 2-A;**
    - FAR No. 3, FAR No. 5 and FAR No. 6.**
  - BED No. 2 - Physical Plan**
    - BAR No. 1 – Quarterly Physical Report of Operations**
  - BED No. 3 – Monthly Disbursement Program**
    - FAR No. 4 – Monthly Report of Disbursement**

# Reporting and Verification



# Agency Performance Review (APR)

- ***to determine the level of performance of each agency in terms of physical outputs as well as actual expenditures incurred vis-à-vis targets for the same period***

# Agency Performance Review (APR) con't...

## Physical / Financial performance

- ✓ based on Programs/Performance Indicators
- ✓ physical vis-a-vis financial
- ✓ actual versus target

## Revenue performance

- ✓ total of monthly estimates = Annual BESF
- ✓ actual vis-à-vis estimates

## **APR is a tool to:**

- ✓ **determine the need for additional release of funds to the agency (budget execution)**
- ✓ **measure agency performance (budget accountability)**
- ✓ **know the appropriate level of agency budget (budget preparation)**

# RESULTS CHAIN

**Efficiency**

**Effectiveness**

**Inputs**

*Resources in  
the form of  
money and  
people*



**Outputs**

*Products  
and services*



**Outcomes**

*Results that the  
government is  
trying to  
achieve*



# *Efficiency and Effectiveness Defined*

## **Efficiency**

- ❑ **Defined as the output to input ratio and focuses on getting the maximum output with minimum resources**
  - **“Something efficient, minimizes waste”**
  - **Doing things in a right manner.**

## **Effectiveness**

- ❑ **Constantly measures if the actual output meets the desired outcome**
  - **“Something effective, produces a result”**
  - **Doing the right things.**

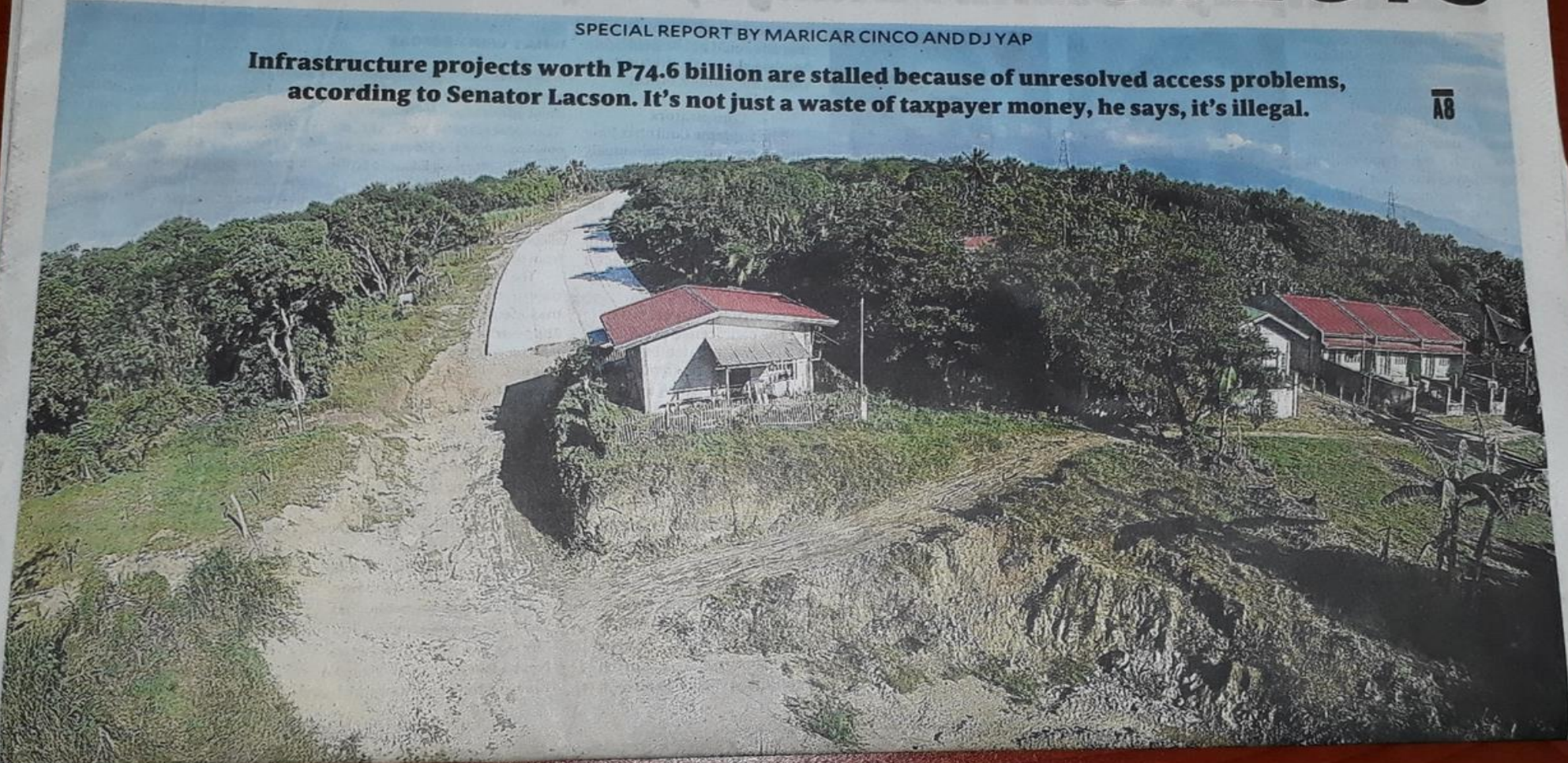
*The best way to get  
things done is to  
simply begin.*



# RIGHT OF WAY WOES HOUND ROAD PROJECTS

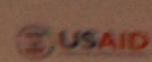
SPECIAL REPORT BY MARICAR CINCO AND DJ YAP

**Infrastructure projects worth P74.6 billion are stalled because of unresolved access problems, according to Senator Lacson. It's not just a waste of taxpayer money, he says, it's illegal.**





REGIONS



# Linking Performance Evaluation to Budgeting

Jakarta, 5-6 December, 2011



2011/12/05 07:54 PM



2011/12/07 09:21 AM

# Travel to Jakarta, Indonesia

## (1) *Topics Covered:*

- *Performance Budgeting Framework:* Implementation of Performance Based Budgeting and MTEF Revisited – What Worked, What Didn't?
- *Using Monitoring and Evaluation and Linking It to Budget Allocations* – How to use performance information to improve budget decisions?
- *Improving the Control of the Controller -* How can Performance Audit / Controls contribute to Performance Based Budgeting; Closing the gap – Improving the Performance Audit and Control Framework

# Travel to Jakarta, Indonesia

## (1) *Topics Covered:*

- *Ministry of Public Works:* Dashboard of Physical and Financial Data
- *Ministry of Education* – Student Numbers of Teachers and Students for Life; Hiring of non-Board passers.
- *Retirement of Government Employees* - Civilian 50 y/o; Military 48 y/o
- *Culture* - Prayer room; Rest room





04/16/2012





04/16/2012









GPO

SECRETÁRIO  
TITULAR









# Calendário das Rodadas do OP na Regional Leste

DATA	HORA	EVEN TO	LOCAL	ENDEREÇO
17/jul	18:30	2ª RODADA SUB 1	E.M PADRE FRANCISCO CARVALHO	AVENIDA ITAITUBA, 12- SÃO GERALDO
18/jul	18:30	2ª RODADA SUB 2	AUDITÓRIO - SARMU-L	RUA LAURO JACQUES, 20- FLORESTA
19/jul	18:30	2ª RODADA		AVENIDA MENDES

## ENDEREÇO

17/jul	18:30	2ª RODADA SUB 1	E.M PADRE FRANCISCO CARVALHO	AVENIDA ITAITUBA, 12- SÃO GERALDO
18/jul	18:30	2ª RODADA SUB 2	AUDITÓRIO - SARMU-L	RUA LAURO JACQUES, 20- FLORESTA
19/jul	18:30	2ª RODADA SUB 3	E.M SANTOS DUMONT	AVENIDA MEM DE SÁ, 600- SANTA EFIGÊNIA
24/jul	18:30	2ª RODADA SUB 4	E.M. GEORGE RICARDO SALUM	R. DESEMBARGADOR BRÁULIO, 2250- ALTO VERA CRUZ
25/jul	18:30	2ª RODADA SUB 5	E.M PROF. DOMICIANO VIEIRA	RUA SÃO BENTO, 1591- HORT
11/nov	08:00	CARAVANA	A DEFINIR	A DEFINIR





04/21/2012



04/21/2012



04/21/2012



# Travel to Brazil

## *Study Tour on Learning from Brazil's Successful Design and Implementation of Participatory Budgeting*

- April 13 - 26, 2012
- **Manila ~ Hokkaido ~ Detroit ~ Atlanta ~ Brasilia = 36 Hours**
  - Brasilia ~ Belo Horizonte ~ Minas Gerais ~ Rio de Janeiro ~ Porto Alegre ~ Brasilia – almost 2 weeks
- **Brasilia ~ Atlanta ~ Narita ~ Manila = 36 hours**
- Topics Covered during the Study Tour:
  - *How the participatory governance and budgeting work in Brazil, in different states (Belo Horizonte, Minas Gerais, and Porto Alegre).*
  - *Bolsa Familia program.*

# Travel to Brazil

## *Study Tour on Learning from Brazil's Successful Design and Implementation of Participatory Budgeting*

- **Topics Covered during the Study Tour (Con't):**
  - ***Strong social participation (1998 Constitution)***
    - ***Backbone of citizens involvement in governance, fine-tuning synergy between govt, CSOs and citizens***
  - ***Federal districts, the state, and municipalities:***
    - ***Programs/projects attached to budget documents (Brasilia)***
    - ***Management Shock model – Minas Gerais***
    - ***Distribution of resources by territorial space – Belo Horizonte***
    - ***As diagnostic tool, perception indicator – Porto Alegre***

# Travel to Brazil

## *Study Tour on Learning from Brazil's Successful Design and Implementation of Participatory Budgeting*

- **Thematic Budget** – *is a tool that gives citizens, communities, and other organizations more insight in budgeting processes and the spending of money*
- **Culture** - (carnival, old buildings, food, race, language)

# Thank you for listening!

